

All terms and abbreviations used herein shall have the same meaning as those defined in the “Definitions” section of this Abridged Prospectus unless stated otherwise.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your BHB Shares, you should at once hand the Documents to the agent/broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue, which is the subject of this Abridged Prospectus should be addressed to our Share Registrar for the Rights Issue, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of the Documents has also been lodged with the Registrar of Companies who takes no responsibility for the contents of the Documents.

The approval from our shareholders for the Rights Issue was obtained at our EGM held on 4 April 2016. The approval from Bursa Securities has also been obtained on 3 March 2016 for the listing of and quotation for, amongst others, the Rights Shares on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue. The listing of and quotation for the Rights Shares on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue. Bursa Securities does not take any responsibility for the correctness of statements made or opinions expressed in this Abridged Prospectus. The official listing of and quotation for the Rights Shares will commence after the receipt of confirmation from Bursa Depository that all the CDS Accounts of the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

Our Board has seen and approved all the documentation relating to this Rights Issue. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make any statement in the Documents false or misleading.

The Documents are only despatched to our Entitled Shareholders whose names appear in our Company's Record of Depositors as at 5.00 p.m. on 24 May 2016 who have a registered address in Malaysia or who have provided our Share Registrar with an address in Malaysia in writing on or before 5:00 p.m. on 24 May 2016. The Documents are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue will not be made or offered or deemed to be made or offered in any countries or jurisdictions other than Malaysia. Persons receiving the Documents (including without limitation, custodians, nominees and transferees) must not, in connection with the Rights Issue, distribute or send the Documents outside Malaysia. No action has been or will be taken to ensure that the Rights Issue complies with the laws of any countries or jurisdictions other than the laws of Malaysia. The Rights Issue to which the Documents relate to is only available to persons receiving the Documents within Malaysia. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issue in any jurisdictions other than Malaysia or to any person whom it may be unlawful to make such an offer, solicitation or invitation. It shall be the responsibility of the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia to immediately consult their legal advisers and/or other professional advisers as to whether the acceptance and/or renunciation (as the case may be) of all or any part of their entitlements to the Rights Shares would result in the contravention of any laws of such countries or jurisdictions. Such Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) should also note the additional terms and restrictions as set out in Section 10 of this Abridged Prospectus. Neither we, Affin Hwang IB nor any other professional advisers shall accept any responsibility or liability in the event that any acceptance or renunciation (as the case may be) of the entitlements to the Rights Shares made by the Entitled Shareholders and/or their renouncee(s)/transferees(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) is a resident.

Affin Hwang IB, being our Principal Adviser for this Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO “RISK FACTORS” AS SET OUT IN SECTION 5 OF THIS ABRIDGED PROSPECTUS.



Boustead Holdings Berhad

(Company No. 3871-H)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 413,671,221 NEW ORDINARY SHARES OF RM0.50 EACH IN BOUSTEAD HOLDINGS BERHAD (“BHB”) (“BHB SHARES”) (“RIGHTS SHARES”) ON THE BASIS OF 2 RIGHTS SHARES FOR EVERY 5 EXISTING BHB SHARES HELD AS AT 5:00 P.M. ON 24 MAY 2016 AT AN ISSUE PRICE OF RM2.55 PER RIGHTS SHARE (“RIGHTS ISSUE”)

Principal Adviser



**AFFIN HWANG
CAPITAL**

AFFIN HWANG INVESTMENT BANK BERHAD (Company No. 14389-U)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIMES:

Entitlement Date	: Tuesday, 24 May 2016 at 5:00 p.m.
Last date and time for sale of Provisional Rights Shares	: Tuesday, 31 May 2016 at 5:00 p.m.
Last date and time for transfer of Provisional Rights Shares	: Friday, 3 June 2016 at 4:00 p.m.
Last date and time for acceptance and payment	: Wednesday, 8 June 2016 at 5:00 p.m.*
Last date and time for excess application and payment	: Wednesday, 8 June 2016 at 5:00 p.m.*

* or such later date and time as our Board may determine and announce not less than 2 Market Days before the stipulated date and time.

This Abridged Prospectus is dated 24 May 2016

ALL TERMS AND ABBREVIATIONS USED HEREIN SHALL HAVE THE SAME MEANING AS THOSE DEFINED IN THE "DEFINITIONS" SECTION OF THIS ABRIDGED PROSPECTUS UNLESS STATED OTHERWISE.

THE SC AND BURSA SECURITIES ARE NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE DISTRIBUTION OF THE DOCUMENTS IS SUBJECT TO MALAYSIAN LAWS. WE AND OUR ADVISERS ARE NOT RESPONSIBLE FOR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE MALAYSIA. WE AND OUR ADVISERS HAVE NOT TAKEN ANY ACTION TO PERMIT AN OFFERING OF OUR SECURITIES BASED ON THE DOCUMENTS OR THE DISTRIBUTION OF THE DOCUMENTS OUTSIDE OF MALAYSIA. THE DOCUMENTS MAY NOT BE USED FOR AN OFFER TO SELL OR AN INVITATION TO BUY OUR SECURITIES IN ANY COUNTRY OR JURISDICTION OTHER THAN MALAYSIA. WE AND OUR ADVISERS REQUIRE YOU TO INFORM YOURSELF OF SUCH RESTRICTIONS AND TO OBSERVE THEM.

THE DOCUMENTS HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout the Documents:

Abridged Prospectus	:	This Abridged Prospectus dated 24 May 2016 in relation to the Rights Issue
Act	:	Companies Act, 1965
AES	:	Automated Traffic Enforcement System, which is a tracking network to be established for the Government that automatically records traffic offences using sensors installed on the road and imaging system that captures photo and video images of traffic violation
Affin Hwang IB	:	Affin Hwang Investment Bank Berhad
AFFIN Group	:	AFFIN Holdings Berhad and its subsidiaries
Amendment	:	Amendments to the M&A of our Company in relation to the Increase in Authorised Share Capital
BG MTN	:	Bank-Guaranteed Medium-Term Notes
BHB or Company	:	Boustead Holdings Berhad
BHB Group or Group	:	Collectively, our Company and its subsidiaries
BHB Share(s) or Share(s)	:	Ordinary share(s) of RM0.50 each in our Company
BHPetrol	:	The BHPetrol brand, a retail petroleum network
BMSB	:	Bestari Marine Sdn Bhd
BNS	:	Boustead Naval Shipyard Sdn Bhd
Board or Directors	:	Board of Directors of BHB
Bonus Issue	:	Bonus issue of up to 579,139,710 new BHB Shares to be credited as fully paid-up on the basis of 2 Bonus Shares for every 5 BHB Shares held after the completion of the Rights Issue
Bonus Shares	:	Up to 579,139,710 new BHB Shares to be issued pursuant to the Bonus Issue
BPB	:	Boustead Plantations Berhad, a subsidiary of BHB which is listed on the Main Market of Bursa Securities
BPB Group	:	BPB and its subsidiaries
BPK	:	Boustead Pelita Kanowit Sdn Bhd
BPMSB	:	Boustead Petroleum Marketing Sdn Bhd
BPS	:	Boustead Penang Shipyard Sdn Bhd
BSM	:	Boustead Sungai Manar Sdn Bhd
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd
Bursa Securities	:	Bursa Malaysia Securities Berhad

DEFINITIONS (Cont'd)

CDS Account(s)	:	Central depository system account(s), which is/are a securities account(s) established by Bursa Depository for a depositor pursuant to the SICDA and the Rules of Bursa Depository for the recording of depositors of securities and for dealings in such securities by the depositor
CMSA	:	Capital Market Services Act, 2007
Corporate Exercises	:	Collectively, the Rights Issue, the Bonus Issue, the Increase in Authorised Share Capital and the Amendment
CPO	:	Crude palm oil
Documents	:	Collectively, the Abridged Prospectus and the accompanying NPA and RSF
EGM	:	Extraordinary General Meeting
Entitled Shareholder(s)	:	Shareholder(s) of our Company whose name(s) appear on our Company's Record of Depositors at the Entitlement Date
Entitlement Date	:	At 5:00 p.m. on 24 May 2016, being the time and date on which the names of our shareholders must be registered in our Company's Record of Depositors in order to be entitled to participate in the Rights Issue
Entitlement Undertakings	:	Collectively, the irrevocable undertakings from LTAT and TSLWK to subscribe in full for their respective entitlements as at the Entitlement Date as further detailed in Section 8 of this Abridged Prospectus
EPS	:	Earnings per share
Excess Rights Shares	:	Rights Shares which are not taken up or not validly taken up by the Entitled Shareholders and/or their renouncee(s)/transferees(s) (if applicable) prior to the excess application pursuant to the Rights Issue
FFB	:	Fresh fruit bunches
FYE	:	Financial year ended/ending, as the case may be
GDP	:	Gross Domestic Product
GNI	:	Gross National Income
Government	:	Government of Malaysia
GST	:	Malaysian Goods & Services Tax
Ha	:	Hectares
Increase in Authorised Share Capital	:	Increase in the authorised share capital of our Company from RM1,000,000,000 comprising 2,000,000,000 BHB Shares to RM2,000,000,000 comprising 4,000,000,000 BHB Shares by the creation of 2,000,000,000 new BHB Shares
IPSB	:	Irat Properties Sdn Bhd

DEFINITIONS *(Cont'd)*

Issue Price	:	The issue price of RM2.55 per Rights Share to be issued pursuant to the Rights Issue
KLIA	:	Kuala Lumpur International Airport
KWAP	:	Kumpulan Wang Persaraan (Diperbadankan)
LBT	:	Loss before tax
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LCS	:	Littoral Combat Ship
LPD	:	29 April 2016, being the latest practicable date prior to the registration of this Abridged Prospectus with the SC
LTAT	:	Lembaga Tabung Angkatan Tentera
LTD	:	9 May 2016, being the last trading day prior to the Price-Fixing Date
M&A	:	Memorandum and Articles of Association
Market Day	:	A day on which Bursa Securities is open for trading in securities
Maximum Scenario	:	Assuming that all the Entitled Shareholders fully subscribe to their entitlements to the Rights Shares
Minimum Scenario	:	Assuming the Rights Issue is undertaken on the Minimum Subscription Basis
Minimum Subscription Basis	:	A minimum level of subscription of 261,058,546 Rights Shares pursuant to the Entitlement Undertakings
MRO	:	Maintenance, repair and overhaul
MRT	:	Mass Rapid Transit
MT	:	Metric tonne
Multimedia Super Corridor	:	Malaysia's national information and communication technology ("ICT") initiative designed to attract world-class technology companies while grooming the local ICT industry. Multimedia Super Corridor status for buildings is granted to buildings with conducive business environment that provides the ecosystem to attract ICT investors and promote the growth of local ICT companies. Multimedia Super Corridor status buildings serve as the physical location and environment to catalyse and support the growth of ICT and ICT-enabled industries, and in tandem extend the benefits of ICT to the local community
NA	:	Net assets attributable to our shareholders
NPA	:	Notice of provisional allotment in relation to the Rights Issue
OER	:	Oil extraction rate

DEFINITIONS *(Cont'd)*

PAT	:	Profit after tax
PBO	:	Purpose-built office
PBT	:	Profit before tax
Pharmaniaga	:	Pharmaniaga Berhad, a subsidiary of BHB which is listed on the Main Market of Bursa Securities
Pharmaniaga Group	:	Pharmaniaga and its subsidiaries
PK	:	Palm kernel
PLSB	:	Pharmaniaga Logistics Sdn Bhd
Price-Fixing Date	:	10 May 2016, being the date on which our Company has fixed and announced the Issue Price
Provisional Rights Shares	:	Rights Shares provisionally allotted to the Entitled Shareholders
Record of Depositors	:	Record of securities holders established by Bursa Depository pursuant to the Rules of Bursa Depository
Rights Issue	:	Renounceable rights issue of up to 413,671,221 Rights Shares on the basis of 2 Rights Shares for every 5 existing BHB Shares held on the Entitlement Date at an issue price of RM2.55 per Rights Share
Rights Share(s)	:	Up to 413,671,221 new BHB Shares to be issued pursuant to the Rights Issue
RSF	:	Rights Subscription Form
Rules of Bursa Depository	:	The Rules of Bursa Depository as issued pursuant to the SICDA
SC	:	Securities Commission Malaysia
SICDA	:	Securities Industry (Central Depositories) Act, 1991
sq ft	:	Square foot or square feet
sqm	:	square meters
TERP	:	Theoretical ex-rights price
TSLWK	:	Tan Sri Dato' Seri Lodin Wok Kamaruddin
VWAMP	:	Volume-weighted average market price
YTL	:	YTL Cement Berhad

DEFINITIONS *(Cont'd)*

CURRENCIES

EUR	:	Euro, the lawful currency of the European Union
GBP	:	Great Britain Pound Sterling, the lawful currency of the United Kingdom
IDR	:	Indonesian Rupiah, the lawful currency of the Republic of Indonesia
MMK	:	Burmese Kyat, the lawful currency of the Republic of the Union of Myanmar
RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
SGD	:	Singaporean Dollar, the lawful currency of the Republic of Singapore
THB	:	Thai Bhat, the lawful currency of Thailand
USD	:	United States of America dollar, the lawful currency of the United States of America

All references to “**we**”, “**our**” and “**our Company**” are to BHB, and where the context otherwise requires, “**our subsidiaries**” refers to the subsidiaries of BHB. Our “**Group**” collectively refers to our Company and our subsidiaries.

All references to “**you**” in this Abridged Prospectus are to our Entitled Shareholders.

Unless specifically referred to, words denoting the singular shall include the plural and *vice versa* and words denoting the masculine gender shall include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Abridged Prospectus to any statute is a reference to that statute as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be referenced to Malaysian time, unless otherwise specified.

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Age	Address	Nationality	Occupation
Gen. Tan Sri Dato' Mohd Ghazali Haji Che Mat (R) <i>(Independent Non-Executive Chairman)</i>	85	No. 6, Lorong 2C Taman Sri Ukay Ulu Kelang 68000 Kuala Lumpur	Malaysian	Company Director
Tan Sri Dato' Seri Lodin Wok Kamaruddin <i>(Non-Independent Executive Deputy Chairman/Group Managing Director)</i>	67	124, Jalan Athinahapan 1 Taman Tun Dr. Ismail 60000 Kuala Lumpur	Malaysian	Group Managing Director of BHB / Chief Executive of LTAT
Dato' Wira (Dr.) Megat Abdul Rahman Megat Ahmad <i>(Independent Non-Executive Director)</i>	76	575, Jalan 17/15 46400 Petaling Jaya Selangor Darul Ehsan	Malaysian	Company Director
Datuk Azzat Kamaludin <i>(Non-Independent Non-Executive Director)</i>	70	No. 40, Jalan PJU 7/26 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan	Malaysian	Solicitor
Dato' Sri Ghazali Mohd Ali <i>(Non-Independent Executive Director)</i>	68	68, Jalan Semarak Api Sierramas 47000 Sg Buloh Selangor Darul Ehsan	Malaysian	Divisional Director, Property Division of BHB
Datuk Francis Tan Leh Kiah <i>(Independent Non-Executive Director)</i>	64	No. 44, Jalan BU 1/7 47800 Petaling Jaya Selangor Darul Ehsan	Malaysian	Solicitor

AUDIT COMMITTEE

Name	Designation	Directorship
Dato' Wira (Dr.) Megat Abdul Rahman Megat Ahmad	Chairman	Independent Non-Executive Director
Datuk Francis Tan Leh Kiah	Member	Independent Non-Executive Director
Datuk Azzat Kamaludin	Member	Non-Independent Non-Executive Director

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CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARY** : Tasneem Mohd Dahalan (LS 0006966)
No. 402
Lorong Songket 3
Taman Maznah
41000 Klang
Selangor Darul Ehsan
- REGISTERED OFFICE AND MANAGEMENT OFFICE** : 28th Floor, Menara Boustead
69 Jalan Raja Chulan
50200 Kuala Lumpur
Tel. No.: +603 2141 9044
Fax. No.: +603 2144 3016
Email: ir@boustead.com.my
Website: www.boustead.com.my
- SHARE REGISTRAR FOR THE RIGHTS ISSUE** : Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel. No.: +603 2783 9299
Fax. No.: +603 2783 9222
- AUDITORS AND REPORTING ACCOUNTANTS** : Ernst & Young
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel. No.: +603 7495 8000
Fax. No.: +603 2095 9076
- PRINCIPAL BANKERS**
(in alphabetical order)
- Affin Bank Berhad
Tingkat 12, Menara Affin
No. 80, Jalan Raja Chulan
50200 Kuala Lumpur
Tel. No.: +603 2055 9000
Fax. No.: +603 2026 1415
- Alliance Bank Malaysia Berhad
Menara Multi-Purpose, Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel. No.: +603 2604 3333
Fax. No.: +603 2694 6200
- AmBank (M) Berhad
22nd Floor, Bangunan AmBank Group
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel. No.: +603 2036 2633
Fax. No.: +603 2078 2842

CORPORATE DIRECTORY (Cont'd)

PRINCIPAL BANKERS

(in alphabetical order)
(Cont'd)

: CIMB Bank Berhad
17th Floor, Menara CIMB
No. 1 Jalan Stesen Sentral 2
Kuala Lumpur Sentral
50470 Kuala Lumpur
Tel. No.: +603 2261 8888
Fax. No.: +603 2261 8889

HSBC Bank Malaysia Berhad
No. 2, Leboh Ampang
50100 Kuala Lumpur
Tel. No.: +603 2075 3000
Fax. No.: +603 2031 1254

Malayan Banking Berhad
Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel. No.: +603 2070 8833
Fax. No.: +603 2070 2611

The Bank of Nova Scotia Berhad
Level 10, Menara Hap Seng 2
Plaza Hap Seng
No. 1, Jalan P. Ramlee
50250 Kuala Lumpur
Tel. No.: +603 2052 3600
Fax. No.: +603 2052 3700

United Overseas Bank (Malaysia) Bhd
Level 11, Menara UOB
Jalan Raja Laut
50350 Kuala Lumpur
Tel. No.: +603 2692 7722
Fax. No.: +603 2691 6073

SOLICITORS FOR THE RIGHTS ISSUE

: Albar & Partners
6th Floor, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel. No.: +603 2078 5588
Fax. No.: +603 2070 0103

PRINCIPAL ADVISER

: Affin Hwang Investment Bank Berhad
27th Floor, Menara Boustead
69 Jalan Raja Chulan
50200 Kuala Lumpur
Tel. No.: +603 2142 3700
Fax. No.: +603 2141 7701

STOCK EXCHANGE AND LISTING SOUGHT

: Main Market of Bursa Securities



Boustead Holdings Berhad

*(Company No. 3871-H)
(Incorporated in Malaysia under the Companies Act, 1965)*

Registered Office:

28th Floor, Menara Boustead
69 Jalan Raja Chulan
50200 Kuala Lumpur

24 May 2016

The Board:

Gen. Tan Sri Dato' Mohd Ghazali Haji Che Mat (R) *(Independent Non-Executive Chairman)*
Tan Sri Dato' Seri Lodin Wok Kamaruddin *(Non-Independent Executive Deputy Chairman/Group Managing Director)*
Dato' Wira (Dr.) Megat Abdul Rahman Megat Ahmad *(Independent Non-Executive Director)*
Datuk Azzat Kamaludin *(Non-Independent Non-Executive Director)*
Dato' Sri Ghazali Mohd Ali *(Non-Independent Executive Director)*
Datuk Francis Tan Leh Kiah *(Independent Non-Executive Director)*

To: Our Entitled Shareholders

Dear Sir/Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 413,671,221 RIGHTS SHARES ON THE BASIS OF 2 RIGHTS SHARES FOR EVERY 5 EXISTING BHB SHARES HELD AS AT 5:00 P.M. ON 24 MAY 2016 AT AN ISSUE PRICE OF RM2.55 PER RIGHTS SHARE

1. INTRODUCTION

On 18 January 2016, on behalf of our Board, Affin Hwang IB announced that our Company proposes to implement the Corporate Exercises. Subsequently, on 19 February 2016, on behalf of our Board, Affin Hwang IB announced that the Rights Issue will be implemented on a Minimum Subscription Basis.

On 22 February 2016, on behalf of our Board, Affin Hwang IB announced that the additional listing application in relation to the Rights Issue and the Bonus Issue had been submitted to Bursa Securities. On 3 March 2016, Affin Hwang IB announced that Bursa Securities had vide its letter dated 3 March 2016 approved, amongst others, the listing of and quotation for up to 413,671,221 Rights Shares to be issued pursuant to the Rights Issue.

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The approval of the Bursa Securities is subject to the following conditions:

Conditions	Status of compliance
(i) BHB and Affin Hwang IB, being the Principal Adviser for the Corporate Exercises, must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue and the Bonus Issue	Noted.
(ii) BHB and Affin Hwang IB to inform Bursa Securities upon completion of the Rights Issue and the Bonus Issue	To be complied.
(iii) BHB to furnish to Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue and the Bonus Issue is completed	To be complied.
(iv) BHB and Affin Hwang IB are required to make the relevant announcements pursuant to Paragraphs 6.35(2)(a) and (b), 6.35(3) and 6.35(5) of the Listing Requirements	To be complied.
(v) Inform Bursa Depository on the actual number of Bonus Shares to be issued and the latest issued and paid up-share capital of BHB (after the Bonus Shares) when submitting the allotment information to Bursa Depository for crediting of the new Bonus Shares	To be complied.
(vi) Affin Hwang IB to furnish to Bursa Securities a certified true copy of the resolutions passed by shareholders at the EGM for the Rights Issue and the Bonus Issue	Complied.
(vii) To incorporate Bursa Securities' comments in respect of the draft circular to shareholders in relation to the Corporate Exercises dated 11 March 2016	Complied.

On 4 April 2016, our shareholders had approved the Corporate Exercises at our EGM. A certified true extract of the resolutions approving the Corporate Exercises at the aforesaid EGM is set out in **Appendix I** of this Abridged Prospectus.

On 10 May 2016 Affin Hwang IB had, on behalf of our Board, announced that the issue price for the Rights Shares has been fixed at RM2.55 per Rights Share. On even date, Affin Hwang IB had, on behalf of our Board, also announced the Entitlement Date together with other relevant dates pertaining to the Rights Issue.

The official listing of and quotation for the Rights Shares will commence after, among others, the receipt of confirmation from Bursa Depository that all the CDS Accounts of the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

No person is authorised to give any information or to make any representation not contained in this Abridged Prospectus in connection with the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by us or Affin Hwang IB.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE

2.1 Details of the Rights Issue

In accordance with the terms of the Rights Issue as approved by the relevant authorities and our shareholders at our EGM held on 4 April 2016, and subject to the terms of the Documents, our Company will provisionally allot up to 413,671,221 Rights Shares on a renounceable basis of 2 Rights Shares for every 5 existing BHB Shares held by our Entitled Shareholders whose names appear in our Company's Record of Depositors on the Entitlement Date, at the Issue Price.

For illustrative purposes only, throughout this Abridged Prospectus, the effects of the Rights Issue shall be based on the following 2 scenarios:

Minimum Scenario : Assuming that the Rights Issue is undertaken on the Minimum Subscription Level basis pursuant to the Entitlement Undertakings

Maximum Scenario : Assuming that all the Entitled Shareholders fully subscribe to their entitlements of the Rights Shares

The Rights Issue will be undertaken on a Minimum Subscription Basis where the Rights Issue would entail a minimum issuance of 261,058,546 Rights Shares pursuant to the Entitlement Undertakings as set out in **Section 8** of this Abridged Prospectus.

In determining the Entitled Shareholders' entitlements under the Rights Issue, any fractional entitlements of the Rights Shares, if any, will be disregarded and shall be dealt with in such manner as our Board shall in its absolute discretion deem fit and expedient in the best interest of our Company.

The Rights Shares which are not taken up or validly taken up by other Entitled Shareholders shall be made available for excess applications by our Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable). Our Board reserves the right to allot the Excess Rights Shares, if any, applied under Part I(b) of the RSF in such manner as it deems fit and expedient in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in **Section 10.7(i) to (iv)** of this Abridged Prospectus is achieved. Our Board also reserves the right to accept any Excess Rights Shares application, in full or in part, without assigning any reason thereof.

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As the Rights Shares are prescribed securities, your CDS Accounts will be duly credited with the number of Provisional Rights Shares which you are entitled to subscribe for in full or in part under the terms of the Rights Issue. You will find enclosed in this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Accounts and a RSF to enable you to subscribe for the Provisional Rights Shares, as well as to apply for the Excess Rights Shares if you choose to do so.

Any dealings in our securities will be subject to, *inter alia*, the provisions of the SICDA, the Rules of Bursa Depository and any other relevant legislation. Accordingly, upon subscription, the Rights Shares to be allotted and issued will be credited directly into the respective CDS Accounts of the successful applicants. No physical share certificates will be issued but notices will be despatched to the successful applicants.

Within 8 Market Days from the last date of acceptance and payment for the Rights Shares or such other period as may be prescribed by Bursa Securities, our Company must:

- (i) issue and allot the Rights Shares;
- (ii) despatch notices of allotment to the allottees; and
- (iii) apply for the quotation of the Rights Shares on the Main Market of Bursa Securities.

The Rights Shares will then be quoted on the Main Market of Bursa Securities 2 Market Days after the application for quotation is made to Bursa Securities.

2.2 Basis of determining the Issue Price of the Rights Shares

On 10 May 2016, Affin Hwang IB had, on behalf of our Board, announced that the issue price of the Rights Shares has been fixed at RM2.55 after taking into consideration the following basis:

- (i) the 5-day VWAMP of BHB Shares of RM3.76 up to and including the LTD;
- (ii) the range of discount of the Issue Price to the TERP of BHB Shares (calculated based on the 5-day VWAMP of BHB Shares up to and including the LTD) of between 25% and 30%;
- (iii) the intended gross proceeds to be raised from the Rights Issue;
- (iv) the Entitlement Undertakings as further described in **Section 8** of this Abridged Prospectus; and
- (v) the par value of the BHB Shares of RM0.50 each.

The issue price of RM2.55 per Rights Share represents a discount of 25.22% to the TERP of BHB Shares of RM3.41, calculated based on the 5-day VWAMP of BHB Shares of RM3.76 up to and including the LTD.

2.3 Ranking of the Rights Shares

The Rights Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the then existing BHB Shares, except that the Rights Shares will not be entitled to any dividends, rights, allotments and/or other distributions, in respect of which the Entitlement Date is before the allotment date of the Rights Shares.

2.4 Other corporate proposals announced by our Company but pending completion

As at the LPD, our Company has announced the following corporate proposals, which are pending its completion:

- (i) on 22 February 2016, in addition to the Rights Issue, our Company also announced the Bonus Issue, which entails the issuance of up to 579,139,710 Bonus Shares to be credited as fully paid-up on the basis of 2 Bonus Shares for every 5 BHB Shares held after the completion of the Rights Issue. Hence, the Bonus Issue is conditional upon the completion of the Rights Issue. The Bonus Issue was approved by our shareholders on 4 April 2016; and
- (ii) on 29 December 2015, Bakti Wira Development Sdn Bhd, an indirect subsidiary of our Company, had entered into a conditional share sale agreement with Cascara Sdn Bhd for the disposal of its 30% equity interest held in Jendela Hikmat Sdn Bhd for a cash consideration of RM180 million, which was approved by our shareholders on 29 April 2016.

On 29 April 2016, Bakti Wira Development Sdn Bhd and Cascara Sdn Bhd had, by way of an exchange of letter dated 29 April 2016, agreed for an extension of time for the settlement of the cash consideration of RM180 million.

As at the LPD, our Board confirms that, save for the above and the Rights Issue and Bonus Issue, there is no other outstanding corporate proposal announced by us but pending completion.

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3. RATIONALE FOR THE RIGHTS ISSUE AND BUSINESS OVERVIEW OF OUR GROUP

3.1 Rationale for the Rights Issue

After due consideration of the various fund raising alternatives, our Board is of the view that the Rights Issue is the most appropriate avenue for raising funds for the purposes stated in **Section 4** of this Abridged Prospectus because it will:

- (i) provide the opportunity for our Company to adjust its capital structure to match against the short and long term investment of its present and future business undertakings while enhancing the liquidity of our Group;
- (ii) enable our Company to raise funds via equity capital to finance the business operations of our property division as well as the working capital needs of our Group as an alternative as compared to incurring additional bank borrowings, which will increase our Group's finance costs and, consequently, adversely impact our Group's profitability. While accelerating free cash flow generation for our Group, the Rights Issue will provide our Group with better control and flexibility over our cash flows as compared to debt financing where we are obliged to service interest and principal on a fixed schedule;
- (iii) provide our shareholders an opportunity to participate in an equity offering on a *pro rata* basis and acquire new BHB Shares at a discount to prevailing market prices without diluting our existing shareholders' interest, assuming that all our Entitled Shareholders fully subscribe to their respective entitlements pursuant to the Rights Issue; and
- (iv) enable our Company to increase its issued and paid-up share capital to a level which would be more reflective of its current scale of operations and assets employed.

Repayment of bank borrowings

The repayment of our Group's existing bank borrowings from the proceeds of the Rights Issue is envisaged to provide additional source of financial flexibility, as it will replenish our Group's cash reserves and bank lines:

- (i) for expansion by freeing up short-term banking facilities to seize future business opportunities in our various core businesses;
- (ii) for our Group's property division to embark on a land banking exercise for future development; and
- (iii) to meet future short-term working capital and financing requirements.

While seeking new avenues of growth, the repayment of bank borrowings would also mitigate any unfavourable movements in borrowing cost relating to the bank borrowings proposed to be repaid, as set out in **Section 4** of this Abridged Prospectus.

Property development activities

As at the LPD, our Group's property division has a remaining gross development value of approximately RM5.0 billion which is primarily within the Klang Valley and Johor Darul Takzim, while our Group's land bank for development stood at approximately 800 acres. The proceeds from the Rights Issue will enable our Group to acquire and expand our current land banks in order to sustain its property division's development activities as well as to enhance its earnings visibility in the future. As at the LPD, our Company is evaluating several strategic land banks for acquisition.

Our Group's property division intends to increase its land banks, in line with the strategy of establishing our development presence in locations with strong growth potential. Given our Group's strength in integrated township developments, as demonstrated through both our award-winning townships, namely Mutiara Damansara and Taman Mutiara Rini developments in Selangor Darul Ehsan and Johor Darul Takzim, respectively, and the scarce availability of prime land, our Board acknowledges that our Group must be quick to capitalise on any opportunity to expand its land banks in such locations by having sufficient equity funding ready for land acquisitions.

Taking into cognisance our Group's present gearing level, our Board is of the view that the equity fund raising to part finance future land acquisitions will result in significant interest savings which will support sustainable development of large scale projects.

Further, in order to strengthen our portfolio of hotel properties, our property division is constructing the Royale Chulan Cherating Hotel and a 3-star, 40-room Royale Bintang Port Klang hotel to complement the operations of our cruise terminal in Port Klang, Selangor Darul Ehsan.

Overall, the Rights Issue will enhance the future cash flow of our Company and will be partially funded by LTAT, our major shareholder and TSLWK, our Deputy Chairman/Group Managing Director, who have provided their Entitlement Undertakings. The Entitlement Undertakings demonstrate LTAT's and TSLWK's commitment and confidence in the long term prospects of our Group.

3.2 Business overview of our Group

Our Group is a diversified conglomerate with a market capitalisation of RM4.0 billion as at the LPD. Through our Company's subsidiaries, our Group's principal activities are as follows:

- (i) ownership and management of oil palm plantations, cultivation of oil palm and harvesting of its FFB as well as the production and sale of CPO and PK;
- (ii) property development, property investment as well as owning and operating hotels;
- (iii) pharmaceutical and healthcare industry, which include the manufacturing of generic pharmaceuticals, operation of a chain of retail pharmacies, warehousing, logistics, distribution and supply of medical products as well as hospital equipment;
- (iv) heavy industries, which include activities in the full spectrum of the marine sector, comprising shipbuilding, ship repair as well as MRO services for both naval and commercial vessels. Our heavy industries division also has investments in the oil and gas and aviation businesses;
- (v) investment activities, in particular our Group's major investments in the sectors of financial services, education, tourism and our recent investment in the concessionaires for the operation of the AES; and
- (vi) trading and industrial, which include the operation of BHPetrol under BPMSB, as well as the manufacturing and trading of building materials and paint.

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For the FYE 31 December 2015, the segmental breakdown of our Group's core divisions is as follows:

FYE 31 December 2015	RM'million	%
Revenue:		
- Plantation	615.2	7.1
- Heavy industries	1,422.3	16.4
- Property	649.0	7.5
- Finance and investment	196.5	2.3
- Pharmaceutical	2,189.3	25.3
- Trading and industrial	3,590.2	41.4
Total	8,662.5	100.0
PBT/(LBT):		
- Plantation	95.1	35.3
- Heavy industries	(136.8)	(50.8)
- Property	138.8	51.6
- Finance and investment	44.2	16.4
- Pharmaceutical	90.2	33.5
- Trading and industrial	37.7	14.0
Total	269.2	100.0

Given the scale of our Group's existing operations in our core divisions, the leverage from our institutional shareholding profile and experience in executing large scale projects, our Group has over the years demonstrated our capability to undertake long gestation and capital intensive projects. In seeking sustainable growth corresponding to our scale of operations, our Group is continuously exploring prospects of and embarking on major investments in our quest for meaningful returns and stable cash flow. Such investments feature heavy up-front capital commitments over prolonged periods before earnings/cash inflows can be realised. These include:

- (i) the roll-out of camera installations throughout Malaysia pursuant to our investment in IPSB, which owns the concessionaires for the AES. The operation of the AES requires significant investments in various hardware and system components as well as detection equipment such as cameras and speed-measuring sensors; and
- (ii) activities by our Group's property division, which include the following:
 - (a) on-going Taman Mutiara Rini, Johor Darul Takzim property development project. As at the LPD, approximately 80% of the land in Taman Mutiara Rini has been developed with the remaining 20% to be fully developed by 2021;
 - (b) on-going development activities in Jalan Cochrane, Kuala Lumpur which consist of the development of a shopping centre and a condominium. As at the LPD, development activities have commenced on approximately 90% of the land in Jalan Cochrane, which includes the development of a shopping centre and a condominium. The shopping centre and the condominium are expected to be developed by the end of 2016 and 2019, respectively. The remaining 10% of the land in Jalan Cochrane is expected to be developed by 2020;

- (c) on-going construction of a 25-storey office building known as 'Nucleus Tower' in Mutiara Damansara, Selangor Darul Ehsan. As at the LPD, the sub-structure works for the Nucleus Tower is approximately 90% complete. The super-structure works for the Nucleus Tower is expected to be fully completed by 2018;
- (d) on-going construction of a 5-star hotel in Kuantan, Pahang Darul Makmur, known as Royale Chulan Cherating Hotel. As at the LPD, phase 1 of the construction of the Royale Chulan Cherating Hotel, which comprise the construction of 18 villas, is approximately 90% complete and is expected to be completed by June 2016. Phase 2 of the construction of the Royale Chulan Cherating Hotel, which comprise the construction of a 140-room hotel, is expected to commence construction by December 2016 and envisaged to be completed by December 2018; and
- (e) future projects, namely, Mutiara Balau located in Semenyih, Selangor Darul Ehsan, office in Jalan Cochrane, Kuala Lumpur and the development of lands in Port Klang, Selangor Darul Ehsan into a fabrication yard for onshore and offshore structures as well as the construction of the Royale Bintang Port Klang hotel located in Port Klang, Selangor Darul Ehsan, to cater to the demand for hotel rooms in the vicinity as well as provide training facilities for our property division's trainee intakes.

These projects require significant investments in the early stages of infrastructure such as earthworks, road, sewerage and drainage systems, electricity and water supplies as well as landscaping works. In addition, these projects/businesses also require high levels of working capital to maintain liquidity until the properties are ready for sale or operation.

The long gestation nature of the abovementioned projects is expected to require regular infusion of funds before generating the desired cash flow and returns.

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4. UTILISATION OF PROCEEDS

The Rights Issue is expected to raise an estimated gross proceeds of up to RM1.05 billion based on the Issue Price. The proceeds to be raised under the Minimum Scenario is based on the Entitlement Undertakings as further detailed in **Section 8** of this Abridged Prospectus. The estimated gross proceeds are expected to be utilised in the following manner:

Utilisation of proceeds	Minimum Scenario RM'million	Maximum Scenario RM'million	Expected timeframe for utilisation of proceeds*
Repayment of bank borrowings	321.0	⁽¹⁾ 486.0	Within 12 months
Property development activities	343.8	⁽²⁾ 507.0	Within 24 months
Working capital for our Group	-	⁽³⁾ 60.8	Within 12 months
Estimated expenses arising from the Corporate Exercises	0.9	⁽⁴⁾ 1.0	Within 6 months
Total	665.7	1,054.8	

Notes:

* From the date of listing of the Rights Shares.

- (1) As at the LPD, our Group's total borrowings amount to approximately RM8,191.1 million. Our Group's total bank borrowings is expected to be reduced to approximately RM7,705.1 million under the Maximum Scenario, upon the completion of the Rights Issue and the repayment of our Group's bank borrowings of RM486.0 million. Based on the average interest rate of approximately 5.28% per annum, the estimated annual interest savings arising from the repayment of our Group's bank borrowings is up to approximately RM25.7 million per annum.

The details of our Group's bank borrowings to be repaid from the proceeds of the Rights Issue are set out below:

Facility	Facility amount RM'million	Outstanding amount as at the LPD RM'million	Amounts to be repaid	
			Minimum Scenario RM'million	Maximum Scenario RM'million
BG MTN programme ^(a)	^(a) 1,000.0	^(b) 831.0	^(b) 231.0	^(b) 231.0
Bridging loan	90.0	^(c) 90.0	^(c) 90.0	^(c) 90.0
Revolving credit	780.0	^(d) 165.0	-	^(d) 165.0
Total		1,086.0	321.0	486.0

- (a) The BG MTN is guaranteed by a group of financial institutions. The proceeds from the BG MTN was utilised by our Company mainly to partially finance/repay the following:

No.	Purpose	Amount utilised from the BG MTN
		RM'million
(i)	the acquisition by our Company of the equity interest in Pharmaniaga and MHS Aviation Berhad	680.0
(ii)	the acquisition of land and plantation estates for our property and plantation division, respectively	160.0
(iii)	repayment of our Group's existing borrowings	160.0
	Total	1,000.0

- (b) The BG MTN programme comprises 7 series of private debt security issuance with maturity dates ranging from 2 years to 5 years from the date of issue. The BG MTN is repayable on maturity and has a long term rating of AAA(bg). The proceeds from the Rights Issue of RM231.0 million will be utilised to partly repay the said BG MTN, namely, the 5th series (RM69.0 million) and 6th series (RM162.0 million) which will be maturing on 29 November 2016 and 27 January 2017, respectively. The said 5th and 6th series of the BG MTN programme to be repaid carries an average interest rate of 5.53% per annum.
- (c) The amount outstanding for the bridging loan of RM90.0 million provided by Affin Hwang IB carries an average interest rate of 5.25% per annum. The bridging loan of RM90.0 million was utilised by our Company to part finance the working capital requirements of our Group, pending the completion of the Rights Issue.
- (d) Under the Maximum Scenario, RM165.0 million from the additional proceeds of the Rights Issue will be earmarked for the settlement of our Company's outstanding revolving credit lines provided by a group of financial institutions. The above revolving credit lines carry interest rates ranging between 4.5% per annum to 5.2% per annum. Out of the said revolving credit of RM165.0 million outstanding, our Company had utilised RM94.0 million and RM71.0 million to part finance our Company's subscription of ordinary shares in IPSB as well as the acquisition of lands together with a cruise centre terminal and a jetty located in Port Klang, Selangor Darul Ehsan, respectively.

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- (2) The proceeds of the Rights Issue will also be utilised to part finance the property development activities of our Group, which include the following:

Property development activities	Minimum Scenario	Maximum Scenario
	RM'million	RM'million
Acquisition of lands for future development ^(a)	216.8	300.0
Construction of a hotel in Pahang Darul Makmur, the Royale Chulan Cherating Hotel ^(b)	127.0	127.0
Infrastructure works for our Group's property development projects ^(c)	-	50.0
Construction of a hotel in Port Klang, Selangor Darul Ehsan, tentatively to be known as 'Royale Bintang Port Klang' ^(d)	-	30.0
Total	343.8	507.0

- (a) Our Group intends to utilise the proceeds from the Rights Issue to part finance the acquisition of lands for future development, in line with our Group's strategy to continuously scale up development in locations with strong growth potential to replenish gross development value and provide greater sustainability to future earnings. As at the LPD, our Group is in preliminary discussions with several parties for the acquisition of several strategic land banks and is evaluating these said land banks. Subject to the aforementioned evaluations and terms and conditions to be mutually agreed for the acquisition of the said land banks, our Company will make the appropriate announcements pursuant to the Listing Requirements, if required.
- (b) Our Group intends to utilise the proceeds from the Rights Issue for the construction of a 5-star hotel in Cherating, Kuantan, Pahang Darul Makmur to be known as the 'Royale Chulan Cherating Hotel'. The construction of the Royale Chulan Cherating Hotel is being undertaken by our 80%-owned subsidiary, Midas Mayang Sdn Bhd, and the estimated cost of construction is approximately RM200.0 million. The Royale Chulan Cherating Hotel is currently under construction and is expected to be completed in stages with 18 units of villas and a 140-room hotel block to be operational by June 2016 and December 2018, respectively. The Royale Chulan Cherating Hotel is located adjacent to the Club Med Cherating Beach resort and has a sea front suitable for water sports activities.
- (c) Our Group intends to utilise the proceeds of the Rights Issue for infrastructure works for our Group's on-going property development projects, namely Phase 6 of our 'Taman Mutiara Rini' township development located in Skudai, Johor Darul Takzim and our soon to be launched 'Mutiara Balau' township development located in Semenyih, Selangor Darul Ehsan. The infrastructure works for these projects include earthworks, road, sewerage and drainage systems, electricity and water supplies as well as landscaping works.

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- (d) The Boustead Cruise Centre ("BCC") is a dedicated cruise terminal situated in Port Klang, Selangor Darul Ehsan which is currently owned and managed by our wholly-owned subsidiary, Boustead Cruise Centre Sdn Bhd. The BCC is frequently used by international cruise lines as well as foreign naval vessels.

Our Group intends to utilise the proceeds of the Rights Issue for the construction of a 3-star 40-room hotel tentatively to be known as 'Royale Bintang Port Klang', catering to the business community in view of the absence of such hotels in the vicinity. This Royale Bintang Port Klang hotel will also serve as a training facility for our hotel trainee intakes. As at the LPD, our Group employs in excess of 1,200 hotel personnel.

- (3) Under the Maximum Scenario, the proceeds of up to approximately RM60.8 million will be utilised for the working capital requirements of our Group.

The proposed utilisation of the proceeds allocated for operational expenses such as rental expenses, interest payments and profit distributions of our perpetual sukuk would be adequate as any shortfall between the actual operational expenses incurred and the proceeds allocated for the operational expenses would be funded via our Group's internally-generated funds and/or bank borrowings.

- (4) The estimated expenses for the Corporate Exercises of up to approximately RM1.0 million include the estimated professional fees, fees payable to the relevant authorities and other miscellaneous expenses. Any surplus or shortfall of funds for the payment of expenses for the Corporate Exercises will be adjusted accordingly from or to the working capital, as the case may be.

Any variation to the amount of proceeds to be raised, which is dependent upon the number of Rights Shares to be subscribed, will be adjusted against the proceeds allocated for working capital and thereafter the proceeds allocated for property development activities and repayment of bank borrowings. As at the LPD, our Company does not have any other alternative fund raising plan in the event that our Company does not proceed with the Rights Issue. Hence, in the event that the Rights Issue is not implemented, our Company will continue to utilise bank borrowings and/or internally generated funds to finance our Group's property development activities and working capital.

Pending the utilisation of the proceeds earmarked for our Group's property development activities and the working capital totalling approximately RM567.8 million as set out in this Section 4, the proceeds may be utilised by our Company in the following priority:

- (i) firstly, to temporarily repay our Company's revolving or overdraft facilities^(a), which will result in additional interest savings of up to approximately RM29.9 million per annum based on the average interest rate of approximately 5.28% per annum; and
- (ii) thereafter, to place the remaining proceeds in interest-bearing deposit accounts or as investment in money markets.

Note:

- (a) Should the proceeds earmarked for the property development activities and the working capital of our Group totalling approximately RM567.8 million be used for the repayment of our Company's revolving or overdraft facilities in the interim period, our Company will draw funds available under such revolving or overdraft facilities to finance our Group's property development activities and working capital.

5. RISK FACTORS

In addition to the other information contained in this Abridged Prospectus, you should carefully consider the following risk factors, which may not be exhaustive, before subscribing for or investing in the Rights Issue.

5.1 Risks relating to our Group's business

5.1.1 Regulatory risks

The operations of our Group are subject to extensive government regulation in each of the countries in which we operate. Regulations that specifically apply to our business include principally the areas of pharmaceutical and healthcare, property investment and development activities, maritime engineering and construction, plantation activities, civil aviation, naval defence and security as well as road safety. Our Group is also subject to laws governing our relationship with employees, such as minimum wage requirements, overtime, working conditions and work permit regulations. In addition, any change in the law relating to taxation or licensing in Malaysia or any countries in which our Group operates may affect our operations and profitability.

The degree of regulation to which our Group is subject to varies according to the industry as well as the country where a particular operation is located and may be materially different from one industry or country to another. There is no assurance that the introduction of new laws or other future regulatory developments in the industries or countries which we operate will not have a material adverse effect on the business, results of operations or financial condition of our Group.

5.1.2 Dependence on key management team and skilled employees

One of our Group's critical success factors is the continued services of our management team and skilled employees. Our Group's success is to a large extent attributable to the strategy and vision of the senior management team led by TSLWK, our Deputy Chairman and Group Managing Director, who has been instrumental in setting the business direction and spearheading the growth of our Group. There is no assurance that our Group will be able to retain our key management personnel or secure suitable replacements in the event of a loss of key personnel, which could have a material adverse impact on the operations and future performance of our Group.

The success of the various operations of our Group also depends largely on our continued efforts and ability to attract, retain, manage and motivate skilled professionals with the requisite experience particularly in specialised areas such as engineering, aviation, pharmaceuticals and defence and security. Competition to attract such skilled professionals is intense, and there is no assurance that our Group will be successful in retaining or attracting such skilled professionals, the loss of which may materially and adversely affect our Group's operations.

5.1.3 Social, political and economic risks

As in all other businesses, adverse developments in the economic, political and social conditions in Malaysia and other international markets in which our Group has material operations could materially and adversely affect the business and financial performance of our Group as well as cause a setback to our Group's growth plans. These include risks of changes in political leadership, acts of terrorism, war, expropriation, nationalisation, global economic downturn and adverse changes in government policies such as imposition of exchange control, interest rate hikes and increase in taxation.

5.1.4 Interest rate risks

Our Group has borrowings including medium term notes, commercial papers, term loans and revolving credit facilities. As at the LPD, our Group had total outstanding borrowings of approximately RM8.19 billion which are interest-bearing, details of which are disclosed in **Section 9.2** of this Abridged Prospectus. Our Group's finance costs based on our audited financial statements for the FYE 31 December 2015 amounted to approximately RM290.5 million. Interest charged on bank borrowings is dependent on prevailing interest rates and is hence subject to future fluctuations of interest rates which could materially affect our Group's profitability.

5.1.5 Foreign exchange risks

Our Group's financial reporting currency is RM. Our Group is exposed to foreign currency risks as a result of our Group's normal operating activities, both externally and/or intra-Group, where the currency denomination of revenue/purchases differ from the local currency, RM.

Our Group is exposed to foreign exchange risks to the extent that the currency of cash inflows and cash outflows do not match, either in the overall amounts of the respective foreign currencies or the timing of such payments. Foreign currency denominated costs or sales are recorded at exchange rates as at the date of transaction. The different exchange rates prevailing at the date of payment and receipt may give rise to foreign currency exchange gains or losses. The currencies giving rise to this risk is primarily USD, EUR and GBP. For the FYE 31 December 2015, our Group had incurred a net foreign exchange loss of RM42 million.

Further, the items included in the financial statements of our Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates. Any significant fluctuations of the relevant domestic currencies of the subsidiaries against the RM would have an impact on our Group's consolidated financial statements.

Our Group's policy is to minimise the exposure of overseas operating subsidiaries/activities to transaction risks by hedging and matching local currency income against local currency cost.

5.2 Key risks specific to our Group's plantation division

5.2.1 Economic and business risks

Our Group's plantation business is carried out by our subsidiary, the BPB Group, which is principally involved in the ownership and management of oil palm plantations, cultivation of oil palm and harvesting of its FFB as well as the production and sale of CPO and PK in Malaysia. In addition to the economic health of Malaysia, the BPB Group's businesses are also dependent on the global demand for palm oil and its related products. As such, any economic slowdown experienced in the major markets for palm oil products around the world may lead to reduced demand for BPB Group's products and could have a material adverse effect on our Group's financial condition, results of operations and prospects.

Additionally, the BPB Group is subject to risks inherent in the plantation industry. These include the entry of new players into the market, the outbreak of pests and crop diseases, changes in law and tax regulations affecting palm oil, increases in production costs, adverse weather conditions, changes in technology and changes in business and credit conditions.

5.2.2 Price fluctuation risks

The price of CPO and PK are based on, or affected by, global prices, which tend to be cyclical and subject to fluctuations. Global prices are in turn affected by the availability of agricultural commodities, of which supply is affected by unpredictable factors such as weather conditions, while demand is affected by factors such as changes in population growth, changes in standards of living, bio-diesel demand and global production of substitute and competitive crops.

Prices are also affected by a variety of other factors such as agricultural policies and regulations, environmental and conservation policies and regulations food safety and quality standards, tariffs and natural disasters. While commodity sales contracts and derivative instruments are among avenues available for industry participants to hedge against fluctuations in prices of palm products, there is no assurance that in the event the BPB Group chooses to enter into such contracts or trade in such instrument, its financial results would not be materially and adversely affected by the fluctuations in the prices of the underlying commodity products. The markets for CPO and PK are also sensitive to changes in industry capacity and output levels. The BPB Group would not be in a position to significantly reduce its CPO and PK output to cater for any decline in global prices since oil palm is a perennial crop. These factors may have a significant impact on selling prices and consequently, may materially and adversely affect our Group's business and financial performance.

5.2.3 Risks of adverse weather conditions

The oil palm crop, as with any agriculture produce, is profoundly influenced by weather and climate conditions. Severe and extreme weather events such as excessive rainfall, heavy flooding or droughts can curtail oil palm yields, in turn affecting the production of FFB and CPO as well as production efficiencies. Excessive rainfall generally leads to poor pollination of palms and decrease the effectiveness of fertilisers, while drought results in oil palm trees forming fewer fruit bunches and could also cause fire outbreaks in the plantations.

As the BPB Group's plantation land bank is concentrated primarily in Peninsular Malaysia and Sabah and Sarawak, severe weather conditions in these locales may have a disproportionate effect on the BPB Group compared with other more geographically diversified plantation companies. Any adverse weather conditions, especially for a prolonged period could adversely affect our Group's business, financial condition, operating results and prospects.

5.2.4 Labour risks

The palm oil industry is a highly labour intensive industry as oil palm plantations require extensive manpower in the nurturing of seedling, tree plantings, fertilising, harvesting as well as other routine maintenance works to ensure optimal yield. Any changes in labour laws and the availability of foreign as well as skilled labour may affect the business operations of the BPB Group, and would likely have a material adverse effect on its business and financial performance.

5.2.5 Competition risks

The palm oil industry faces competition from other substitute edible oils, such as soybean oil, canola oil and sunflower oil. Some of these edible oil industries, particularly in the United States of America and Europe, receive extensive subsidies through various government programmes and as such, they have an advantage that may affect palm oil's ability to compete fairly and effectively.

The BPB Group competes with companies of various sizes, some of which may have greater financial resources and operational experience than the BPB Group. Some of the BPB Group's existing customers may also have established relationships with some of the BPB Group's competitors, exacerbating the difficulty for the BPB Group to increase selling prices or sales volume. Due to the size of the industry, the production has been and will continue to be small in comparison to overall world production. In the event the BPB Group's market share is reduced or the profit margin is lowered as a result of competition, there is no assurance that such actions will not adversely affect the business, financial condition and prospects of the BPB Group.

5.3 Key risks specific to our Group's heavy industries division

5.3.1 High dependency on the Government as a major customer

Our heavy industries division is highly dependent on the Government for its defence-related contracts. Additionally, our heavy engineering construction and MRO businesses are also subject to the stringent requirements of the Government. Our heavy engineering and construction activities in the defence segment involves, among others, shipbuilding of combat ships for the Royal Malaysian Navy, while our MRO activities in the defence segment cover military surface vessels, submarines, helicopters and critical combat equipment including engines, combat management systems and weaponry. Our heavy industries division also provides non-defence related MRO support services to the Government for the maintenance of its fleet of helicopters.

Any unexpected changes or cutbacks by the Government on the budget allocated for defence projects may affect our heavy industries division's business, financial condition and results of operations.

5.3.2 Non-defence related contracts are subject to fluctuations and cyclical changes in the oil and gas industry

Our engineering and construction and marine repair activities for vessels are heavily dependent on the level of activity in the oil and gas exploration, development and production. Historically, activity in the oil and gas industry has fluctuated based on macroeconomic factors and global political events, in particular, changes in oil and gas prices. Demand for oil and gas structures and facilities is highly dependent on the willingness of oil and natural gas companies to make capital expenditures to explore for, develop and produce crude oil and natural gas. Exploration, development and production of crude oil and gas reserves tend to decline when oil and gas prices fall to levels where these activities are no longer viewed as commercially viable for oil and gas operators. Capital expenditures by oil and gas companies may also decline as a result of other factors, including changes in exploration, production and delivery costs, the improved attractiveness of, and demand for, alternative energy sources such as biofuels, solar power, wind power and nuclear power and technological advances affecting oil and natural gas consumption. Lower levels of capital expenditures by the oil and gas industry may result in the falling demand for our heavy engineering and marine repair business, which would adversely affect our business, financial condition and results of operations.

Our marine repair activities are dependent on the level of maintenance expenditures by vessel owners. Vessels are generally required by maritime classification societies and international maritime regulations to undergo a dry-docking at least twice during a 5-year period. The 1st dry-docking during the 5-year period, which normally occurs after 2 and a half years, may be delayed up to 3 months. When freight rates are low, vessel owners may opt to delay the dry-docking within the requirements of the classification societies and even when their vessels are in dry-dock, may opt for minimum levels of maintenance and repairs needed to meet regulatory requirements which may adversely affect our marine repair business.

5.3.3 Highly regulated industry

The heavy engineering and marine services industries are highly regulated, and our operations are affected by extensive and evolving environmental protection, health, safety and other laws and regulations in Malaysia. Compliance with these laws and regulations may entail significant expenses, including changes in operating procedures.

In particular, our operations are subject to extensive environmental laws and regulations governing, among others the discharge of pollutants into air and water, the handling, storing and disposing of solid or hazardous materials or wastes and the remediation of contamination. Breach of, or non-compliance with, these laws and regulations may result in the suspension, withdrawal, non-renewal or termination of our business licences or permits, or the imposition of penalties, by the relevant authorities. We may also be subjected to stricter enforcement or interpretation of existing laws and regulations. In addition, existing laws and regulations may become more stringent. The suspension, withdrawal, non-renewal or termination of our business licences or permits, the imposition of penalties or increased compliance costs could have a material adverse effect on our business, results of operations and financial conditions.

Litigation arising from incidents involving personal injury, loss of life or environmental damage may result, in our incurring primary or secondary liability for significant amount of damages. In addition, due to increased concerns about environmental or others risks, we cannot guarantee that any particular insurance claim we may have will be paid and we may sustain other damages, such as loss of business or injury to reputation.

5.3.4 Fluctuation in cost of materials

The cost of materials represents a significant part of our aggregate operating costs and the overall costs of each project. One of the major materials we use in each of our business segments is steel, in the form of plates, sheets, pipes, beams and fittings comprise approximately 20% of total purchases for the FYE 31 December 2015.

Under our fixed price contracts and contracts with limited price escalation provisions, we bear all or at least a portion of, increase in the price of major materials. Although we attempt to anticipate price increases when entering into such contracts, we are exposed to escalation in major material prices from the time we execute these types of contracts to the time we place our order for the relevant materials. This exposure to price risks may have an adverse impact on our results of operations.

5.3.5 Delays in completing projects

We undertake projects on a contract-basis, subject to specific terms and conditions. If our projects are delayed as a result of factors outside our control, we are liable to pay liquidated and ascertained damages on termination. Such factors include later deliveries of critical equipment and also construction problems that cause our costs to exceed our estimates.

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Under the terms of most of our contracts with our customers, customers may request changes to the contract specifications that result from changes in field design or other unanticipated events affecting a project. Our contracts generally provide that the additional direct costs resulting from these types of changes in specification are borne by the customer. However, the delays caused by these types of changes in specifications may also affect the utilisation of capacity at our yards, and our plans to commence new projects at a particular facility in the yards may be delayed to accommodate the additional time required to complete the current project.

Any delays may interfere with our ability to complete our existing and future projects and execute our business plans, and difficulties in executing our construction projects can result in us incurring higher costs. These types of development may in turn have an adverse effect on our business, financial condition and results of operations.

5.3.6 Reliance on sub-contractors for significant portion of work

We rely extensively on sub-contractors to perform much of the work on many of our projects. We currently engage sub-contractors to provide construction and related services, including structural, welding, fitting, piping and painting services. On average, subcontracted labour represented 10% of our costs of sales per financial year for the last 3 FYE 31 December 2013, 31 December 2014 and 31 December 2015. If we were to lose the services of one or more sub-contractors, the resulting loss of manpower, in some cases highly skilled man power, may result in delays in completing our projects.

The services to be rendered by any of our sub-contractors may not be completed in a timely manner. We may therefore face delays in the completion of our projects or may incur substantial costs to complete the projects on time, and our reputation could be significantly harmed.

In addition, if the work performed by our sub-contractors does not meet contractual quality standards, the work would likely have to be redone, which may result in delays and higher costs. These costs may lead to our costs exceeding our estimates and we may not be able to pass on these higher costs to our customers and this could result in our costs rising in ways that affect our profitability.

We generally obtain firm quotes from our sub-contractors for our client projects, pursuant to which a sub-contractor cannot charge us a price that exceeds the quote except where we have changed the scope of work required. We could experience an increase in our costs if our sub-contractors defaulted on their obligations or if we could no longer enter into firm-quote contracts with our sub-contractors.

5.4 Key risks specific to our Group's property development division

5.4.1 Competition risks

Our property division faces competition from other companies operating in the same business notwithstanding our efforts to keep abreast with the business environment of the property development industry. The competitiveness of our Group's property division is dependent on our ability to secure strategically located land banks, employment of skilled labour and purchase of building materials as well as to price our development properties competitively. Failure to sell our properties at a competitive price or not meeting our prospective customers' expectations may have negative implications on the current and future sales of our property development projects.

5.4.2 Difficulty in acquiring strategic land banks

The success of our property development division is very much dependent on the locality and size of the land banks in order to achieve successful property launches which will sustain the profitability of our Group in the future. In order to sustain our Group's future growth in the property development activities and profitability, our Group needs to continuously strive to obtain strategically located development land and that has development potential. Measures will be taken by our Group to mitigate such risk which includes conducting the necessary due diligence and market surveys before acquiring any suitable land banks. These include market surveys of the population for the identified area, ongoing or potential projects nearby and the demand of the market. However, replenishment of land banks is dependent upon various factors including, among others, size, price and sustainability of the land, location, supply of land banks in growth areas, favourable government policies as well as township planning.

However, there can be no assurance that our Group will be able to identify and acquire attractive new sites at commercially acceptable price which may have a material effect on the financial performance of our property division in the future.

5.4.3 Performance of the property market

Our property division's performance is largely dependent on the performance of the property market in Malaysia. While our property division strives to provide quality developments in strategic locations and by offering other forms of promotional incentives, any adverse developments affecting the property market such as the deterioration in demand for properties and the rates of property rental may have an adverse impact on our Group's business operations and financial performance as this would impact the pricing of our properties and our ability to sell.

5.4.4 Fluctuation in development costs for property projects

The property development business is also susceptible to risk of increase in cost of construction via increase in raw material prices, labour wages, sub-contractor costs, overhead costs, energy costs and other cost of operations. Our property division's profitability may also be affected by any increase in land acquisition costs and other costs which are inherent to the property development industry. Higher cost of materials, labour costs, contractor fees and overheads will reduce our property division's profit margin in the event the increased costs are unable to be passed to customers in the form of higher selling prices. Selling prices of properties are largely determined by product differentiation in terms of location, reputation, quality design and the conditions of the property market in Malaysia.

5.4.5 Dependence on third party contractors and/or suppliers

Our property development business is dependent on the support of third party contractors and/or suppliers to ensure the continuous supply of labour and construction materials.

Although our property division is not dependent on any single third party contractor, any substantial limitation or sub-standard performance of third party contractors and their inability to supply sufficient labour, whether skilled or unskilled, and quality services, may increase the cost of labour and building materials which will inevitably disrupt the progress and/or quality of our property division's operations and may cause adverse effects on our Group's profitability.

5.4.6 Unforeseen delays in the completion of a project

Timely completion of our property development projects is crucial as our property division may be subject to additional costs and potential claims which may have an adverse effect on the operations and profitability of our Group's property development business.

Timely completion depends on many external factors including, among others, obtaining the necessary approvals as scheduled, securing adequate construction materials throughout the development timeframe, satisfactory performance by third party contractors appointed, labour shortage and weather conditions.

5.5 Key risks specific to our Group's pharmaceutical division

5.5.1 Operating risks

Our Group's pharmaceutical business is carried out by the Pharmaniaga Group, which is principally involved in the manufacturing of generic pharmaceuticals, operation of a chain of community pharmacies, warehousing, logistics, distribution and supply of medical products as well as hospital equipment. The Pharmaniaga Group is exposed to the risks of fire breakouts and electrical supply disruptions at its facilities, which may disrupt or otherwise adversely affect the operations of the Pharmaniaga Group. In this regard, the Pharmaniaga Group has installed fire detection systems and also has back-up electricity generator sets capable of generating back-up power supply for a short period of time, in order to mitigate such risks.

However, it should also be noted that in the context of the Pharmaniaga Group's insurance coverage, though the assets located at the Pharmaniaga Group's premises are covered by the said insurance to the amount of book value, there is a risk that any damage or destruction to such assets may still result in a materially adverse disruption to the Pharmaniaga Group's operations, the financial costs of which may exceed the book value of Pharmaniaga Group's assets, despite any claim which the Pharmaniaga Group may have for insurance compensation to the amount of the book value of the said assets.

5.5.2 Dependency on concession agreement

As at the LPD, PLSB, a wholly-owned subsidiary of Pharmaniaga, is the sole concession holder to purchase, store, supply and distribute drugs and medical products to 148 government hospitals and 1,400 clinics and Health District Offices in Malaysia. Pharmaniaga's second cycle concession agreement with the Government represented by the Ministry of Health, Malaysia ("**MOH**") ("**Concession Agreement**") will end on 30 November 2019, but in the meantime allows for a price revision every 3 years with the last revision done in July 2014. For the FYE 31 December 2015, Pharmaniaga had received revenue of approximately RM1.2 billion from the sale of goods to MOH. The ratio of revenue from concession business to non-concession business is approximately 56:44.

Given the finite nature of the Concession Agreement, there can be no assurance that the Government will decide to renew or extend the Concession Agreement beyond 30 November 2019. In the event that the Government decides not to renew or extend the Concession Agreement, the Pharmaniaga Group's revenue would significantly decline.

5.5.3 Supply of raw material

A key risk faced by pharmaceutical companies is cost, availability and suitability of raw materials. The basic raw materials are mainly chemicals, which are commodities. However, these raw materials are not easily replaceable, as various studies need to be carried out and conducted the stability of the formulation is maintained and bio-equivalence is not affected. Hence, the changing of supplier is tedious, as the raw material and finished products will have to be repeated to confirm its suitability as an alternative ingredient in the proven formulation.

5.5.4 Competition risks

The Trans-Pacific Partnership Agreement ("TPPA") is a trade agreement among 12 Pacific Rim countries, including Malaysia, United States of America, Canada, Australia and Japan which was signed on 4 February 2016. The TPPA contains measures to lower trade barriers. The TPPA has yet to be enforced and will only come in force once it is ratified by at least 6 countries, which represent at least 60% of the GDP of 12 member countries. The TPPA would extend the patent or the exclusivity period of new drugs. Innovator drugs have market exclusivity throughout its patent period and this is the time they set a high price in order to recoup the research and development investment in the absence of generic competition. With the implementation of the TPPA, generic versions of some critical medications may not be available for additional years following registration. A longer exclusivity period may result in delay in Pharmaniaga Group launching new generic products to offset any declining margin of older generic drugs being produced. However, being a member of The Pharmaceutical Inspection Cooperation Scheme, the Malaysian pharmaceutical industry does have a competitive advantage in terms of standard and quality.

Further, competition remains stiff amongst Malaysia generic drug manufacturers, the imported generic manufacturers and distributors and the multinational pharmaceutical companies with their patented products. It has been increasingly difficult for Malaysia generic players to stay ahead of competition, especially with the multinational pharmaceutical companies striving to protect themselves by the reformulation of their to-be-expired patents and the manufacturers in China and India are pushing for export market growth, given their internally saturated markets.

5.5.5 Regulatory risks

In order for the Pharmaniaga Group to operate its business in Malaysia, the Pharmaniaga Group is required to obtain certain licenses and/or registrations with MOH and other relevant authorities which is subject to specific regulations in Malaysia, amongst others, the Sale of Drugs Act, 1952, Dangerous Drugs Act, Medicines (Advertisement and Sale) Act, 1956 and the Industrial Co-ordination Act, 1974. All these licenses and registrations are only valid for a stipulated timeframe only. The said licenses and registrations are all renewable, subject to the compliance with the relevant requirements and inspection imposed by MOH and other relevant authorities.

There is no assurance that the relevant authorities will issue any required licenses or registrations without any new terms or conditions imposed in the future. There is also no assurance that future legislatives or regulatory policy changes will not affect the Pharmaniaga Group's operations.

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5.6 Key risks specific to our Group's trading and industrial division

5.6.1 Operational risk

Petroleum distribution and retailing involves the distribution and storage of flammable fuel. Any petrol leaks or spills due to the failure of tanks or pipework, accidents during loading and offloading, damage to or misuse of petrol pumps could lead to a fire or explosion. In addition, it could also lead to the contamination of soil and water supplies nearby the petrol station. The transportation of petrol by fuel tankers also carries the risk of fire and explosions if the fuel tankers were to be involved in a road accident. There is also considerable movement of vehicles on the forecourt of the service stations which could lead to accidents. Furthermore, our retailing operations involve cash collection which could lead to armed robberies frequently occurring at service stations. These risks could ultimately result in personal injury, business interruptions and potential legal proceedings.

Although BPMSB has adopted the necessary safety and security measures, there can be no guarantee that the unexpected onset of the abovementioned risks will not have a material impact on BPMSB's business and financial position.

5.6.2 Non-renewal or delay of relevant licences

The petroleum retailing industry is a highly regulated industry. The regulations relating to the marketing, trading and distribution of petroleum products and operation of service stations are governed by, among others, the Petroleum Development Act, 1974 ("PDA"), the Petroleum (Safety Measures) Act, 1984 and the Petroleum and Electricity (Control of Supplies) Act 1974. Retail prices at the service stations as well as for domestic liquefied petroleum gas are regulated by the Automatic Pricing Mechanism ("APM") under the purview of the Ministry of Domestic Trade, Co-operatives and Consumerism ("MDTCC") and the Ministry of Finance (MOF). The APM is a system which dictates the components that determine the retail price of fuel on a per litre basis at service stations which include, amongst others, margins for oil companies and service station operators as well as operational costs (comprising transport and marketing costs). BPMSB requires certain licences under the PDA to operate its business, which is issued by the MDTCC. These licences are subject to periodic renewal and are issued subject to terms and conditions imposed by the MDTCC.

There can be no guarantee that BPMSB will be able to renew these licences and that the provision for margins and operational costs under the APM will not adversely change. However, our Group seeks to mitigate these risks by ensuring compliance with the relevant regulations necessary for the successful and timely renewal of licences. As at the LPD, the business operations of BPMSB have not faced any interruptions due to failure or delay in the renewal of the relevant licences and the petroleum retail industry continues to operate under the APM.

5.7 Risks relating to the Rights Issue

5.7.1 Investment risk

The market price of BHB Shares is dependent on or influenced by, amongst others, prevailing stock market sentiments, the volatility of the stock market, the liquidity of the BHB Shares, movements in interest rates, our financial performance and future profitability, government regulations, legislations, duties and taxation affecting the industry and the outlook of the industry which we operate in.

5.7.2 Delay in or failure of the Rights Issue

The Rights Issue is exposed to risk that it may fail or be delayed due to, *inter alia*, *force majeure* events or circumstances such as natural disasters, health epidemics, acts of government, terrorism, strikes, national disorders and states of emergency, which are beyond the control of our Company and advisers, arising prior to the implementation of the Rights Issue.

In the event the Rights Issue is aborted/terminated, all monies received in respect of all subscriptions/applications for any Rights Shares will be refunded in full to the subscribing Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) without interest. If any money received from the Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are not repaid within 14 days after our Company becomes liable to repay, our Company will repay such money with interest at the rate of 10% or such other rates as may be prescribed by the SC in accordance with Section 243(2) of the CMA.

In the event the Rights Issue is aborted/terminated, and the Rights Shares have been allotted to the Entitled Shareholders, a return of monies to all holders of Rights Shares could only be achieved by way of cancellation of share capital as provided under the Act. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting and the confirmation of the High Court of Malaya.

5.7.3 Potential dilution

The Entitled Shareholders who do not or are not able to accept their provisional allotment of Rights Shares will have their proportionate ownership and voting interest in our Company reduced, and the percentage of our enlarged issued and paid-up share capital represented by their shareholdings in our Company will also be reduced accordingly.

5.8 Risks relating to forward-looking statements

Certain statements in this Abridged Prospectus are based on historical data, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on assumptions and estimates made by our Company, unless stated otherwise, and although our Board believes these forward looking statements to be reasonable, they are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward looking statements. Such factors include but are not limited to those set out in this Abridged Prospectus.

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6. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

6.1 Overview and prospects of the Malaysian economy

The Malaysian economy expanded by 4.2% in the first quarter of 2016 (4Q 2015: 4.5%). The slight moderation in growth mainly reflected external shocks to the economy and cautious spending by the private sector. On the supply side, growth continued to be driven by the major economic sectors. On a quarter-on-quarter seasonally-adjusted basis, the economy recorded a growth of 1.0% (4Q 2015: 1.2%).

Domestic demand grew by 3.6% in the first quarter of the year (4Q 2015: 4.0%), with private sector expenditure expanding at a slower pace of 4.5% (4Q 2015: 4.9%). Private consumption growth expanded by 5.3% (4Q 2015: 4.9%), supported by continued wage and employment growth. Private investment registered a slower growth of 2.2% in the first quarter (4Q 2015: 4.9%). The cautious business sentiments and lower commodity prices continued to weigh down on investments in the upstream mining sector. Nevertheless, there was continued investment in the manufacturing and services sectors.

On the supply side, the major economic sectors registered a moderate growth during the first quarter. The services sector recorded a sustained growth, supported by the continued expansion in domestic demand. In the manufacturing sector, growth was supported by both export- and domestic-oriented industries, albeit at a slower pace. Growth in the agriculture sector contracted, as adverse weather conditions led to a lower production of palm oil. The growth in construction remained strong, driven mainly by the civil engineering sub-sector. The mining sector turned around to record a marginally positive growth, following an improvement in the production of natural gas.

(Source: Economic and Financial Developments in Malaysia in the First Quarter of 2016, Bank Negara Malaysia)

The Malaysian economy grew by 5.3% in the 1st half of 2015, driven by resilient domestic demand. Private sector expenditure contributed 5.3 percentage points to growth. Private investment and consumption remained robust growing by 7.5% and 7.6%, respectively. On the supply side, growth was mainly driven by the services and manufacturing sectors contributing 3 and 1.1 percentage points, respectively.

On the external front, Malaysia continues to be impacted by slower global growth and regional trade. Hence, the trade performance remained subdued during the 1st 8 months of 2015 with exports and imports contracting by 1.4% and 2%, respectively (January – August 2014: 9.5%; 6.1%). Although weighed down by weak commodity prices, the steady demand for electrical and electronic products saw exports of manufactured goods registering positive growth during the period. The current account posted a surplus of RM17.6 billion or 3.2% of GNI in the 1st half of the year (January – June 2014: RM34.5 billion; 6.6%).

With strong economic fundamentals, including resilient domestic demand, diversified sources of growth, low unemployment rate and benign inflation coupled with pro-growth fiscal and accommodative monetary policies, real GDP is projected to grow between 4.5% - 5.5% in 2015 (2014: 6%). Nominal GNI is estimated to increase by 5.5% to RM1.13 trillion with income per capita rising by 4.2% to RM36,397.00 (2014: 8.6%, RM1.07 trillion; 7.2%, RM34,945.00).

The Malaysian economy is expected to grow in 2016, with real GDP growth between 4% - 4.5%, based on the assumption for average Dated Brent crude oil price at USD30 to 35 per barrel (*Source: Special Address by the Prime Minister: 2016 Budget Recalibration – 28 January 2016*). Private sector expenditure will remain the main driver of growth with private consumption and investment expected to grow by 6.4% and 6.7%, respectively. Meanwhile, the Government expenditure is forecasted to expand, albeit at a moderate pace, in line with efforts to strengthen the fiscal position. On the supply side, growth is expected to be broad-based, with all the sectors registering positive growth. Malaysia's external position is forecasted to remain positive supported by better prospects for global growth and trade.

The Malaysian economy will continue to operate under conditions of full employment with the unemployment rate remaining below 4%. Despite a weak ringgit, inflation is expected to remain benign attributed to low oil prices and the waning impact of GST. For 2016, inflation is expected to range between 2% - 3%. The Government remains committed to fiscal consolidation. The fiscal deficit is expected to further decline to 3.1% of GDP in 2016 (2015: 3.2%) while the Federal Government debt level will remain manageable within the prudent limit of 55% of GDP.

However, the challenges confronting the economy in 2015 are expected to persist in 2016. In particular, heightened volatility in financial markets; declining commodity prices; strengthening of the USD; and the slowdown in the People's Republic of China, are anticipated to have direct and indirect impact on the Malaysian economy, primarily through trade and financial channels. Given these developments, the challenge for Malaysia is to further enhance the resilience of the domestic economy while ensuring the sustainability of public finances.

(Source: Chapter 3: Economic Performance and Prospects, Economic Report 2015/2016, Ministry of Finance, Malaysia)

6.2 Overview and prospects of the plantation industry in Malaysia

The year 2015 saw mixed performance of the Malaysian oil palm industry. Oil palm planted area, CPO production, import, export and closing stocks increased, while that of prices and export revenue declined. Average CPO price was down by 9.6% to RM2,153.50 compared to RM2,383.50 in 2014.

Oil palm planted area in 2015 reached 5.64 million Ha, an increase of 4.6% as against 5.39 million Ha recorded in the previous year. This was mainly due to the increase in new planted areas especially in Sarawak, which recorded an increase of 13.9%. Sabah is still the largest oil palm planted state, with 1.54 million Ha or 27% of the total oil palm planted area, followed by Sarawak with 1.44 million Ha or 26%, while Peninsular Malaysia accounted for 2.66 million Ha or 47%.

In 2015, CPO production recorded a marginal increase of 1.5% to 19.96 million MT as against 19.67 million MT produced in 2014. The increase was due to higher FFB processed, arising from the increase in new matured areas coming into production, especially in Sarawak. CPO production in Peninsular Malaysia and Sarawak increased by 3.6% and 7.6% to 10.54 million MT and 3.70 million MT, respectively. CPO production in Sabah, however, recorded a decline of 5.5% to 5.72 million MT.

The FFB yield for 2015 was slightly lower by 0.8% to 18.49 MT per Ha from 18.63 MT per Ha achieved in 2014. Sabah registered a decline of 6.3% to 19.99 MT per Ha as against 21.34 MT per Ha achieved in the previous year. Peninsular Malaysia and Sarawak, however recorded increases. FFB yield for Peninsular Malaysia improved by 3.1% to 18.80 MT per Ha, while that of Sarawak increased marginally by 0.5% to 16.21 MT per Ha. Sarawak's FFB yield was relatively lower as compared to other regions as 25% of its matured area was young palms.

The national OER in 2015 declined by 0.8% to 20.46 percent mainly due to lower quality of FFB processed by mills. OER in Peninsular Malaysia and Sarawak decreased by 0.9% and 1.4% to 20.01% and 20.15%, respectively. Sabah, however, recorded an increase in OER performance by 0.4% to register at 21.57%.

(Source: Overview of the Malaysian Oil Palm Industry 2015, Malaysian Palm Oil Board)

6.3 Overview and prospects of the pharmaceutical industry in Malaysia

The pharmaceutical industry is an important component of the healthcare sector in Malaysia. The industry has high growth potential, both in the domestic and export markets, in view of its present strength in the production of generic drugs.

During the period of the Third Industrial Master Plan (IMP3), 2006-2020, further development of the industry will be driven by rising wealth, increased longevity of the population, greater awareness of healthcare and better access to medicines. The industry is expected to focus on the production of high-margin niche products, add value to the existing products through improved drug delivery technologies and increasingly move into biopharmaceuticals and branded generics, including bio-generics (biologic drugs, for which patents have expired).

Patents of many drugs made by the United States of America and European companies have either expired or will be expiring during the next few years. It is estimated that the patent expiry will involve about USD100 billion worth of branded drugs of the major pharmaceutical companies. This will create market opportunities for generics worldwide, which are expected to grow at an annual rate of 10%. The expected increases in the Government purchase of generic drugs, as a measure to contain healthcare costs, together with the anticipated expiry of several branded drugs, offers vast opportunities for the production of patent expired generic drugs, for both the local and export markets.

One of the prospects for growth in the industry in Malaysia is the positive development worldwide for biotech drugs. Malaysia is one of the world's 12 most bio-diverse countries and offers high potential sourcing active compounds for therapeutics and wellness products. The industry can leverage not only upon the highly diversified flora, fauna and medicinal plants, but also the vast research and development experience in regional diseases and the country's multi-ethnic population, which facilitates clinical trial activities.

(Source: The Third Industrial Master Plan (IMP3) 2006-2020, Ministry of International Trade and Industry)

6.4 Overview and prospects of the construction and property development industry in Malaysia

Value-added of the construction sector grew at a moderate pace of 7.7% during the 1st half of 2015 (January - June 2014: 14.5%) on slower civil engineering and residential activities. The highest share was contributed by the residential (27.7%) followed by civil engineering (27.1%), non-residential (26.4%) and specialised construction activities (18.8%) sub-sectors. The total value of construction work completed during the 1st half of 2015 expanded by 11.6% to RM56.0 billion with 20,056 construction projects registered (January - June 2014: 15.7%; RM50.0 billion; 19,649 projects). The non-residential subsector contributed 34.7% to the value of construction work, followed by civil engineering (30.4%), residential (30.2%) and specialised construction activities (4.7%) sub-sectors. The private sector continued to dominate construction activities with a share of 67.7% in the 1st half of 2015. Amid the moderate growth outlook, the construction sector is expected to expand by 8.8% in 2015 (2014: 11.8%).

The residential sub-sector expanded moderately by 9.8% (January - June 2014: 22.1%) partly due to the decline in new housing approvals which decreased by 32.9% to 66,770 units (January - June 2014: 37.3%; 99,461 units), reflecting cautious sentiment among housing developers amid a challenging environment. However, the moderation was cushioned by the steady growth in incoming supply at 13.8% (January - June 2014: 10.3%). During the 1st 6 months of the year, the Klang Valley continued to dominate the incoming supply, accounting for 29% of the total supply (January - June 2014: 28.9%). Housing starts rebounded by 38% to 100,712 units (January - June 2014: -1.8%; 72,935 units), supported by service apartments as well as condominiums/apartments which accounted for 28.3% (28,541 units) and 22.5% (22,673 units), respectively, of the total starts. The take-up rate for residential units increased to 31.4% to 8,542 units in the 1st half of 2015 (January - June 2014: 23.8%; 11,588 units).

In the non-residential sub-sector, construction activity grew by 14.5% (January - June 2014: 14.2%) as reflected in the expansion of incoming supply, particularly in the shop, shopping complex and industrial segments at 27.8%, 11.3% and 9.6%, respectively, (January - June 2014: 8.7%, 20%, 0.2%). The PBO segment registered a significant increase in construction starts to 251,916 sqm despite the contraction in incoming supply by 7.5% in the 1st half of 2015 (January – June 2014: 7,764 sqm; -16.4%). The shop overhang increased by 2.2% to 4,915 units with a total value of RM1.9 billion during the period (January - June 2014: 9%; 4,810 units; RM1.5 billion). However, the demand for commercial buildings remained stable with the average occupancy rate of office and retail space at 84.2% and 81.6%, respectively, reflecting sustained demand, particularly for commercial space located in prime areas. As at end-June 2015, the existing stock of PBO and shopping complexes stood at 19.8 million sqm and 13.2 million sqm, respectively (end June 2014: 19.1 million sqm; 12.4 million sqm).

(Source: Chapter 3: Economic Performance and Prospects, Economic Report 2015/2016, Ministry of Finance, Malaysia)

The property market in Selangor Darul Ehsan softened in the 1st half of 2015. There were 38,285 transactions recorded in 1st half of 2015 worth RM24.31 billion, down by a mere 1.8% in volume against 1st half of 2014. However, value of transactions continued to be on upward trend, charting a marginal 4.7% increase. The residential sub-sector retained its lion market share, contributing 75.5% of the total transactions followed by commercial (11.0%), agricultural (6.3%), development land (4.2%) and industrial (3.0%) sub-sectors.

Residential property prices and rentals recorded encouraging growth across the board. Residential properties in established areas served with efficient road linkages as well as those located along the MRT route recorded uptrend growth. On similar increasing mode, schemes neighbouring Kuala Lumpur such as Taman Selayang Baru and Wangsa Permai also experienced capital gains due to spill-over demand from the state.

As at the 2nd quarter of 2015, the All House Price Index for Selangor Darul Ehsan stood at 214.2 points, up by 6.1% over 2nd quarter of 2014. However, the increase has moderated as compared to the 8.3% increase in the 1st half of 2014. In line with the index increase, the All House Price Index increased to RM456,576, the 2nd highest in the country.

New launches in the primary market in Selangor Darul Ehsan reduced to 3,302 units, down by 67.8% as compared with 10,251 units in the 1st half of 2014. The overall sales performance was encouraging at 49.8%, higher than 18.0% recorded in the 1st half of 2014. Double or triple storey terraced houses formed the bulk of the new launches, accounting for 48.7% (1,609 units) of the total.

The residential overhang in Selangor Darul Ehsan improved in the review period. There were 908 units of residential overhang worth RM871.10 million, down by 33.0% in volume and 19.1% in value, respectively. On a similar note, the unsold not constructed overhang decreased to 387 units, down by 65.3% compared to the 1st half of 2014. Conversely, the unsold under construction overhang increased by 59.8% to 7,924 units.

The retail sub-sector witnessed encouraging performance in the review period. The overall occupancy rate improved to 86.4% higher than 83.6% in the 1st half of 2014. The state recorded the entry of Mitsui Outlet Park KLIA in KLIA offering 25,130 sqm of retail space. As at June 2015, there were 125 existing shopping complexes (3,019,857 sqm), with another 1 complex (19,800 sqm) in planned supply.

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On a similar note, the PBO segment in Selangor Darul Ehsan showed better performance as the occupancy rate increased slightly to 77.3% against 76.3% in the 1st half of 2014. The review period witnessed one new PBO which injected 9,659 sqm of office space into the market. As at June 2015, there were 195 existing PBO buildings (3,049,090 sqm), 14 buildings (629,064 sqm) in incoming supply and another one building (15,360 sqm) in planned supply.

In spite of the softening market, construction activities remained high. The residential sub-sector recorded more completions, starts and new planned supply. The shops sub-sector recorded similar construction activity pattern except for new planned supply which was fewer. Meanwhile, the industrial sub-sector registered more completions and new planned supply but fewer starts as compared to the 1st half of 2014.

(Source: Property Market Report First Half 2015, Valuation and Property Services Department, Ministry of Finance Malaysia)

6.5 Overview and prospects of the oil and gas industry

Brent crude oil prices declined sharply to an average of USD45 per barrel in the fourth quarter (3Q 2015: USD51 per barrel). This was mainly due to the protracted oversupply in the oil market following a large build-up in oil inventory and the Organization of the Petroleum Exporting Countries ("OPEC") continued high production rate. In December 2015, prices declined further due to OPEC's decision during the month not to cut its high level of production, as well as the increase in Fed funds rate on 16 December 2015, which triggered a new round of liquidation of positions in the oil market. As a result, Brent oil prices hit an 11-year low of USD36 per barrel on 22 December 2015 and ended the quarter at USD37 per barrel.

(Source: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2015, Bank Negara Malaysia)

The mining sector declined by 1.4% during the fourth quarter of 2015 due to lower production of natural gas, while output of crude oil increased marginally amid declining prices. Production of natural gas declined further by 5.6%, while output of crude oil registered a slower growth of 0.4%. During the fourth quarter of 2015, prices of Dated Brent continued to fall to average USD43.4 per barrel (Q3 2015: USD50.03 per barrel).

Export earnings of the mining sector continued to fall, contracting by 14.4% to RM22.5 billion (Q3 2015: -24.8%; RM18.1 billion). Although export volume increased by 3.7%, liquified natural gas ("LNG") receipts contracted by 24.9% due to lower average unit value (-27.6%). LNG exports to Japan and Korea declined by 25.1% and 35.2%, respectively during the quarter. Likewise, export receipts of crude petroleum declined by 5.7% due to the price factor despite higher shipments. Thailand, Australia and India are the major buyers of Malaysian crude oil.

(Source: Quarterly Update on the Malaysian Economy – Fourth Quarter 2015, Ministry of Finance Malaysia)

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6.6 Prospects of our Group

Amidst a challenging year in 2015 both globally and domestically, the Malaysian economy is expected to be sustained by underlying strong economic fundamentals, sound financial system, accommodative monetary policy and the implementation of various government initiatives. The diversified nature of our Group's businesses in 6 segments of the Malaysian economy would augur well for our Group.

Prospects for our pharmaceutical division remain positive as the healthcare industry continues to experience steady growth, both globally and in the region. Our pharmaceutical division which has manufacturing facilities in Malaysia and Indonesia will be a growth driver and is committed to expanding its product portfolio through extensive research and development efforts in order to produce high quality products at par with international standards. As part of the pharmaceutical division's long term plan to expand its non-concession portfolio, the 'RoyalePharma Pharmacy' retail network was established to gain a footprint in the community-based retail segment.

Amidst soft global sentiment for commodities, our plantation division remains steadfast in improving our yields and managing the usage of our land banks more efficiently. Initiatives to increase our future plantation yields include replanting programmes that retires oil palms between the ages of 23 to 25 years and replaces them with high-yielding tissue culture ramets and semi-clonal hybrid seeds. In line with our growth strategy, we are consistently on the lookout for potential land banks and have recently entered into an agreement to acquire interest in a prime mature oil palm plantation adjacent to our estates in Sabah. In optimising the value of our land banks, the division is also divesting its non-core land banks in Kulai, Johor Darul Takzim which is expected to register significant gains in 2016.

Our heavy industries division, particularly Boustead Heavy Industries Corporation Berhad ("BHIC"), is in the process of reorganising its corporate structure which is expected to improve its operational efficiencies. In line with the rationalisation exercise, BHIC had, on 6 May 2016, completed the sale of 3 chemical tankers which was part of its loss making chartering business. In 2014, BNS had secured a RM9.0 billion contract from the Government to deliver 6 LCS for the Royal Malaysian Navy for which construction had begun in 2015. The first ship is expected to be delivered in 2019 while the remaining ships will be delivered at regular intervals thereafter. Boustead DCNS Naval Corporation Sdn Bhd had, on 19 April 2016, entered into a contract with the Government for the service of 2 submarines which is expected to contribute positively to our division's future earnings. Our heavy industries division has been facing challenging times due to the significant drop in the price of oil which negatively impacted the local oil and gas industry as well as the shipbuilding and ship repair industries. Our Group expects the oil and gas sector to remain challenging in view of the present competitive environment and capital expenditures cut as announced by major oil companies which will reduce the demand for offshore support vessel services and major new fabrication work.

Spearheading our trading and industrial division, BHPetrol opened 21 new stations in 2015, expanding the company's retail network and market share. In 2015, BHPetrol was also the 1st in the market to launch the Euro5 diesel in the Klang Valley, following its introduction in Johor Darul Takzim in 2014, increasing brand presence in the fuel retailing industry in Malaysia. Moving forward, BHPetrol intends to open another 20 new stations in 2016.

As a new addition to the portfolio of our investment division in 2015, we expect our AES concessions to contribute positively to our Group this year, with the expected roll-out of additional road cameras throughout Malaysia for the Government in 2016.

As a significant portion of the proceeds of the Rights Issue will be channelled towards our property development activities, focus is drawn to our property division, a steady profit contributor to our Group.

Our property division achieved a PBT of RM138.8 million for the FYE 31 December 2015, a commendable performance given the multiple challenges of higher cost of construction, cautious bank lending to purchasers and slowing economy due to low crude oil and CPO prices.

As at the LPD, our property division's notable achievements in the property development sector are our award-winning townships, Mutiara Damansara and Taman Mutiara Rini in Selangor Darul Ehsan and Johor Darul Takzim, respectively. Our on-going projects are as follows:

(i) **Mutiara Damansara**

Mutiara Damansara is a 355-acre freehold housing and commercial development located in Petaling Jaya and surrounded by townships such as 'Taman Tun Dr. Ismail' and 'Bandar Utama'. Since its maiden launch in the year 2000, more than 2,400 units of residential and commercial properties have been sold in Mutiara Damansara. As at the LPD, approximately 344 acres of the township have been fully developed with another 11 acres to be developed. On-going property development activity in Mutiara Damansara is the development of the 25-storey office building known as 'Nucleus Tower' which is expected to comprise 280,000 sq ft of commercial and retail space. The Nucleus Tower is expected to be certified with Green Building Index (Gold) and have Multimedia Super Corridor status.

(ii) **Taman Mutiara Rini**

Taman Mutiara Rini is a 1,400 acre integrated township in Skudai, Johor Darul Takzim. It is located approximately 13 kilometers from the Johor Bahru City Centre and within close proximity of established housing estates such as Taman Skudai Baru and Taman Ungku Tun Aminah.

The remaining land bank in Taman Mutiara Rini available for development is 328 acres, with a gross development value of approximately RM1.4 billion. The Taman Mutiara Rini township mainly offers mid-ranged, double-storey terraced houses.

(iii) **One Cochrane**

One Cochrane is a condominium development located in Jalan Cochrane, Kuala Lumpur and is within close proximity of established housing areas such as Taman Maluri, Kampung Pandan and Desa Pandan. Our property division expects to launch 800 units of condominiums in the year 2016. As at the LPD, our property division has received more than 3,000 registrations of interest for the purchase of these condominiums.

Apart from the One Cochrane development, our property division is jointly developing with Ikano Pte Ltd a 1.1 million sq ft shopping centre to be known as 'MyTOWN Shopping Centre' on an 18-acre parcel of land in Jalan Cochrane. The MyTOWN Shopping Centre will comprise more than 400 retail lots anchored by the newly opened IKEA Cheras. The MyTOWN Shopping Centre will be accessible via major highways and the MRT through the underground MRT station connecting the basement of the MyTOWN Shopping Centre. As at the LPD, more than 70% of the 1.1 million sq ft of lettable space has been signed up by various international and local retailers. The MyTOWN Shopping Centre will also comprise 3 towers to be located above the shopping mall. As at the LPD, studies are being carried out to ascertain the viability of developing the said 3 towers into an office building and 2 condominiums.

(iv) **Mutiara Balau**

Mutiara Balau is our new township development in Semenyih, Selangor Darul Ehsan. The township is located within close proximity of other housing developments such as the Setia Ecohill and Eco Majestic developments. The township will comprise 200 acres of residential properties and is expected to be launched in the year 2017.

Our property division's existing chain of hotels consists of 7 hotels (6 in Malaysia and 1 in the United Kingdom). For the year 2015, our property division's hotels have recorded average occupancy rates of 60%. Adding to our property division's chain of hotels, our property division had in 2015 also commenced the construction of the Royale Chulan Cherating Hotel in Kuantan, Pahang Darul Makmur. The Royale Chulan Cherating Hotel is expected to be completed in phases, with 18 units of villas and a 140-room hotel block to be operational by June 2016 and December 2018, respectively. Further details on the Royale Chulan Cherating Hotel are disclosed in **Note 2(b) of Section 4** of this Abridged Prospectus.

The appreciation in value of our property division's prime investment properties and high-occupancy rates has strengthened our property division's bottom line. Our property division's investment properties include, among others, office buildings such as Menara Boustead, Wisma Boustead, Menara Boustead (Penang) and Menara Affin. Our property investment segment has supported our property division's performance through strong rental rates and almost 100% occupancies. Our property division's 2 retail investment properties, the Curve and ECurve, which are both located in Mutiara Damansara, Selangor Darul Ehsan. The Curve and ECurve shopping malls also undergo upgrading works annually with a view of ensuring that our malls continue to be destinations for shoppers despite new mall openings.

Our property division has expanded its KidZania franchise to Singapore in April 2016. KidZania models its theme parks after actual cities where children role play adults in some 100 career activities within the theme park. These activities include role playing pilots, engineers, accountants, bankers, journalist, doctors, businessmen, bus drivers and firemen.

Our Board, after having considered all the relevant aspects including the above-mentioned overview and prospects of the construction and property development industry as well as the hospitality and tourism industry of Malaysia, is optimistic that our property division will continue to perform well.

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7. FINANCIAL EFFECTS OF THE RIGHTS ISSUE

For illustration purposes only, the effects of the Rights Issue on the issued and paid-up share capital, the NA and gearing and the earnings and EPS of our Company are set out in the ensuing sections below.

As the Bonus Issue will be implemented after the completion of the Rights Issue, we have also illustrated the effects of the Bonus Issue together with the Rights Issue in the ensuing sections below.

7.1 Issued and paid-up share capital

The effects of the Rights Issue and the Bonus Issue on the issued and paid-up share capital of our Company as at the LPD are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of BHB Shares	Amount	No. of BHB Shares	Amount
	'million	RM'million	'million	RM'million
Issued and paid-up capital as at the LPD	1,034.2	517.1	1,034.2	517.1
To be issued pursuant to the Rights Issue	261.0	130.5	413.7	206.8
	1,295.2	647.6	1,447.9	723.9
To be issued pursuant to the Bonus Issue	518.1	259.0	579.1	289.6
Enlarged issued and paid-up share capital	1,813.3	906.6	2,027.0	1,013.5

7.2 NA and gearing

Based on our Company's latest audited consolidated statements of financial position as at 31 December 2015, the pro forma effects of the Rights Issue and the Bonus Issue on our Company's consolidated NA per share and gearing are set out below:

Minimum Scenario:

	Audited as at 31 December 2015	(I) After the Rights Issue	(II) After (I) and the Bonus Issue
	RM' million	RM' million	RM' million
Share capital	517.1	⁽¹⁾ 647.6	⁽³⁾ 906.6
Perpetual sukuk	1,207.7	1,207.7	1,207.7
Share premium	1,165.1	^{(1),(2)} 1,699.4	⁽³⁾ 1,440.4
Other non-distributable reserves	879.1	879.1	879.1
Retained earnings	1,981.3	1,981.3	1,981.3
Shareholders' equity/NA	5,750.3	6,415.1	6,415.1
Non-controlling interests	1,607.5	1,607.5	1,607.5
Total equity	7,357.8	8,022.6	8,022.6
Number of BHB Shares in issue (million)	1,034.2	1,295.2	1,813.3
NA per BHB Share (RM)	5.56	4.95	3.54
Total borrowings	8,033.9	⁽⁴⁾ 7,712.9	7,712.9
Gearing ⁽⁵⁾ (times)	1.09	0.96	0.96

Notes:

- (1) Based on 261,058,546 Rights Shares issued at the Issue Price of RM2.55, which results in an increase in share premium account of approximately RM535.2 million.
- (2) After deducting the estimated expenses arising from the Corporate Exercises of approximately RM0.9 million.
- (3) After capitalisation of approximately RM259.0 million for the Bonus Issue.
- (4) After repayment of RM321.0 million in bank borrowings as part of the utilisation of proceeds pursuant to the Rights Issue.
- (5) Gearing is calculated as total borrowings divided by total equity.

Maximum Scenario:

	Audited as at 31 December 2015	(I) After the Rights Issue	(II) After (I) and the Bonus Issue
	RM' million	RM' million	RM' million
Share capital	517.1	⁽¹⁾ 723.9	⁽³⁾ 1,013.5
Perpetual sukuk	1,207.7	1,207.7	1,207.7
Share premium	1,165.1	^{(1), (2)} 2,012.1	⁽³⁾ 1,722.5
Other non-distributable reserves	879.1	879.1	879.1
Retained earnings	1,981.3	1,981.3	1,981.3
Shareholders' equity/NA	5,750.3	6,804.1	6,804.1
Non-controlling interests	1,607.5	1,607.5	1,607.5
Total equity	7,357.8	8,411.6	8,411.6
Number of BHB Shares in issue (million)	1,034.2	1,447.9	2,027.0
NA per BHB Share (RM)	5.56	4.70	3.36
Total borrowings	8,033.9	⁽⁴⁾ 7,547.9	7,547.9
Gearing ⁽⁵⁾ (times)	1.09	0.90	0.90

Notes:

- (1) Based on 413,671,221 Rights Shares issued at the Issue Price of RM2.55 per Rights Share, which results in an increase in share premium account of approximately RM848.0 million.
- (2) After deducting the estimated expenses arising from the Corporate Exercises of approximately RM1.0 million.
- (3) After capitalisation of approximately RM289.6 million for the Bonus Issue.
- (4) After repayment of RM486.0 million in bank borrowings as part of the utilisation of proceeds pursuant to the Rights Issue.
- (5) Gearing is calculated as total borrowings divided by total equity.

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7.3 Earnings and EPS

The Rights Issue and the Bonus Issue are not expected to have any material effect on the consolidated earnings of our Company for the FYE 31 December 2016 as they are only expected to be completed by the 3rd quarter of 2016.

The Rights Issue and the Bonus Issue will dilute our Company's consolidated EPS as a result of the increase in the number of BHB Shares in issue upon completion of the Rights Issue and the Bonus Issue.

Notwithstanding the above, the proceeds from the Rights Issue are expected to contribute positively to the earnings of our Group for the ensuing financial years, when the benefits of the utilisation of proceeds are realised. The benefits include the interest savings as illustrated in **Section 4** of this Abridged Prospectus.

7.4 Convertible securities

As at the LPD, our Company does not have any existing convertible securities.

8. ENTITLEMENT UNDERTAKINGS

The Rights Issue is intended to be undertaken on a Minimum Subscription Basis. The level of subscription under the Minimum Subscription Basis was determined by our Board after taking into consideration the minimum level of funds that our Company wishes to raise from the Rights Issue, which will be channelled towards the proposed utilisation of proceeds as set out under the Minimum Scenario in **Section 4** of this Abridged Prospectus.

In order to achieve the level of subscription under the Minimum Subscription Basis, our Company had procured from LTAT, our Company's major shareholder, and TSLWK, our Deputy Chairman/Group Managing Director and our shareholder, undertakings to subscribe in full their respective entitlements under the Rights Issue. The Entitlement Undertakings received by our Company will ensure that the level of subscription under the Minimum Subscription Basis is achieved. Accordingly, there will be no underwriting arrangements made for the remainder of the Rights Shares to be issued pursuant to the Rights Issue.

Based on the shareholdings of LTAT and TSLWK as at the LPD, their full entitlement and the corresponding amounts for the Rights Shares under the Rights Issue are as follows:

Shareholder	Shareholdings as at the LPD		Entitlement to the Rights Shares			
	No. of BHB Shares	%	No. of BHB Shares	%	Issue Price	Amount
	'000		'000		RM	RM'000
LTAT	624,454	60.38	249,782	⁽¹⁾ 60.38	2.55	639,944
TSLWK	28,193	2.73	11,277	⁽¹⁾ 2.73	2.55	28,756
Total	652,647	63.11	261,059	63.11		665,700

Note:

- (1) Representing the proportion of the respective entitlement against the total number of 413,671,221 Rights Shares to be issued pursuant to the Rights Issue.

LTAT and TSLWK had also provided confirmation that they have sufficient financial resources to subscribe for their respective entitlements pursuant to the Entitlement Undertakings, via their respective letters dated 7 March 2016. The said confirmation has been verified by Affin Hwang IB, being the Principal Adviser for the Rights Issue.

The Entitlement Undertakings will not give rise to any mandatory general offer obligation pursuant to the Malaysian Code on Take-Overs and Mergers, 2010 immediately after the Rights Issue.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that after taking into consideration the amount to be raised from the Rights Issue, cash position of our Group, the banking facilities available to our Group and the funds generated from our operations, our Group will have sufficient working capital to meet its present and foreseeable future working capital requirements for a period of 12 months from the date of issuance this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM8,191.1 million. All borrowings are interest-bearing and comprise of the following:

	Currency	Amount in foreign currency 'million	Amount in RM equivalent 'million
Short-term borrowings:			
(i) Overdrafts	RM	-	32.4
(ii) Bankers' acceptances			
- Denominated in IDR	IDR	51,235.0	^(a) 15.2
- Denominated in RM	RM	-	327.7
(iii) Revolving credits	RM	-	5,118.4
(iv) Short-term loans	RM	-	701.6
Total short term borrowings			6,195.3
Long-term borrowings:			
(i) Term loans			
- Denominated in USD	USD	12.7	^(b) 49.6
- Denominated in IDR	IDR	276,012.9	^(a) 81.7
- Denominated in GBP	GBP	12.4	^(c) 70.9
- Denominated in RM	RM	-	895.6
(ii) BG MTN	RM	-	841.8
(iii) Asset-backed bonds	RM	-	757.8
			2,697.4
Repayable in 1 year			(701.6)
Sub-total for long term borrowings			1,995.8
TOTAL BORROWINGS			8,191.1

Notes:

- (a) Based on the middle exchange rate of IDR100 : RM0.0296 as at the LPD as published by Bank Negara Malaysia.
- (b) Based on the middle exchange rate of USD1.00 : RM3.9045 as at the LPD as published by Bank Negara Malaysia.
- (c) Based on the middle exchange rate of GBP1.00 : RM5.7174 as at the LPD as published by Bank Negara Malaysia.

As at the LPD, our Group does not have any non-interest bearing borrowings.

There has not been any default on payments of either interest and/or principal sums by our Group in respect of any borrowings throughout the past 1 year and for the subsequent period as at the LPD.

9.3 Contingent liabilities

Save as disclosed below, as at the LPD, there are no other contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial position of our Group:

- (i) on 30 March 2011, BPB and BPK were named the 4th and 5th Defendants, respectively, in relation to a claim filed by 5 individuals suing on behalf of themselves and 163 other proprietors, occupiers and claimants of the Native Customary Rights lands ("NCR") ("**Plaintiffs**") situated in Sg Kelimut, Kanowit District, also known as Block D1 in Kanowit District, described as Kelimut Estate ("**NCR Lands**") against Pelita Holdings Sdn Bhd ("**1st Defendant**"), the Superintendent of Lands and Surveys, Sibu, Sarawak ("**2nd Defendant**") and the State Government of Sarawak ("**3rd defendant**") for, *inter alia*, a declaration that the trust deed between the Plaintiffs and the 1st and 3rd Defendants are null and void, damages and costs.

On 30 April 2012, the Sibu High Court delivered its decision on the litigation, judging in favour of the Plaintiffs' claim and found the Joint Venture Agreement dated 6 May 1998 between BPB and the 1st Defendant null and void. The Sibu High Court further declared that the Principal Deed dated 14 January 2002 executed between the 1st Defendant, the 3rd Defendant and the Plaintiffs in relation to the development of the NCR Lands is deemed null and void. In the same judgement, the Sibu High Court had dismissed BPB's and BPK's counter claim against the Plaintiffs with costs. BPB and BPK filed an appeal on 3 May 2012.

On 30 October 2012, the Sibu High Court granted BPB's and BPK's application for Stay of Execution until after the full and final determination of their appeal. The Court of Appeal had on 6 August 2014, allowed the appeal by BPB and other Defendants/Appellants against the Plaintiffs/Respondents and accordingly reversed the decision the Sibu High Court made on 30 April 2012. The Plaintiffs/Respondents then on 5 September 2014, filed an application for leave to appeal to the Federal Court and the matter is now pending hearing at a date to be fixed.

On 10 September 2015, the Federal Court heard the Plaintiffs/Respondents' Notice of Motion for leave to appeal against the Court of Appeal's decision on 6 August 2014 and delivered a unanimous decision to dismiss the Plaintiffs'/Respondents' Motion with no order as to costs.

- (ii) a customer of BPS issued a notice of arbitration dated 7 December 2012 against BPS for alleged breach of contract, making a claim for USD4,935,000 together with interest and costs. BPS, in response, initiated a counterclaim against the customer for the sum of USD449,332 and RM9,535,994 together with interest and costs. The case is currently pending further directions from the Arbitration Tribunal on exchange of witness statements and expert witness statements. The discovery of document process is completed, with BPS's right to further disclosure reserved. BPS is applying to amend its Defence and Counterclaim. The Arbitration Tribunal will fix further dates upon conclusion of this amendment process.
- (iii) please refer to **Section 4 of Appendix VI** of this Abridged Prospectus for details of the litigation suit between Ingat Kawan (M) Sdn Bhd v BNS.

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(iv) the amount of bank guarantees issued by our Group to third parties are as follows:

	As at the LPD
	RM'million
Performance bonds in respect of contracts awarded to subsidiaries	
- Government	641.5
- Other third parties	84.0
Total	725.5

9.4 Material commitments

Save as disclosed below, as at the LPD, there are no other material commitments incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial position of our Group:

	As at the LPD
	RM'million
Authorised and contracted for:	
- Capital expenditure	215.6
- Proposed acquisition of a subsidiary	3.5
- Share of joint venture's capital commitment	226.3
Total	445.4
Authorised but not contracted for:	
- Capital expenditure	763.2
- Share of joint venture's capital commitment	5.6
Total	768.8

The material commitments in respect of our Group are mainly for, among others, the acquisition of property, plant and equipment for all our business divisions and construction works for our property division. Such material commitments are expected to be financed through our Group's internally-generated funds and/or borrowings.

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10. INSTRUCTIONS FOR ACCEPTANCE, SALE/TRANSFER, EXCESS RIGHTS APPLICATION AND PAYMENT

This Abridged Prospectus and the RSF contain full instructions for the acceptance of and payment for the Provisional Rights Shares as well as the application for the Excess Rights Shares and the procedures to be followed if you and/or your renounce(s)/transferee(s) (if applicable) wish to sell or transfer all or any part of your/his rights entitlement. You and/or your renouncee(s)/transferee(s) (if applicable) are advised to read this Abridged Prospectus, the RSF and the notes and instructions printed therein carefully. The RSF must not be circulated unless accompanied by this Abridged Prospectus.

10.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares, which you are entitled to subscribe for in full or in part (fractional entitlements, if any, having been disregarded), under the terms and conditions of the Rights Issue. You will find enclosed with this Abridged Prospectus the following:

- (i) the NPA notifying you of the crediting of such Provisional Rights Shares into your CDS Account;
- (ii) the RSF to enable you to subscribe for such Provisional Rights Shares, as well as to apply for the Excess Rights Shares if you choose to do so; and
- (iii) a reply envelope addressed to our Share Registrar.

This Abridged Prospectus and the RSF can be obtained from your stockbroker, our registered office, our Share Registrar for the Rights Issue or from Bursa Securities' website at <http://www.bursamalaysia.com>.

10.2 NPA

The Provisional Rights Shares are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the Provisional Rights Shares will be by book entries through the CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You and/or your renouncee(s)/transferee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making applications.

10.3 Procedure for acceptance and payment

Acceptance of and payment for the Provisional Rights Shares provisionally allotted to you and/or your renouncee(s)/transferee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances and/or payments which do not strictly conform to the terms of this Abridged Prospectus, the RSF or the notes and instructions contained in the RSF or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR/THEIR ENTITLEMENTS ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF.

YOU AND YOUR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

If you and/or your renouncee(s)/transferee(s) (if applicable) wish to accept all or part of the RSF, please complete Parts I and II of the RSF in accordance with the notes and instructions provided therein. Each completed and signed RSF together with the relevant payment must be delivered to our Share Registrar for the Rights Issue in the envelope provided (at your own risk), by **ORDINARY POST, COURIER or DELIVERED BY HAND** to our Share Registrar for the Rights Issue at the following address:

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD

Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No.: 03-2783 9299
Fax No.: 03-2783 9222

CUSTOMER SERVICE CENTER (CSC)

Unit G-3, Ground Floor
Vertical Podium, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

so as to arrive **not later than 5:00 p.m. on Wednesday, 8 June 2016**, being the last date and time for acceptance of and payment, or such later date and time as our Board in its absolute discretion may determine and announce not less than 2 Market Days before the stipulated time and date.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbroker, our Share Registrar for the Rights Issue at the address stated above, our Registered Office or Bursa Securities' website at <http://www.bursamalaysia.com>.

1 RSF can only be used for acceptance of the Provisional Rights Shares standing to the credit of one CDS account. Separate RSF(s) must be used for the acceptance of the Provisional Rights Shares standing to the credit of more than one CDS Accounts. If successful, the Rights Shares subscribed for will be credited into your CDS Accounts where the Provisional Allotment is standing to the credit.

A reply envelope is enclosed in this Abridged Prospectus. To facilitate the processing of the RSF(s) by our Share Registrar for the Rights Issue, you are advised to use 1 reply envelope for each completed RSF.

The minimum number of Rights Shares that can be accepted is 1 Rights Share. However, you and/or your renouncee(s)/transferee(s) (if applicable) should take note that a trading board lot for the Rights Shares comprises of 100 Rights Shares. Fractions of Rights Shares will be disregarded and shall be dealt with in such manner as our Board shall in its absolute discretion deem fit and expedient, and in the best interest of our Company.

If acceptance of and payment for the Provisional Rights Shares allotted to you and/or your renouncee(s)/transferee(s) (if applicable) are not received by our Share Registrar by **5:00 p.m. on 8 June 2016**, being the last date and time for acceptance of and payment for the Provisional Rights Shares, or such later date and time as may be determined and announced by our Board not less than 2 Market Days before the stipulated time and date, such provisional allotment of Rights Shares will be deemed to have declined the provisional entitlement made to you and it will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar for the Rights Issue.

In the event that the Rights Shares are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares to the applicants who have made an Excess Rights Shares application on a fair and equitable basis and in the manner set out in **Section 10.7** of this Abridged Prospectus. Our Board reserves the right to accept any application in full or in part only without assigning any reasons.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE MADE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE RIGHTS SHARES ACCEPTED IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "BHB RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR FOR THE RIGHTS ISSUE. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES AND A NOTICE OF ALLOTMENT WILL BE DESPATCHED BY ORDINARY POST TO THE ADDRESS AS SHOWN ON THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

YOUR APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR FOR THE RIGHTS ISSUE SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANTS BY ORDINARY POST TO THE ADDRESS SHOWN ON THE COMPANY'S RECORD OF DEPOSITORS WITHIN 15 MARKET DAYS AT YOUR OWN RISK FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES.

10.4 Procedure for part acceptance by the Entitled Shareholders and renouncee(s)/transferee(s) (if applicable)

You and/or your renouncee(s)/transferee(s) (if applicable) are entitled to accept part of your entitlement to the Provisional Rights Shares provided always that the minimum number of Rights Share that is accepted is 1 Rights Share. Fractions of Rights Shares will be disregarded and the aggregate of such fractions shall be dealt with in such a manner as our Board in its absolute discretion deems fit and expedient and in the best interest of our Company.

You and/or your renouncee(s)/transferee(s) (if applicable) must complete both Part I(a) of the RSF by specifying the number of Rights Shares which you and/or your renouncee(s)/transferee(s) (if applicable) are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar for the Rights Issue in the manner as set out in **Section 10.3** of this Abridged Prospectus.

YOU AND/OR YOUR RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ AND ADHERE TO THE RSF, THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

The portion of the Provisional Rights Shares that have not been accepted shall be allotted to any persons allowed under the law, regulations or rules to accept the transfer of the Provisional Rights Shares and the balance, if any, will be allotted to applicants applying for the excess Rights Shares on a fair and equitable basis in such manner as our Board in its absolute discretion deems fit and expedient in the best interest of our Company, such that the incidence of odd lots will be minimised.

10.5 Procedure for sale/transfer of the Provisional Rights Shares

As the Provisional Rights Shares are prescribed securities, you and/or your renouncee(s)/transferee(s) (if applicable) may sell or transfer all or part of your/their entitlement to the Provisional Rights Shares to one or more than one person(s) through your stockbroker for the period up to the last date and time for sale or transfer of such Provisional Rights Shares, without first having to request for a split of the Provisional Rights Shares standing to the credit of your/their CDS Account. To sell/transfer all or part of your/their entitlement to the Provisional Rights Shares, you and/or your renouncee(s)/transferee(s) (if applicable) may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository.

If you and/or your renouncee(s)/transferee(s) (if applicable) have sold or transferred only part of the Provisional Rights Shares, you and/or your renouncee(s)/transferee(s) (if applicable) may still accept the balance of the Provisional Rights Shares by completing Parts I(a) and II of the RSF and deliver the completed RSF together with the relevant payment to our Share Registrar in the manner as set out in **Section 10.3** of this Abridged Prospectus.

In selling or transferring all or part of your Provisional Rights Shares, you need not deliver any document including the RSF, to any stockbroker. However, you must ensure that there is sufficient Provisional Rights Shares standing to the credit of your CDS Account that is available for settlement of the sale or transfer.

Purchaser(s) or transferee(s) of the Provisional Rights Shares may obtain a copy of this Abridged Prospectus and the RSF from his stockbrokers, our Share Registrar, our Registered Office or Bursa Securities' website at <http://www.bursamalaysia.com>.

10.6 Procedure for acceptance by renouncee(s)/transferee(s) (if applicable)

Renouncee(s)/transferee(s) (if applicable) who wishes to accept the Provisional Rights Shares must obtain a copy of the RSF from their stockbrokers, our Share Registrar, our Registered Office or from Bursa Securities' website at <http://www.bursamalaysia.com>, complete the RSF and submit the same together with the remittance to our Share Registrar for the Rights Issue in accordance with the notes and instructions contained therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in **Section 10.3** of this Abridged Prospectus also applies to renouncee(s)/transferee(s) (if applicable) who wish to accept the Provisional Rights Shares.

RENOUNCEE(S)/TRANSFEREE(S) (IF APPLICABLE) ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF.

10.7 Procedure for Excess Rights Shares application

You and/or your renouncee(s)/transferee(s) (if applicable) may apply for additional Rights Shares in excess of your entitlement by completing Part I(b) of the RSF (in addition to Parts I(a) and II) and forwarding it with a **separate remittance made in RM** for the full amount payable for the excess Rights Shares applied for, to our Share Registrar **not later than 5:00 p.m. on Wednesday, 8 June 2016**, being the last date and time for application of and payment for the Excess Rights Shares, or such later date and time as may be determined and announced by our Board not less than 2 Market Days before the stipulated date and time. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar for the Rights Issue.

PAYMENT FOR THE EXCESS RIGHTS SHARES APPLIED FOR SHOULD BE MADE IN THE SAME MANNER DESCRIBED IN SECTION 10.3 OF THIS ABRIDGED PROSPECTUS, AND IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY", MADE PAYABLE TO "BHB EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, CONTACT NUMBER AND CDS ACCOUNT NUMBER TO BE RECEIVED BY OUR SHARE REGISTRAR FOR THE RIGHTS ISSUE.

The basis of allocation for the Excess Rights Shares will be determined after the last day of application and payment for the Excess Rights Shares. Our Board reserves the right to allot the Excess Rights Shares, if any, applied under Part I(b) of the RSF in such manner as it deems fit and expedient in the best interest of our Company, subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in this **Section 10.7(i) to (iv)** below is achieved. Our Board also reserves the right to accept any Excess Rights Shares application, in full or in part, without assigning any reason thereof.

It is the intention of our Board to allot the Excess Rights Shares, if any, on a fair and equitable basis and in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to the Entitled Shareholders who have applied for the Excess Rights Shares, on a *pro rata* basis and in board lots, calculated based on their respective shareholdings as at the Entitlement Date;
- (iii) thirdly, for allocation to the Entitled Shareholders who have applied for Excess Rights Shares, on a *pro rata* basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares application; and
- (iv) finally, for allocation to renouncee(s)/transferee(s) (if applicable) who have applied for Excess Rights Shares, on a *pro rata* basis and in board lots, calculated based on the quantum of their respective Excess Rights Shares application.

NO ACKNOWLEDGEMENT OF THE RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE EXCESS RIGHTS SHARES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR FOR THE RIGHTS ISSUE. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED BY ORDINARY POST TO THE ADDRESS AS SHOWN ON OUR COMPANY'S RECORD OF DEPOSITORS AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE LAST DATE OF APPLICATION OF AND PAYMENT FOR THE EXCESS RIGHTS SHARES OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

WHERE AN APPLICATION FOR THE EXCESS RIGHTS SHARES IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES (AS THE CASE MAY BE) WILL BE REFUNDED WITHOUT INTEREST WITHIN 15 MARKET DAYS FROM THE LAST DATE OF APPLICATION OF AND PAYMENT FOR THE EXCESS RIGHTS SHARES BY ORDINARY POST TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS AT YOUR OWN RISK.

YOUR APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

10.8 Form of issuance

Bursa Securities has prescribed the BHB Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares are prescribed securities and as such, all dealings in the Rights Shares will be subject to the SICDA and the Rules of Bursa Depository.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. No physical share certificate will be issued to you under the Rights Issue. A notice of allotment will be despatched to you and/or your renouncee(s)/transferee(s) (if applicable) by ordinary post to the address shown on our Company's Record of Depositors provided by Bursa Depository at your own risk within 8 Market Days from the last date for acceptance of and payment for the Rights Shares or such other period as may be prescribed by Bursa Securities.

Where the Rights Shares are provisionally allotted to you as an Entitled Shareholder in respect of your existing BHB Shares standing to the credit to your CDS Account on the Entitlement Date, the acceptance by you of the Provisional Rights Shares shall mean that you consent to receive such Provisional Rights Shares as prescribed or deposited securities which will be credited directly into your CDS Account.

Any person who has purchased the Provisional Rights Shares or to whom the Provisional Rights Shares has been transferred and intends to subscribe for the Rights Shares must state his or her CDS Account number in the space provided in the RSF. The Rights Shares will be credited directly as prescribed or deposited securities into his or her CDS Account upon allotment and issuance.

The Excess Rights Shares, if allotted to the successful applicant who applied for the Excess Rights Shares, will be credited directly as prescribed securities into the CDS Account of the successful applicant where the Provisional Allotment is standing to the credit. The allocation of the Excess Rights Shares will be made on a fair and equitable basis as disclosed in **Section 10.7** of this Abridged Prospectus.

10.9 Laws of foreign jurisdictions

The Documents have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction and have not been (and will not be) lodged, registered or approved under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign country or jurisdiction. The Rights Issue will not be made or offered for subscription in any foreign country or jurisdiction.

Accordingly, the Documents will not be sent to the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) who do not have a registered address in Malaysia. However, foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) may collect the Documents from our Share Registrar, in which event our Share Registrar for the Rights Issue shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting these documents relating to the Rights Issue.

The foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue only to the extent that it would be lawful to do so. Affin Hwang IB, our Company, our Directors, our officers and other professional advisers would not, in connection with the Rights Issue, be in breach of the laws of any country or jurisdiction to which the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are or may be subject to. The foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) shall solely be responsible to seek advice from their legal advisers and other professional advisers as to the laws of the countries or jurisdictions to which they are or may be subject to. Affin Hwang IB, our Company, our Directors, our officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction.

The foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such country or jurisdiction and our Company, our Directors, our officers, Affin Hwang IB and other experts shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) for any issue, transfer or other taxes or other requisite payments that such person may be required to pay in any country or jurisdiction. They will have no claims whatsoever against our Company, our Directors, our officers, Affin Hwang IB and other experts in respect of their rights and entitlements under the Rights Issue. Such foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue.

By signing the RSF, the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are deemed to have represented, acknowledged, agreed and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) our Company, our Directors, our officers, Affin Hwang IB and other experts that:

- (i) our Company would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are or may be subject to;
- (ii) the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Rights Shares;
- (iii) the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are not nominees or agents of a person in respect of whom we would, by acting on the acceptance or renunciation of the Provisional Rights Shares, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) are aware that the Rights Shares can only be transferred, sold or otherwise disposed of, charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have received a copy of this Abridged Prospectus, had access to such financial and other information and have been provided the opportunity to ask such questions to our representatives and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares; and

- (vi) the foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares.

Persons receiving the Documents (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send them into any country or jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If the Documents are received by any persons in such country or jurisdiction, or by an agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant country or jurisdiction in connection herewith.

Any person who does forward the Documents to any foreign country or jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares from any such application by foreign Entitled Shareholders and/or their renouncee(s)/transferee(s) (if applicable) in any foreign country or jurisdiction.

We reserve the right, in our absolute discretion, to treat any acceptance of the Rights Shares as invalid if we believe that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

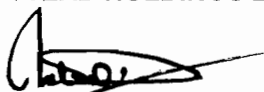
11. TERMS AND CONDITIONS

The issuance of the Rights Shares pursuant to the Rights Issue is governed by the terms and conditions set out in the Documents.

12. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully,
for and on behalf of the Board of
BOUSTEAD HOLDINGS BERHAD



GEN. TAN SRI DATO' MOHD GHAZALI HAJI CHE MAT (R)
Independent Non-Executive Chairman

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 4 APRIL 2016

BOUSTEAD HOLDINGS BERHAD

(Company No. 3871 – H)
(Incorporated in Malaysia)

Extract of Minutes of the Extraordinary General Meeting of Boustead Holdings Berhad ("BHB" or "Company") held at The Royale Ballroom, Level 2, The Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan on Monday, 4 April 2016 at 11.00 a.m.

ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 413,671,221 NEW ORDINARY SHARES OF RM0.50 EACH IN BHB ("BHB SHARES") ("RIGHTS SHARES") ON THE BASIS OF 2 RIGHTS SHARES FOR EVERY 5 EXISTING BHB SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED RIGHTS ISSUE")

It was RESOLVED:-

"THAT, subject to the approvals being obtained from all relevant authorities, the board of directors of BHB ("**Board**") be and is hereby authorised to provisionally allot and issue up to 413,671,221 Rights Shares to the entitled shareholders of the Company whose names appear in the Record of Depositors of BHB at the close of business on an entitlement date to be determined on an entitlement basis and at an issue price to be determined and announced later;

THAT fractional entitlements of the Rights Shares under the Proposed Rights Issue will be disregarded and shall be dealt with in such manner as the Board shall in its absolute discretion deem fit and in the best interest of the Company;

THAT the Rights Shares which are not taken up or validly taken up by the shareholders shall be made available for excess applications by the shareholders and/or their renouncee(s);

THAT the proceeds from the Proposed Rights Issue for such purposes and in such manner as set out in Section 2.1.7 of the circular to shareholders of the Company dated 11 March 2016 and the Board be authorised to revise the utilisation of proceeds as it may deem fit or expedient, if necessary;

THAT the Rights Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then existing BHB Shares, except that the Rights Shares will not be entitled to any dividends, rights, allotments and/or other distributions, in respect of which the entitlement date is before the allotment date of the Rights Shares;

AND THAT the Board be and is hereby authorised to do or procure to be done all acts, deeds and things and to execute, sign or deliver, for and on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate to give full effect to and complete the Proposed Rights Issue with full power to make and/or assent to any condition, modification, variation and/or amendment thereto as the Board may deem fit in connection with the Proposed Rights Issue."

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 4 APRIL 2016 (CONT'D)

Extract of Minutes of Extraordinary General Meeting of BHB held on 4 April 2016 (Cont'd)

ORDINARY RESOLUTION 2

PROPOSED BONUS ISSUE OF UP TO 579,139,710 NEW BHB SHARES ("BONUS SHARES") TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF 2 BONUS SHARES FOR EVERY 5 BHB SHARES HELD AFTER THE COMPLETION OF THE PROPOSED RIGHTS ISSUE ("PROPOSED BONUS ISSUE")

It was RESOLVED:-

"THAT, subject to the passing of Ordinary Resolution 1 and the approvals from all relevant authorities being obtained (if applicable), the Board be and is hereby authorised to capitalise an amount of up to RM289,569,855 from the share premium account of the Company, and to apply such capitalised sums to make payment in full for up to 579,139,710 Bonus Shares to be credited as fully paid-up on the basis of 2 Bonus Shares for every 5 BHB Shares held by the shareholders whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later after the completion of the Proposed Rights Issue;

THAT fractional entitlements under the Proposed Bonus Issue will be disregarded and shall be dealt with in such manner as the Board shall in its absolute discretion deem fit and in the best interest of the Company;

THAT the Bonus Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then existing BHB Shares, except that the Bonus Shares will not be entitled to any dividends, rights, allotments and/or other distributions, in respect of which the Bonus Issue Entitlement Date is before the allotment date of the Bonus Shares;

AND THAT the Board be and is hereby authorised to give effect to the Proposed Bonus Issue with full power to assent to any conditions, modifications, variations and/or amendments in any manner as may be required by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as it may deem necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue."

ORDINARY RESOLUTION 3

PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF BHB FROM RM1,000,000,000 COMPRISING 2,000,000,000 BHB SHARES TO RM2,000,000,000 COMPRISING 4,000,000,000 BHB SHARES ("PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL")

It was RESOLVED:-

"THAT, subject to passing of the Special Resolution 1 below, the authorised share capital of BHB be increased from RM1,000,000,000 comprising 2,000,000,000 BHB Shares to RM2,000,000,000 comprising 4,000,000,000 BHB Shares by the creation of 2,000,000 new BHB Shares."

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 4 APRIL 2016 (CONT'D)

Extract of Minutes of Extraordinary General Meeting of BHB held on 4 April 2016 (Cont'd)

SPECIAL RESOLUTION 1

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION ("M&A") OF BHB ("PROPOSED AMENDMENTS")

It was RESOLVED:-

"**THAT**, subject to passing of Ordinary Resolution 1 above and the approvals being obtained from all relevant authorities, approval be and is hereby given to the Company to carry out the following amendments to the M&A of the Company in the manner set out below:

- (i) by deleting the existing Clause 5 of the Memorandum of Association of BHB in its entirety and substituting it with the following new Clause 5:

"The authorised capital of the Company is Ringgit Malaysia Two Billion (RM2,000,000,000.00) divided into Four Billion (4,000,000,000) shares of 50 sen each. The Company is at liberty to issue any new shares either in Ringgit Malaysia or in any other currency or partly in one currency and partly in another and with any preferential, deferred, qualified or special rights, privileges or conditions attached thereto, may be altered or dealt with in accordance with the accompanying Articles of Association, but not otherwise."; and

- (ii) by deleting the existing Article 3 of the Articles of Association of BHB in its entirety and substituting it with the following new Article 3:

"The authorised capital of the Company is Ringgit Two Billion (RM2,000,000,000.00) divided into Four Billion (4,000,000,000) ordinary shares of 50 sen (RM0.50) each.";

AND THAT the Board be and is hereby authorised to give effect to the Proposed Amendments and to take all steps and do all acts and things in any manner as may deem necessary to complete, finalise, implement and give full effect to the Proposed Amendments."

Dated 4 April 2016.

Certified True Extract



TASNEEM MOHD DAHALAN
COMPANY SECRETARY
(LS 0006966)

INFORMATION ON OUR COMPANY

1. HISTORY AND BUSINESS

Our Company was incorporated in Malaysia under the Companies Ordinances, 1940 -1946 on 25 July 1960 as a public limited company under the name of Boustead & Company (1960) Limited. Our Company has been listed on the Malayan Stock Exchange (now known as Main Market of Bursa Securities) since 17 March 1961. On 18 February 1966, our Company changed its name to Boustead Holdings Limited and thereafter, on 15 April 1966, changed its name to Boustead Holdings Berhad.

The principal activity of our Company is investment holding. Through our Company's subsidiaries, our Group's principal activities are as follows:

- (i) ownership and management of oil palm plantations, cultivation of oil palm and harvesting of its FFB as well as the production and sale of CPO and PK;
- (ii) property development, property investment as well as owning and operating hotels;
- (iii) pharmaceutical and healthcare industry, which include the manufacturing of generic pharmaceuticals, operation of a chain of retail pharmacies, warehousing, logistics, distribution and supply of medical products as well as hospital equipment;
- (iv) heavy industries, which include activities in the full spectrum of the marine sector, comprising shipbuilding, ship repair as well as MRO services for both naval and commercial vessels. Our heavy industries division also has investments in the oil and gas and aviation businesses;
- (v) investment activities, in particular our Group's major investments in the sectors of financial services, education, tourism and our recent investment in the concessionaires for the operation of the AES; and
- (vi) trading and industrial, which include the operation of BHPetrol under BPMSB, as well as the manufacturing and trading of building materials and paint.

The principal activities of our subsidiaries, associates and joint ventures are as set out in Section 5 of this Appendix.

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INFORMATION ON OUR COMPANY (CONT'D)**2. SHARE CAPITAL****2.1 Authorised and issued and paid-up share capital**

As at the LPD, our authorised and issued and paid-up share capital is as follows:

	<u>No. of BHB Shares</u>	<u>Par value</u>	<u>RM</u>
		RM	
Authorised	4,000,000,000	0.50	2,000,000,000.00
Issued and paid-up	1,034,178,053	0.50	517,089,026.50

2.2 Changes in the authorised and issued and paid-up share capital

The authorised share capital of our Company was increased from RM1,000,000,000 comprising 2,000,000,000 BHB Shares to RM2,000,000,000 comprising 4,000,000,000 BHB Shares by way of the creation of 2,000,000,000 BHB Shares on 4 April 2016.

Save as disclosed above, there has been no change in the authorised share capital of our Company for the past 3 years preceding the LPD.

There has been no change in our issued and paid-up share capital for the past 3 years preceding the LPD.

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APPENDIX II

INFORMATION ON OUR COMPANY (CONT'D)

3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

In the event that all our Entitled Shareholders subscribe in full for their entitlements under the Rights Issue, there will be no effect on the shareholdings of our substantial shareholders save for the proportionate increase in the total number of BHB Shares held by each of the substantial shareholders following the Rights Issue.

Based on our Record of Depositors as at the LPD, the effects of the Rights Issue on our substantial shareholders' shareholdings are as follows:

Substantial shareholder	As at the LPD			(I) After the Rights Issue			(II) After (I) and the Bonus Issue		
	Direct	Indirect		Direct	Indirect		Direct	Indirect	
	No. of BHB Shares	%	No. of BHB Shares	No. of BHB Shares	%	No. of BHB Shares	No. of BHB Shares	%	No. of BHB Shares
	'000		'000	'000		'000	'000		'000
Minimum Scenario									
- LTAT	624,454	60.38	-	(1)874,236	67.50	-	(2)1,223,930	67.50	-
- KWAP	92,648	8.96	-	92,648	7.15	-	(3)129,707	7.15	-
Maximum Scenario									
- LTAT	624,454	60.38	-	874,236	60.38	-	(2)1,223,930	60.38	-
- KWAP	92,648	8.96	-	129,707	8.96	-	(3)181,590	8.96	-

Notes:

- (1) After including the effects of LTAT's Entitlement Undertaking as set out in Section 8 of this Abridged Prospectus.
- (2) Based on the pro forma shareholding position of LTAT in pro forma (I) above.
- (3) Based on the pro forma shareholding position of KWAP in pro forma (I) above.

APPENDIX II

INFORMATION ON OUR COMPANY (CONT'D)

4. OUR BOARD OF DIRECTORS

The particulars of our Directors are set out in the Corporate Directory section of this Abridged Prospectus. The effects of the Rights Issue on the shareholdings of our Directors, based on our Company's Register of Directors' shareholdings as at the LPD are set out below:

Minimum scenario:

Directors	As at the LPD			(I) After the Rights Issue			(II) After (I) and the Bonus Issue		
	Direct		Indirect	Direct		Indirect	Direct		Indirect
	No. of BHB Shares	%	No. of BHB Shares	No. of BHB Shares	%	No. of BHB Shares	No. of BHB Shares	%	No. of BHB Shares
	'000		'000	'000		'000	'000		'000
Gen. Tan Sri Dato' Mohd Ghazali Haji Che Mat (R)	-	-	-	-	-	-	-	-	-
TSLWK	28,193	2.73	-	(1)39,470	3.05	-	(2)55,258	3.05	-
Dato' Wira (Dr.) Megat Abdul Rahman Megat Ahmad	-	-	-	-	-	-	-	-	-
Datuk Azzat Kamaludin	50	*	-	50	*	-	(3)70	*	-
Dato' Sri Ghazali Mohd Ali	-	-	-	-	-	-	-	-	-
Datuk Francis Tan Leh Kiah	-	-	-	-	-	-	-	-	-

Notes:

* Negligible.

(1) After including the effects of TSLWK's Entitlement Undertaking as set out in Section 8 of this Abridged Prospectus.

(2) Based on the pro forma shareholding position of TSLWK in pro forma (I) above.

(3) Based on the pro forma shareholding position of Datuk Azzat Kamaludin in pro forma (I) above.

APPENDIX II

INFORMATION ON OUR COMPANY (CONT'D)

Maximum scenario:

Directors	As at the LPD				(I) After the Rights Issue				(II) After (I) and the Bonus Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of BHB Shares '000	%	No. of BHB Shares '000	%	No. of BHB Shares '000	%	No. of BHB Shares '000	%	No. of BHB Shares '000	%	No. of BHB Shares '000	%
Gen. Tan Sri Dato' Mohd Ghazali Haji Che Mat (R)	-	-	-	-	-	-	-	-	-	-	-	-
TSLWK	28,193	2.73	-	-	39,470	2.73	-	-	(1)55,258	2.73	-	-
Dato' Wira (Dr.) Megat Abdul Rahman Megat Ahmad	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Azzat Kamaludin	50	*	-	-	70	*	-	-	(2)98	*	-	-
Dato' Sri Ghazali Mohd Ali	-	-	-	-	-	-	-	-	-	-	-	-
Datuk Francis Tan Leh Kiah	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

* Negligible.

(1) Based on the pro forma shareholding position of TSLWK in pro forma (I) above.

(2) Based on the pro forma shareholding position of Datuk Azzat Kamaludin in pro forma (I) above.

INFORMATION ON OUR COMPANY (CONT'D)**5. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The subsidiaries, associates and joint ventures of our Company as at the LPD are as follows:

Company		Date/ Place of incorporation	Principal activities		Issued and paid-up share capital	Equity interest
RM						%
<u>Subsidiaries of our Company</u>						
Boustead Berhad	Properties	16 February 1911/ Malaysia	Investment and holding property investment		255,199,031	100
Boustead Berhad	Plantations	4 July 1946/ Malaysia	Investment and holding oil palm cultivation		800,000,000	57
Pharmaniaga Berhad		21 August 1998/ Malaysia	Investment holding		129,441,366	56
Boustead Industries Berhad	Heavy Corporation	9 September 1971/ Malaysia	Investment holding		248,457,612	65
Boustead Sdn Bhd	Naval Shipyard	13 June 1990/ Malaysia	Construction, repair and maintenance of naval and merchant ships		130,000,003	82
Boustead Marketing Sdn Bhd	Petroleum	1 December 1964/ Malaysia	Marketing of petroleum products		229,966,667	42
UAC Berhad		28 August 1963/ Malaysia	Manufacture of fibre cement products and property investment		1,000,000	100
Boustead Bhd	Segaria Sdn	18 September 1975/ Malaysia	Investment holding		18,000,520	100
Boustead Credit Sdn Bhd		14 November 1979/ Malaysia	Hire purchase and lease financing		15,000,000	100
Boustead Sdn Bhd	Engineering	22 May 1961/ Malaysia	Engineering equipment and chemicals distributor		8,000,000	100
Boustead Weld Quay Sdn Bhd		9 June 1981/ Malaysia	Property investment and hotel operations		100,000,000	100
Boustead Travel Services Sdn Bhd		9 February 1972/ Malaysia	Travel agent		5,500,000	100

INFORMATION ON OUR COMPANY (CONT'D)

Company	Date/ Place of incorporation	Principal activities	Issued and paid-up share capital	Equity interest
			RM	%
Boustead Management Services Sdn Bhd	24 March 1967/ Malaysia	Management services	3,000,000	100
Boustead Information Technology Sdn Bhd	21 August 1990/ Malaysia	Computer services	1,000,000	100
Boustead Construction Sdn Bhd	12 August 1991/ Malaysia	Project management	1,000,000	100
Mutiara Rini Sdn Bhd	12 August 1994/ Malaysia	Property developer	75,001,000	100
UK Realty Sdn Bhd	27 August 1981/ Malaysia	Property developer	40,000,000	100
Boustead Balau Sdn Bhd	11 October 1983/ Malaysia	Property developer	30,000,000	100
Boustead Curve Sdn Bhd	23 June 1983/ Malaysia	Property investment	150,000,000	100
Damansara Entertainment Centre Sdn Bhd	16 May 2001/ Malaysia	Property investment	60,000,000	100
Boustead Hotels & Resorts Sdn Bhd	7 November 1985/ Malaysia	Hotel operations	75,000,000	100
Boustead Realty Sdn Bhd	20 July 1993/ Malaysia	Property investment	100,000,000	100
Boustead Weld Court Sdn Bhd	10 April 1973/ Malaysia	Property investment	20,000,000	100
Nam Seng Bee Hoon Sdn Bhd	18 September 1974/ Malaysia	Property investment	20,000,000	100
Mecuro Properties Sdn Bhd	22 March 2012/ Malaysia	Property investment	2	100
Boustead Shipping Agencies Sdn Bhd	19 December 1973/ Malaysia	Shipping agent	5,000,000	100
AB Shipping Sdn Bhd	20 May 1976/ Malaysia	Shipbroker	45,000	100
Boustead Cruise Centre Sdn Bhd	16 May 1977/ Malaysia	Provision of port facilities and services to cruise and navy vessels	50,000,000	100
Boustead Hyde Park Ltd	19 August 2014/ British Virgin Islands	Hotel operations	-	100

APPENDIX II

INFORMATION ON OUR COMPANY (CONT'D)

Company	Date/ Place of incorporation	Principal activities	Issued and paid-up share capital RM	Equity interest %
Boustead Building Materials Sdn Bhd	5 July 1995/ Malaysia	Building products distributor and project management	50,000,000	100
Boustead DCP Sdn Bhd	10 February 2003/ Malaysia	Manufacture of chilled water	12,000,000	100
Bakti Wira Development Sdn Bhd	16 September 1993/ Malaysia	Investment holding	75,000	100
Boustead Sissons Paints Sdn Bhd	21 September 1959/ Malaysia	Paint manufacturer	22,663,000	100
Cargo Freight Shipping Sdn Bhd	13 April 1983/ Malaysia	Shipping agent	186,000	100
Midas Mayang Sdn Bhd	17 February 2009/ Malaysia	Property investment	10,000,000	80
The University of Nottingham in Malaysia Sdn Bhd	9 December 1998/ Malaysia	Operation of a university	154,960,000	66
Astacanggih Sdn Bhd	29 March 2007/ Malaysia	Investment holding	20,000,000	80
Atlas Hall Oiltools Sdn Bhd	19 January 2010/ Malaysia	Dormant	100,000	51
Boustead Global Trade Network Sdn Bhd	17 May 1995/ Malaysia	Insurance agent	3,000,000	100
Boustead Advertising Sdn Bhd	19 May 1994/ Malaysia	Dormant	500,002	100
Boustead Emastulin Automobile Sdn Bhd	21 June 1995/ Malaysia	Investment holding	100,000	100
Boustead Electronic Commerce Sdn Bhd	3 December 1997/ Malaysia	Dormant	100,000	100
Boustead Sissons Marketing Sdn Bhd	17 January 1995/ Malaysia	Dormant	100,000	100
Landasan Ria Sdn Bhd	11 January 2011/ Malaysia	Dormant	100	51
UAC Pipes Sdn Bhd	6 June 1991/ Malaysia	Dormant	5,000,000	100
UAC Masterflange Sdn Bhd	4 July 1995/ Malaysia	Dormant	2,000,000	100

APPENDIX II

INFORMATION ON OUR COMPANY (CONT'D)

Company		Date/ Place of incorporation	Principal activities	Issued and paid-up share capital	Equity interest
				RM	%
Nottingham Sdn Bhd	Myresearch	10 May 2011/ Malaysia	Conducting contract research and development and testing services	100,000	66
Fitek (M) Sdn Bhd		1 April 1976/ Malaysia	Dormant	263,000	100
UAC Steel Systems Bhd	Sdn Bhd	2 May 1997/ Malaysia	Manufacture, sale and installation of steel roof truss systems	1,860,000	100
Cebur Development Sdn Bhd	Megah	12 June 2006/ Malaysia	Investment holding	2	80
Boustead Ventures Ltd		28 August 1997/ United Kingdom	Hotel operations	GBP1,000	100
Boustead Shipyard Sdn Bhd	Langkawi	17 August 2000/ Malaysia	Construction, repair and maintenance of boats and yachts	100,000,000	82
Boustead Petroleum Bhd	Sdn Bhd	4 August 1978/ Malaysia	Investment holding	118,329,300	60
MHS Aviation Berhad		11 October 1991/ Malaysia	Provision of air transportation, flight support, engineering and technical services	20,000,000	51
MHS Assets Sdn Bhd		18 November 2005/ Malaysia	Leasing of aircraft	10,000,000	51
Boustead Atlas Hall Bhd	Sdn Bhd	10 August 1995/ Malaysia	Oil and gas engineering agency	3,265,306	51
Boustead Idaman Bhd	Sdn Bhd	7 February 1985/ Malaysia	Under liquidation	13,000,000	100
Johan Ceramics Berhad		22 April 1976/ Malaysia	Ceased operations	84,898,510	98
BN Shiprepair Sdn Bhd		8 March 2003/ Malaysia	Ceased operation	1,000,000	82
Boustead Yachts Sdn Bhd		19 June 2003/ Malaysia	Ceased operation	1,000,000	82
MHS International (Labuan) Limited		20 October 2003/ Federal Territory of Labuan, Malaysia	Dormant	USD2	51

INFORMATION ON OUR COMPANY (CONT'D)

Company	Date/ Place of incorporation	Principal activities	Issued and paid- up share capital RM	Equity interest %
<u>Subsidiaries of Boustead Plantations Berhad</u>				
Boustead Telok Sengat Sdn Bhd	19 January 1954/ Malaysia	Cultivation and processing of oil palms	9,184,000	57
Boustead Eldred Sdn Bhd	30 January 1948/ Malaysia	Oil palm cultivation	15,000,000	57
Boustead Solandra Sdn Bhd	8 June 1981/ Malaysia	Oil palm cultivation	200,000	57
Boustead Sungai Manar Sdn Bhd	25 March 1991/ Malaysia	Property investment	4,500,000	57
Boustead Sedili Sdn Bhd	16 July 1997/ Malaysia	Oil palm cultivation	6,150,000	40
Boustead Rimba Nilai Sdn Bhd	13 June 1995/ Malaysia	Cultivation and processing of oil palms	100,000,000	57
Boustead Emastulin Sdn Bhd	8 August 1975/ Malaysia	Cultivation and processing of oil palms	17,000,000	57
Boustead Gradient Sdn Bhd	18 July 1980/ Malaysia	Cultivation and processing of oil palms	3,000,000	57
Boustead Trunkline Sdn Bhd	28 March 1990/ Malaysia	Oil palm cultivation	7,000,000	57
Boustead Pelita Kanowit Sdn Bhd	25 October 1995/ Malaysia	Oil palm cultivation	34,560,000	34
Boustead Pelita Tinjar Sdn Bhd	19 March 1988/ Malaysia	Cultivation and processing of oil palms	48,000,000	34
Boustead Pelita Kanowit Oil Mill Sdn Bhd	1 April 1996/ Malaysia	Processing of oil palm	30,000,000	34
Boustead Estates Agency Sdn Bhd	23 February 1966/ Malaysia	Plantation management and engineering consultancy	1,050,000	57
Boustead Advisory and Consultancy Services Sdn Bhd	24 March 1984/ Malaysia	Ceased operations	500,002	57
Bounty Crop Sdn Bhd	27 February 1995/ Malaysia	Ceased operations	70,200,000	57
Boustead-Anwarsyukur Estate Agency Sdn Bhd	9 July 1992/ Malaysia	Under liquidation	500,000	57

INFORMATION ON OUR COMPANY (CONT'D)

Company		Date/ Place of incorporation	Principal activities		Issued and paid- up share capital RM	Equity interest %
<u>Subsidiaries of Pharmaniaga</u>						
Idaman Pharma Manufacturing Sdn Bhd		6 August 2004/ Malaysia	Manufacture of pharmaceutical products		25,000,000	56
Pharmaniaga Manufacturing Berhad		8 July 1980/ Malaysia	Manufacture of pharmaceutical products		10,000,000	56
Pharmaniaga LifeScience Sdn Bhd		22 March 1982/ Malaysia	Manufacture of pharmaceutical products		75,000,000	56
Pharmaniaga Logistics Sdn Bhd		8 April 1993/ Malaysia	Procurement and distribution of pharmaceutical and medical products		40,000,000	56
Pharmaniaga Marketing Sdn Bhd		19 April 1984/ Malaysia	Marketing of pharmaceutical products		3,000,000	56
Pharmaniaga Research Centre Sdn Bhd		23 January 1998/ Malaysia	Pharmaceutical research and development		100,000	56
Pharmaniaga Pristine Sdn Bhd		12 December 1983/ Malaysia	Trading and wholesaling of consumer products		20,000,050	56
Pharmaniaga International Corporation Sdn Bhd		19 April 2004/ Malaysia	Investment holding		12,000,000	56
Pharmaniaga Pegasus (Seychelles) Co Ltd		24 August 2005/ Republic of Seychelles	Dormant		USD100,000	56
<u>Subsidiary of Pharmaniaga Logistics Sdn Bhd</u>						
Pharmaniaga Biomedical Sdn Bhd		26 August 1996/ Malaysia	Supply and installation of medical and hospital equipment		8,000,000	56

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INFORMATION ON OUR COMPANY (CONT'D)

<u>Company</u>	<u>Date/ Place of incorporation</u>	<u>Principal activities</u>	<u>Issued and paid- up share capital</u> RM	<u>Equity interest</u> %
<u>Subsidiaries of Pharmaniaga International Corporation Sdn Bhd</u>				
PT Millennium Pharmacon International Tbk	20 October 1952/ Indonesia	Distribution of pharmaceutical & diagnostic products and food supplements	IDR72,800,000,000	31
PT Mega Pharmaniaga	19 September 2012/ Indonesia	Trading and marketing of pharmaceutical and medical products in Indonesia	IDR11,372,400,000	53
PT Errita Pharma	1 January 1975/ Indonesia	Manufacture and sale of pharmaceutical products in Indonesia	IDR95,832,000,000	48
<u>Subsidiaries of Boustead Heavy Industries Corporation Berhad</u>				
BHIC AeroTech Sdn Bhd	11 March 2016/ Malaysia	MRO of rotary and fixed wing aircraft	2	65
BHIC Assets Holdings Sdn Bhd	10 April 1990/ Malaysia	Ceased operation	10,000,000	65
Boustead Penang Shipyards Sdn Bhd	14 February 1972/ Malaysia	Heavy engineering construction, ship repair and shipbuilding	350,000,000	65
BHIC Development Sdn Bhd	27 February 1992/ Malaysia	Ceased operations	2	65
BHIC Trading Sdn Bhd	16 December 1992/ Malaysia	Property investment	8,000,002	65
BHIC Marine Carriers Sdn Bhd	4 February 2004/ Malaysia	Provision of engineering services for oil and gas industry and chartering ships and vessels	3,000,000	65

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INFORMATION ON OUR COMPANY (CONT'D)

<u>Company</u>	<u>Date/ Place of incorporation</u>	<u>Principal activities</u>	<u>Issued and paid- up share capital</u>	<u>Equity interest</u>
			<u>RM</u>	<u>%</u>
<u>Subsidiary of BHIC Asset Holdings Sdn Bhd</u>				
Desa BHIC Sdn Bhd	25 January 1997/ Malaysia	Ceased operations	2	65
<u>Subsidiaries of Boustead Penang Shipyard Sdn Bhd</u>				
Dominion Defence & Industries Sdn Bhd	24 January 1990/ Malaysia	Supply and services of marine and defence related products	1,000,000	65
Perstim Industries Sdn Bhd	24 January 1995/ Malaysia	Investment holding	51,155,724	65
BHIC Defence Technologies Sdn Bhd	27 June 1996/ Malaysia	Investment holding	36,579,282	65
Malaysian Heavy Industry Group Sdn Bhd	27 June 1992/ Malaysia	Investment holding	25,000	39
BHIC Navaltech Sdn Bhd	27 March 1997/ Malaysia	In-service support for the maintenance, services and supply of spare parts for vessels	1,000,000	65
UMC Engineering Sdn Bhd	22 June 1993/ Malaysia	Under liquidation	996,234	65
Boustead Tugs & Transport Sdn Bhd	10 February 2014/ Malaysia	Under liquidation	1,000,000	65
BHIC Marine & Shipping Sdn Bhd	20 May 1992/ Malaysia	Under liquidation	3,000,003	65
BHIC Shipbuilding & Engineering Sdn Bhd	25 May 1995/ Malaysia	Dormant	2	65
BHIC Marine Technology Academy Sdn Bhd	29 January 1999/ Malaysia	Provision of marine and defence business management training and similar educational projects	500,000	65
BHIC Marine Ventures Sdn Bhd	11 May 1994/ Malaysia	Provision of chartering of ships and vessels	3	65
BHIC Marine Transport Sdn Bhd	15 October 1994/ Malaysia	Provision of chartering of ships and vessels	3	65

INFORMATION ON OUR COMPANY (CONT'D)

<u>Company</u>	<u>Date/ Place of incorporation</u>	<u>Principal activities</u>	<u>Issued and paid- up share capital</u> RM	<u>Equity interest</u> %
<u>Subsidiary of Dominion Defence & Industries Sdn Bhd</u>				
Burlington Promotions and Publications Sdn Bhd	15 June 1993/ Malaysia	Dormant	121,000	65
<u>Subsidiaries of BHIC Defence Technologies Sdn Bhd</u>				
BHIC Defence Techservices Sdn Bhd	5 January 1998/ Malaysia	Provision of maintenance and services for defence related products	1,000,000	65
BHIC Allied Defence Technology Sdn Bhd	18 April 1996/ Malaysia	Supply of electronics and system technology to defence related industry	510,000	65
Naval and Defence Communication System Sdn Bhd	28 October 2003/ Malaysia	Provision for maintenance and services of telecommunication systems	100,000	65
BHIC Electronics and Technologies Sdn Bhd	30 July 2003/ Malaysia	Provision of maintenance and services for defence weapons and related products	2,329,897	65
BHIC Submarine Engineering Services Sdn Bhd (<i>formerly known as Integrated Navigation and Defence Systems Sdn Bhd</i>)	15 October 2003/ Malaysia	Provision of maintenance and service of submarines	500,000	65
<u>Associates of our Company</u>				
Affin Holdings Berhad	31 May 1975/ Malaysia	Financial services group	1,942,948,547	21
Boustead Wah Seong Sdn Bhd	3 April 2012/ Malaysia	Investment holding	1,000,000	50
Cadbury Confectionery Malaysia Sdn Bhd	10 July 1974/ Malaysia	Chocolate and sugar confectionery manufacturer	8,185,000	25
Drew Ameroid (Malaysia) Sdn Bhd	3 July 1974/ Malaysia	Industrial chemicals distributor	20,000	50
Kao (Malaysia) Sdn Bhd	20 March 1973/ Malaysia	Toiletries, household products distributor	16,000,000	45
Jendela Hikmat Sdn Bhd	6 April 1997/ Malaysia	Property development	42,000,000	30

INFORMATION ON OUR COMPANY (CONT'D)

<u>Company</u>	<u>Date/ Place of incorporation</u>	<u>Principal activities</u>	<u>Issued and paid-up share capital</u>	<u>Equity interest</u>
			RM	%
Pavilion Entertainment Centre (M) Sdn Bhd	10 March 1995/ Malaysia	Property development	3,000,000	50
Rakan Riag Sdn Bhd	21 April 2009/ Malaysia	Operating education and entertainment facilities	30,600,000	20
Rakan Riag Pte Ltd	20 October 2010/ Singapore	Operating education and entertainment facilities	SGD24,000,000	20
Wah Seong Boustead Co Ltd	31 July 1992/ Myanmar	Consumer and building products distributor	MMK 2,760,000	50
<u>Associates of BPB</u>				
Applied Agricultural Resources Sdn Bhd	23 September 1982/ Malaysia	Agricultural research and advisory services	500,000	29
PT AAR Nusantara	14 May 2012/ Indonesia	Production of oil palm seeds	IDR10,000,000,000	14
Advanced Agriecological Research Sdn Bhd	9 December 2003/ Malaysia	Agronomy research services	500,000	29
PT Applied Agricultural Resources Indonesia	10 September 2007/ Indonesia	Agronomy research and advisory services	IDR12,775,000,000	29
<u>Associates of Boustead Heavy Industries Corporation Berhad</u>				
Tohwa-Sedap Food Industry Sdn Bhd	28 August 1990/ Malaysia	Under liquidation	2,500,000	33
Penang Shipbuilding and Construction Holding (Thailand) Limited	5 November 2004/ Thailand	Dormant	THB49,500	32
<u>Associates of Pharmaniaga</u>				
Pharmacare Asia Holdings (Cayman) Limited	12 October 2000/ Cayman Island	Dormant, pending strike off	USD4,900	28
<u>Joint ventures of our Company</u>				
Irat Properties Sdn Bhd	15 April 1996/ Malaysia	Property investment and operator of automated traffic enforcement system	184,741,784	50
Boustead Ikano Sdn Bhd	8 August 2011/ Malaysia	Property investment	400,000,000	50

INFORMATION ON OUR COMPANY (CONT'D)

Company	Date/ Place of incorporation	Principal activities	Issued and paid-up share capital RM	Equity interest %
<u>Joint ventures of Boustead Heavy Industries Corporation Berhad</u>				
BHIC MSM Sdn Bhd	5 October 2010/ Malaysia	Provision for maintenance and repair of MTU products	1,000,000	39
Boustead DCNS Naval Corporation Sdn Bhd	24 June 2009/ Malaysia	Vessel maintenance	10,000,000	39
Contraves Advanced Devices Sdn Bhd	27 October 1983/ Malaysia	Manufacture of electronic products	5,000,000	33
BYO Marine Sdn Bhd	23 January 2009/ Malaysia	Construction of vessels	100	33
BHIC Bofors Asia Sdn Bhd	28 May 2004/ Malaysia	Providing, supplying and servicing BOFORS weapons system	1,000,000	33
BHIC AeroServices Sdn Bhd	14 February 1994/ Malaysia	Maintenance, repair and overhaul of rotary and fixed wing aircraft	2,000,000	33
Pyrotechnical Ordnance Malaysia Sdn Bhd	27 May 2011/ Malaysia	Production and selling of double based propellant for locally used artillery shells and rockets in defence sector	2	32.5
Contraves Sdn Bhd	16 October 1973/ Malaysia	Property rental	100,000	33.15
Contraves Electrodynamics Sdn Bhd	23 February 2012/ Malaysia	Provide and undertake system design, infrastructure and facilities, project management and integration works and services for the defence, commercial and maintainers, repairers of and dealers in electrical and electronic appliances and apparatus	1,000,000	33.15

INFORMATION ON OUR COMPANY (CONT'D)**6. PROFIT AND DIVIDEND RECORD**

The profit and dividend records based on our Company's audited consolidated financial statements for the past 3 financial years up to FYE 31 December 2015 are summarised as follows:

	Audited for the FYE 31 December		
	2013	2014	2015
	RM'million	RM'million	RM'million
Revenue	11,212.0	10,608.2	8,662.5
Operating cost	(10,707.9)	(9,975.1)	(8,349.7)
Results from operations	504.1	633.1	312.8
Gain on disposal of plantation land	-	-	57.1
Interest income	12.6	29.1	31.6
Other investment results	139.2	96.1	73.4
Finance cost	(260.7)	(289.0)	(290.5)
Share of results of associates and joint ventures	175.7	216.4	84.8
Fair value gain on deemed disposal of investments	136.8	-	-
PBT	707.7	685.7	269.2
Income tax expenses	(147.9)	(152.4)	(129.8)
PAT	559.8	533.3	139.4
Attributable to:			
- Shareholders of the Company	478.8	408.2	13.2
- Holders of perpetual sukuk	-	54.5	72.6
- Non-controlling interests	81.0	70.6	53.6
	559.8	533.3	139.4
Earnings before interest, taxation, depreciation and amortisation	1,252.8	1,241.3	836.4
Weighted average number of Shares in issue ('million)	1,034.2	1,034.2	1,034.2
Gross profit margin (%)	4.50	5.97	3.61
Net profit margin (%)	4.99	5.03	1.61
Basic and diluted EPS (sen)	46.30	39.47	1.28
Net dividend per Share (sen)	30.00	26.00	20.00

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INFORMATION ON OUR COMPANY (CONT'D)**Commentary on the financial performance of our Group****6.1 FYE 31 December 2013 ("FYE 2013") compared with FYE 31 December 2012 ("FYE 2012")**

For the FYE 2013, our Group had recorded an increase in revenue by 14.3%, or RM1.4 billion from RM9.8 billion in the FYE 2012 to RM11.2 billion. The increase in revenue was mainly driven by higher revenue contributions from our Group's heavy industries, pharmaceutical, trading and industrial and property divisions.

For the FYE 2013, our Group's PBT had also increased by 19.4%, or RM115.0 million from RM592.7 million in the FYE 2012 to RM707.7 million. The increase in PBT was mainly due to a one-off gain of RM136.8 million on deemed disposal of investments, which relates to the privatisation of Al-Hadharah Boustead REIT. Excluding the aforementioned gain, the PBT of our Group for the FYE 2013 had marginally decreased by 3.7% from RM592.7 million in the FYE 2012 to RM570.9 million.

The financial performance of our business divisions are as follows:

(i) Plantation division

Our plantation division had recorded a decrease in revenue by 20.3% from RM872.5 million for the FYE 2012 to RM695.7 million for the FYE 2013. The decrease in revenue was mainly attributable to the following:

- weakened average CPO prices, which had reduced by approximately 18.9% from RM2,902 per MT in the FYE 2012 to RM2,353 per MT in the FYE 2013; and
- lower production of CPO from 250,430 MT in the FYE 2012 to 238,371MT in the FYE 2013.

The reduction in our plantation division's revenue had a knock-on effect on its profitability, resulting in the reduction in PBT by 36.7% from RM206.4 million for the FYE 2012 to RM130.7 million for the FYE 2013.

(ii) Heavy industries division

Our heavy industries division had recorded a significant increase in revenue by RM1.2 billion, or 92.3%, from RM1.3 billion for the FYE 2012 to RM2.5 billion for the FYE 2013. The higher revenue was attributable mainly to the increased level of activity of the LCS project, which resulted in higher progress billings for the said project.

Despite the increase in revenue, our heavy industries division had recorded a LBT of RM89.0 million for the FYE 2013, representing a reduction of 28.1% from a LBT of RM123.8 million for the FYE 2012. Our heavy industries division was affected by a downward revision on the profit margin for the LCS project due to an upward revision in costs for the LCS project as a result of additional scope of work required for the LCS project. Further, our heavy industries division was also affected by cost overruns from its other ship repair projects and impairment of long outstanding trade receivables. Nevertheless, the reduction in LBT for the FYE 2013 was mainly attributable to improved profit contributions from its commercial ship-building and air transportation businesses.

INFORMATION ON OUR COMPANY (CONT'D)**(iii) Property division**

Our property division had recorded an increase in revenue by 25.8% from RM496.4 million for the FYE 2012 to RM624.5 million for the FYE 2013.

Our property division's PBT had also increased by 33.5% from RM161.0 million for the FYE 2012 to RM214.9 million for the FYE 2013. These strong results were primarily due to the sale of 2 corporate lots in Mutiara Damansara, a gain on the disposal of its '183 Ampang' condominiums and higher progress billings from its property development projects.

(iv) Finance and investment division

Our finance and investment division had recorded an increase in revenue by 18.3% from RM130.0 million for the FYE 2012 to RM153.8 million for the FYE 2013.

Despite an increase in revenue for the FYE 2013, our finance and investment division had registered a marginal decrease in PBT by 5.8% from RM109.8 million for the FYE 2012 to RM103.4 million for the FYE 2013. Nevertheless, the AFFIN Group, being the main profit contributor to this division, had performed well and contributed improved profits to our finance and investment division of RM134.6 million for the FYE 2013 as compared to RM130.2 million for the FYE 2012.

(v) Pharmaceutical division

Our pharmaceutical division had recorded an increase in revenue by 5.6% from RM1.8 billion for the FYE 2012 to RM1.9 billion for the FYE 2013. The increase in revenue was mainly due to higher sales contribution from its non-concession business with new tenders awarded during the year as well as organic growth from its concession business.

Despite the increase in revenue for the FYE 2013, our pharmaceutical division had registered a reduction in PBT by 11.3% from RM80.2 million for the FYE 2012 to RM71.1 million for the FYE 2013. The reduced PBT was attributable to lower gross profits and higher operating expenses such as provision for doubtful debts and amortisation of the development costs for the Pharmacy Information System, an information system being developed by our pharmaceutical division for government hospitals in Malaysia, which aims to, amongst others, improve the dispensation of medicine to patients as well as management of inventories in government hospitals ("**PhIS**").

(vi) Trading and industrial division

Our trading and industrial division had recorded increase in revenue by 1.9% from RM5.2 billion for the FYE 2012 to RM5.3 billion for the FYE 2013. The increase in revenue was mainly driven by higher sales of petroleum products.

Notwithstanding the increase in revenue for the FYE 2013, our trading and industrial division had registered a reduction in PBT by 12.1% from RM159.1 million for the FYE 2012 to RM139.8 million for the FYE 2013. During the FYE 2012, our trading and industrial division had recorded higher gain on disposal of property of approximately RM40 million as compared to RM9 million recorded during the FYE 2013. Excluding these non-recurring gains in the FYE 2012 and FYE 2013, this division's PBT for the FYE 2013 would be higher by 9.8% mainly due to higher profit contributions from its retail petroleum business.

INFORMATION ON OUR COMPANY (CONT'D)**6.2 FYE 31 December 2014 ("FYE 2014") compared with FYE 2013**

For the FYE 2014, our Group had registered a reduction in revenue by 5.4%, or RM603.8 million mainly due to reduced revenue contributions from our heavy industries and trading and industrial divisions. Our Group's PBT for the FYE 2014 was also lower by RM22.0 million, or 3.1%.

Our Group's PBT of RM685.7 million for the FYE 2014 was lower due to a one-off gain of RM136.8 million arising from the privatisation of Al-Hadharah Boustead REIT in the FYE 2013. Excluding this one-off gain, our Group's PBT for the FYE 2014 was higher by 20.1%, or RM114.8 million, as compared to the FYE 2013.

The financial performance of our business divisions are as follows:

(i) Plantation division

Our plantation division had recorded an increase in revenue by 3.1% from RM695.7 million for the FYE 2013 to RM717.3 million for the FYE 2014. The increase in revenue was mainly due to the following:

- improved average CPO prices, which had increased by 2% from RM2,353 per MT in the FYE 2013 to RM2,401 per MT in the FYE 2014; and
- higher production of CPO from 238,371 MT in the FYE 2013 to 247,198 MT in the FYE 2014.

Despite the increase in revenue, our plantation division's PBT of RM89.8 million for the FYE 2014 had reduced by 31.3% from RM130.7 million recorded in the FYE 2013. This division's PBT for the FYE 2013 included a special dividend of approximately RM53.7 million received in connection with the privatisation of Al-Hadharah Boustead REIT. Excluding the aforementioned special dividend, our plantation division had recorded an increase in operating profit by approximately 16.6%.

(ii) Heavy industries division

Our heavy industries division had registered a decrease in revenue by 24.0% from RM2.5 billion for the FYE 2013 to RM1.9 billion for the FYE 2014 mainly due to lower progress billings from the LCS project as a result of slow progress in meeting the construction milestones for the LCS project.

Notwithstanding the decrease in revenue, our heavy industries division had recorded a PBT of RM26.2 million for the FYE 2014 compared to a LBT of RM89.0 million recorded in the previous financial year. The turnaround to profits was mainly due to improved profit contributions from BNS, a subsidiary of our Company.

(iii) Property division

Our property division had registered an increase in revenue by 4.4% from RM624.5 million for the FYE 2013 to RM652.2 million for the FYE 2014. The increase was mainly due to higher rental income from its retail and commercial assets as well as higher income generated from its hotel segment.

INFORMATION ON OUR COMPANY (CONT'D)

Our property division had also recorded an increase in PBT by 37.1% from RM214.9 million for the FYE 2013 to RM294.6 million for the FYE 2014. The increase in PBT was mainly due to a fair value gain arising from the appreciation of its investment properties and strong profit contribution from its jointly-controlled entity, Boustead Ikano Sdn Bhd, which also enjoyed a substantial fair value gain on its property in Jalan Cochrane.

(iv) Finance and investment division

Our finance and investment division had registered an increase in revenue by 14.4% from RM153.8 million for the FYE 2013 to RM175.9 million for the FYE 2014.

For the FYE 2014, our finance and investment division had also recorded an increase in PBT by 6.8% from RM103.4 million for the FYE 2013 to RM110.4 million, which was mainly due to lower net interest cost recorded by the division.

(v) Pharmaceutical division

Our pharmaceutical division had registered an increase in revenue by 10.5% from RM1.9 billion for the FYE 2013 to RM2.1 billion for the FYE 2014. The increase in revenue was mainly driven by increased sales volume from both its concession and non-concession businesses.

Following the increase in revenue, our pharmaceutical division had recorded an increase in PBT by 40.8% from RM71.1 million for the FYE 2013 to RM100.1 million for the FYE 2014 mainly due to reduced operating expenses, including amortisation and provision for doubtful debts.

(vi) Trading and industrial division

Our trading and industrial division had registered a reduction in revenue by 5.7% from RM5.3 billion for the FYE 2013 to RM5.0 billion for the FYE 2014. The decrease in revenue was mainly due to lower revenue from its retail petroleum business arising from the decline in sales prices of petrol products.

Our trading and industrial division had also recorded a decrease in PBT by 53.8% from RM139.8 million for the FYE 2013 to RM64.6 million for the FYE 2014. This division's PBT was impacted by stockholding losses arising from the sharp decline in sales prices of petrol products during the FYE 2014.

6.3 FYE 31 December 2015 ("FYE 2015") compared with FYE 2014

For the FYE 2015, our Group's revenue had reduced by RM1.9 billion, or 17.9% from RM10.6 billion in the FYE 2014 to RM8.7 billion. A key contributor to the drop in revenue was the decline in fuel prices, which impacted our Group's retail petroleum business under the trading and industrial division. Additionally, the plantation and heavy industries division also recorded lower revenue.

For the FYE 2015, our Group had registered a decline in PBT by RM416.5 million, or 60.7%. The decline in our Group's PBT was mainly due to lower profits registered by all of our business divisions, save for our plantation division.

INFORMATION ON OUR COMPANY (CONT'D)

The financial performance of our business divisions are as follows:

(i) Plantation division

Our plantation division had recorded a decrease in revenue by 14.2% from RM717.3 million for the FYE 2014 to RM615.2 million for the FYE 2015. The decrease in revenue was mainly attributable to the following:

- weakened average CPO prices, which had declined by 10.5% from RM2,401 per MT in the FYE 2014 to RM2,148 per MT in the FYE 2015; and
- lower production of CPO from 247,198 MT in the FYE 2014 to 245,120 MT in the FYE 2015.

Despite the decreased revenue, our plantation division had registered an increase in PBT by 5.9% from RM89.8 million for the FYE 2014 to RM95.1 million for the FYE 2015. The increase in PBT was mainly attributable to the gain on disposal for non-core land amounting to approximately RM57.1 million.

(ii) Heavy industries division

Our heavy industries division had recorded a decrease in revenue by 26.3% from RM1.9 billion for the FYE 2014 to RM1.4 billion for the FYE 2015. The decrease was mainly due to lower progress billings from the LCS project and lower revenue generated from this division's air transportation business.

Our heavy industries division had recorded a LBT of RM136.8 million for the FYE 2015 on the back of lower revenue as compared to a PBT of RM26.2 million in the previous financial year. The deficit recorded by our heavy industries division was mainly attributable to the provision for liquidated ascertained damages made for the delay in the upgrading of the KD Kasturi naval vessel under its Service Life Extension Programme and higher project cost and provision for foreseeable losses for the restoration of the KD Perantau naval vessel.

(iii) Property division

Our property division had recorded a revenue of RM649.0 million for the FYE 2015, a marginal reduction of less than 1% from RM652.2 million for the FYE 2014.

Our property division had also registered a PBT of RM138.8 million for the FYE 2015, representing a decline of 52.9% from a PBT of RM294.6 million recorded for the FYE 2014. For the FYE 2014, our property division's PBT had benefitted from higher appreciation in value of its strategic land banks of approximately RM80 million as well as share of profits of approximately RM93 million from its joint venture, which recorded a substantial fair value gain on its property in Jalan Cochrane.

INFORMATION ON OUR COMPANY (CONT'D)

(iv) Finance and investment division

Our finance and investment division had recorded an increase in revenue by 11.7% from RM175.9 million in the FYE 2014 to RM196.5 million for the FYE 2015.

For the FYE 2015, our finance and investment division had registered a decline in PBT by 60.0% from RM110.4 million for the FYE 2014 to RM44.2 million for the FYE 2015. The decline in PBT was mainly attributable to lower profit contributions from the AFFIN Group of RM73.8 million for the FYE 2015 as compared to RM125.2 million for the FYE 2014. Our finance and investment division's PBT was also impacted by higher finance costs during the FYE 2015.

(v) Pharmaceutical division

Our pharmaceutical division had recorded an increase in revenue by 4.8% from RM2.1 billion for the FYE 2014 to RM2.2 billion for the FYE 2015. The increase in revenue was mainly attributable to improved sales from its non-concession business, in particular its overseas operations.

Notwithstanding the increase in revenue for the FYE 2015, our pharmaceutical division had registered a decline in PBT by 9.9% from approximately RM100.1 million for the FYE 2014 to RM90.2 million for the FYE 2015. The decline in PBT was mainly attributable to lower sales from its concession business and higher amortisation of the development cost in relation to the PhIS.

(vi) Trading and industrial division

Our trading and industrial division had recorded a reduction in revenue by 28.0% from RM5.0 billion for the FYE 2014 to RM3.6 billion for the FYE 2015. The decline in revenue was mainly attributable to lower contribution from its retail petroleum business on account of the decline in volume and sales prices of petrol products.

Our trading and industrial division had registered a decline in PBT by 41.6% for the FYE 2015 from RM64.6 million for the FYE 2014 to RM37.7 million. The decline in PBT was mainly due the losses sustained by its tiles and paints manufacturing businesses under the division.

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INFORMATION ON OUR COMPANY (CONT'D)**7. HISTORICAL SHARE PRICES**

The monthly highest and lowest market prices of our Shares as traded on Bursa Securities for the past 12 months from May 2015 up to April 2016 are as follows:

	<u>High</u>	<u>Low</u>
	RM	RM
2015		
May	4.62	4.27
June	4.32	4.00
July	4.26	3.95
August	4.40	3.77
September	3.99	3.78
October	4.14	3.89
November	4.08	3.98
December	4.30	3.86
2016		
January	4.30	3.76
February	4.08	3.78
March	4.07	3.85
April	3.95	3.81

Last transacted market price of BHB Shares on 15 January 2016, being the last day on which BHB Shares were traded prior to the date of announcement of the Rights Issue RM4.24

Last transacted market price of BHB Shares as at the LPD RM3.89

Last transacted market price of BHB Shares on 19 May 2016, being the last day on which BHB Shares were traded prior to the ex-date of the Rights Issue RM3.10

(Source: Bloomberg)

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHB AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON



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REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Prepared for inclusion in the Abridged Prospectus of Boustead Holdings Berhad ("BHB" or the "Company") to be dated 24 May 2016 ("Abridged Prospectus"))

16 May 2016

The Board of Directors
Boustead Holdings Berhad
28th Floor, Menara Boustead
69, Jalan Raja Chulan
50200 Kuala Lumpur

Dear Sirs

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 IN CONNECTION WITH:

- (i) RENOUNCEABLE RIGHTS ISSUE OF UP TO 413,671,221 NEW ORDINARY SHARES OF RM0.50 EACH IN BHB ("BHB SHARES") ("RIGHTS SHARES") ON THE BASIS OF 2 RIGHTS SHARES FOR EVERY 5 EXISTING BHB SHARES HELD AS AT 5.00 P.M. ON 24 MAY 2016 AT AN ISSUE PRICE OF RM2.55 PER RIGHTS SHARE ("RIGHTS ISSUE"); AND
- (ii) BONUS ISSUE OF UP TO 579,139,710 NEW BHB SHARES ("BONUS SHARES") TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF 2 BONUS SHARES FOR EVERY 5 BHB SHARES HELD AFTER THE COMPLETION OF THE RIGHTS ISSUE ("BONUS ISSUE").

We have completed our assurance engagement to report on the compilation of pro forma consolidated statements of financial position as at 31 December 2015 of BHB and its subsidiaries (collectively referred to as the "Group") and the related notes as set out in Appendix III of the Abridged Prospectus in connection with the Rights Issue and Bonus Issue, to be issued by BHB.

The pro forma consolidated statements of financial position is compiled by the Directors of BHB based on the applicable criteria as specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("SC") and the notes to the pro forma consolidated statements of financial position in Appendix A.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHB AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)



The pro forma consolidated statements of financial position have been compiled by the Directors of BHB to illustrate the impact of the Rights Issue and Bonus Issue on the Group's financial position as at 31 December 2015. As part of this process, information about the financial position has been extracted by the Directors of BHB from the consolidated statements of financial position of BHB, on which audit report has been published.

The Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Directors of BHB are responsible for compiling the pro forma consolidated statements of financial position on the basis of the applicable criteria.

Our responsibilities

Our responsibility is to express an opinion as required by the SC, about whether the pro forma consolidated statements of financial position have been compiled, in all material respects, by the Directors of the Company on the basis of the applicable criteria.

We conducted our engagement in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma consolidated statements of financial position on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of pro forma consolidated statements of financial position included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial position of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHB AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)**Our responsibilities (cont'd)**

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors of BHB in the compilation of pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted statement of financial position.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis of the applicable criteria as set out in the notes to the pro forma consolidated statements of financial position in Appendix A.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHB AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)



Other matters

This letter is issued for the sole purpose of complying with the Prospectus Guidelines issued by the SC in connection with the Rights Issue and Bonus Issue. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Rights Issue and Bonus Issue described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the Rights Issue and Bonus Issue.

Yours faithfully

A stylized, horizontal signature line consisting of a series of connected loops and a final dot.

Ernst & Young
AF: 0039
Chartered Accountants

A handwritten signature in black ink, featuring a large, stylized 'A' and 'Z' followed by a series of loops and a final dot.

Ahmad Zahirudin Bin Abdul Rahim
No. 2607/12/16(J)
Chartered Accountant

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHB AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)

Appendix A

BOUSTEAD HOLDINGS BERHAD ("BHB" OR THE "COMPANY")

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

Minimum scenario

The pro forma consolidated statements of financial position set out below are provided for illustrative purposes only to show the effects on the consolidated statements of financial position of BHB as at 31 December 2015 had the Rights Issue and Bonus Issue been effected on that date:

	Audited At 31 December 2015 RM Million	Rights Issue RM Million	Pro forma I RM Million	Bonus Issue RM Million	Pro forma II RM Million
Assets					
Non-current assets					
Property, plant and equipment	5,035.0	-	5,035.0	-	5,035.0
Biological assets	1,261.4	-	1,261.4	-	1,261.4
Investment properties	1,543.8	-	1,543.8	-	1,543.8
Development properties	638.9	-	638.9	-	638.9
Prepaid land lease payments	61.6	-	61.6	-	61.6
Long term prepayments	170.3	-	170.3	-	170.3
Deferred tax assets	50.1	-	50.1	-	50.1
Associates	1,843.5	-	1,843.5	-	1,843.5
Joint ventures	621.1	-	621.1	-	621.1
Investments	33.1	-	33.1	-	33.1
Intangible assets	1,406.3	-	1,406.3	-	1,406.3
Total non-current assets	12,665.1	-	12,665.1	-	12,665.1
Current assets					
Inventories	812.8	-	812.8	-	812.8
Property development in progress	99.1	-	99.1	-	99.1
Due from customers on contracts	1,216.1	-	1,216.1	-	1,216.1
Receivables	1,382.6	-	1,382.6	-	1,382.6
Deposits, cash and bank balances	1,338.1	343.8	1,681.9	-	1,681.9
	4,848.7	343.8	5,192.5	-	5,192.5
Assets classified as held for sale	105.8	-	105.8	-	105.8
Total current assets	4,954.5	343.8	5,298.3	-	5,298.3
Total assets	17,619.6	343.8	17,963.4	-	17,963.4
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	517.1	130.5	647.6	259.0	906.6
Perpetual Sukuk	1,207.7	-	1,207.7	-	1,207.7
Share premium	1,165.1	534.3	1,699.4	(259.0)	1,440.4
Retained earnings	1,981.3	-	1,981.3	-	1,981.3
Other reserves	879.1	-	879.1	-	879.1
Shareholders' equity	5,750.3	664.8	6,415.1	-	6,415.1
Non-controlling interests	1,607.5	-	1,607.5	-	1,607.5
Total equity	7,357.8	664.8	8,022.6	-	8,022.6
Non-current liabilities					
Borrowings	2,175.6	(162.0)	2,013.6	-	2,013.6
Payables	31.4	-	31.4	-	31.4
Deferred tax liabilities	105.7	-	105.7	-	105.7
Total non-current liabilities	2,312.7	(162.0)	2,150.7	-	2,150.7
Current liabilities					
Borrowings	5,858.3	(159.0)	5,699.3	-	5,699.3
Payables	1,893.5	-	1,893.5	-	1,893.5
Due to customers on contracts	116.0	-	116.0	-	116.0
Taxation	19.3	-	19.3	-	19.3
Dividend payable	62.0	-	62.0	-	62.0
Total current liabilities	7,949.1	(159.0)	7,790.1	-	7,790.1
Total liabilities	10,261.8	(321.0)	9,940.8	-	9,940.8
Total equity and liabilities	17,619.6	343.8	17,963.4	-	17,963.4
Number of ordinary shares in issue (Million)					
RM0.50 nominal value	1,034.2		1,295.2		1,813.3
Net assets per BHB ordinary share attributable to equity holders of the Company (RM)	5.56		4.95		3.54

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHB AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)

Appendix A

BOUSTEAD HOLDINGS BERHAD ("BHB" OR THE "COMPANY")

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

Maximum scenario

The pro forma consolidated statements of financial position set out below are provided for illustrative purposes only to show the effects on the consolidated statements of financial position of BHB as at 31 December 2015 had the Rights Issue and Bonus Issue been effected on that date:

	Audited At 31 December 2015 RM Million	Rights Issue RM Million	Pro forma I RM Million	Bonus Issue RM Million	Pro forma II RM Million
Assets					
Non-current assets					
Property, plant and equipment	5,035.0	-	5,035.0	-	5,035.0
Biological assets	1,261.4	-	1,261.4	-	1,261.4
Investment properties	1,543.8	-	1,543.8	-	1,543.8
Development properties	638.9	-	638.9	-	638.9
Prepaid land lease payments	61.6	-	61.6	-	61.6
Long term prepayments	170.3	-	170.3	-	170.3
Deferred tax assets	50.1	-	50.1	-	50.1
Associates	1,843.5	-	1,843.5	-	1,843.5
Joint ventures	621.1	-	621.1	-	621.1
Investments	33.1	-	33.1	-	33.1
Intangible assets	1,406.3	-	1,406.3	-	1,406.3
Total non-current assets	12,665.1	-	12,665.1	-	12,665.1
Current assets					
Inventories	812.8	-	812.8	-	812.8
Property development in progress	99.1	-	99.1	-	99.1
Due from customers on contracts	1,216.1	-	1,216.1	-	1,216.1
Receivables	1,382.6	-	1,382.6	-	1,382.6
Deposits, cash and bank balances	1,338.1	567.8	1,905.9	-	1,905.9
	4,848.7	567.8	5,416.5	-	5,416.5
Assets classified as held for sale	105.8	-	105.8	-	105.8
Total current assets	4,954.5	567.8	5,522.3	-	5,522.3
Total assets	17,619.6	567.8	18,187.4	-	18,187.4
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	517.1	206.8	723.9	289.6	1,013.5
Perpetual Sukuk	1,207.7	-	1,207.7	-	1,207.7
Share premium	1,165.1	847.0	2,012.1	(289.6)	1,722.5
Retained earnings	1,981.3	-	1,981.3	-	1,981.3
Other reserves	879.1	-	879.1	-	879.1
Shareholders' equity	5,750.3	1,053.8	6,804.1	-	6,804.1
Non-controlling interests	1,607.5	-	1,607.5	-	1,607.5
Total equity	7,357.8	1,053.8	8,411.6	-	8,411.6
Non-current liabilities					
Borrowings	2,175.6	(162.0)	2,013.6	-	2,013.6
Payables	31.4	-	31.4	-	31.4
Deferred tax liabilities	105.7	-	105.7	-	105.7
Total non-current liabilities	2,312.7	(162.0)	2,150.7	-	2,150.7
Current liabilities					
Borrowings	5,858.3	(324.0)	5,534.3	-	5,534.3
Payables	1,893.5	-	1,893.5	-	1,893.5
Due to customers on contracts	116.0	-	116.0	-	116.0
Taxation	19.3	-	19.3	-	19.3
Dividend payable	62.0	-	62.0	-	62.0
Total current liabilities	7,949.1	(324.0)	7,625.1	-	7,625.1
Total liabilities	10,261.8	(486.0)	9,775.8	-	9,775.8
Total equity and liabilities	17,619.6	567.8	18,187.4	-	18,187.4
Number of ordinary shares in issue (Million)					
RM0.50 nominal value	1,034.2		1,447.9		2,027.0
Net assets per BHB ordinary share attributable to equity holders of the Company (RM)	5.56		4.70		3.36

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHB AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)

Appendix A

BOUSTEAD HOLDINGS BERHAD ("BHB" OR THE "COMPANY")
Notes to the Pro Forma Consolidated Statements of Financial Position
as at 31 December 2015

1.0 Basis of preparation

The pro forma consolidated statements of financial position as at 31 December 2015 of BHB have been prepared by the Directors of BHB, for illustrative purposes, in connection with the following transactions:

- (i) Renounceable rights issue of up to 413,671,221 new ordinary shares of RM0.50 each in BHB ("BHB Shares") ("Rights Shares") on the basis of 2 Rights Shares for every 5 existing BHB Shares held as at 5.00 p.m. on 24 May 2016 at an issue price of RM2.55 per Rights Share ("Rights Issue"); and
- (ii) Bonus issue of up to 579,139,710 new BHB shares ("Bonus Shares") to be credited as fully paid-up on the basis of 2 Bonus Shares for every 5 BHB Shares held after the completion of the Rights Issue ("Bonus Issue").

The pro forma consolidated statements of financial position as at 31 December 2015 of BHB and its subsidiaries ("BHB Group") have been prepared based on the audited consolidated statements of financial position of BHB Group as at 31 December 2015 and on a basis consistent with both the format of the audited financial statements and the accounting policies adopted by BHB Group in the preparation of the audited consolidated financial statements of BHB Group for the financial year ended 31 December 2015, which is in accordance with Financial Reporting Standards in Malaysia, to show the effects had the Rights Issue and Bonus Issue been completed on that date. The Directors of BHB are responsible for the preparation of the pro forma consolidated statements of financial position of BHB Group as at 31 December 2015 for inclusion in the Abridged Prospectus of BHB to be dated 24 May 2016.

The pro forma consolidated statements of financial position do not purport to predict the future financial position of BHB Group.

For illustrative purposes, the effects of the Rights Issue shall be based on the following 2 scenarios:

Minimum scenario:

The minimum scenario assumes the Rights Issue is undertaken on a minimum level of subscription of 261,058,546 Rights Shares pursuant to the entitlement undertakings procured by BHB from Lembaga Tabung Angkatan Tentera ("LTAT"), BHB's major shareholder and Tan Sri Dato' Seri Lodin Wok Kamaruddin ("TSLWK"), the Deputy Chairman/Group Managing Director and a shareholder of BHB, to subscribe in full their respective entitlements under the Rights Issue.

Maximum scenario

The maximum scenario assumes that all entitled shareholders of BHB fully subscribe to their entitlements to the Rights Shares, which will result in the issuance of 413,671,221 Rights Shares.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHB AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)

Appendix A

BOUSTEAD HOLDINGS BERHAD ("BHB" OR THE "COMPANY")
Notes to the Pro Forma Consolidated Statements of Financial Position
as at 31 December 2015 (Contd.)

2.0 Pro forma adjustments

2.1 Pro forma I

Pro forma I illustrates the effects of the Rights Issue, together with the estimated expenses to be incurred of approximately RM0.9 million and RM1.0 million for the minimum scenario and maximum scenario, respectively, which will be written off against the share premium of BHB. For the purposes of preparing the pro forma consolidated statements of financial position, it is assumed that the Rights Shares will be issued at an issue price of RM2.55 per rights share.

The effects of the Rights Issue are summarised below:

(i) Share capital	Minimum scenario		Maximum scenario	
	Number of shares Million	Amount RM Million	Number of shares Million	Amount RM Million
Ordinary shares of RM0.50 each				
Audited as at 31 December 2015	1,034.2	517.1	1,034.2	517.1
Issuance of Rights Shares	261.0	130.5	413.7	206.8
As per Pro forma I	<u>1,295.2</u>	<u>647.6</u>	<u>1,447.9</u>	<u>723.9</u>
(ii) Share premium				
			Minimum scenario RM Million	Maximum scenario RM Million
Audited as at 31 December 2015			1,165.1	1,165.1
Issuance of Rights Shares			535.2	848.0
Estimated expenses written off against share premium			(0.9)	(1.0)
As per Pro forma I			<u>1,699.4</u>	<u>2,012.1</u>
(iii) Borrowings (Non-current liabilities)				
			Minimum scenario RM Million	Maximum scenario RM Million
Audited as at 31 December 2015			2,175.6	2,175.6
Utilisation of proceeds from the Rights Issue for repayment of existing bank borrowings			(162.0)	(162.0)
As per Pro forma I			<u>2,013.6</u>	<u>2,013.6</u>

APPENDIX III

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHB AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)

Appendix A

BOUSTEAD HOLDINGS BERHAD ("BHB" OR THE "COMPANY")
Notes to the Pro Forma Consolidated Statements of Financial Position
as at 31 December 2015 (Contd.)

2.0 Pro forma adjustments (Contd.)

2.1 Pro forma I (Contd.)

(iv) Borrowings (Current liabilities)	Minimum scenario RM Million	Maximum scenario RM Million
Audited as at 31 December 2015	5,858.3	5,858.3
Utilisation of proceeds from the Rights Issue for repayment of existing bank borrowings	(159.0)	(324.0)
As per Pro forma I	<u>5,699.3</u>	<u>5,534.3</u>
(v) Deposits, cash and bank balances	Minimum scenario RM Million	Maximum scenario RM Million
Audited as at 31 December 2015	1,338.1	1,338.1
Proceeds from Rights Issue	665.7	1,054.8
Utilisation of proceeds from the Rights Issue for repayment of existing bank borrowings	(321.0)	(486.0)
Utilisation of proceeds from the Rights Issue for estimated expenses	(0.9)	(1.0)
As per Pro forma I	<u>1,681.9</u>	<u>1,905.9</u>

2.2 Pro forma II

Pro forma II incorporates the effects of Pro forma I and the effects of the Bonus Issue of 518,094,639 Bonus Shares and 579,139,709 Bonus Shares under the minimum scenario and maximum scenario, respectively. The Bonus Issue is assumed to be capitalised in its entirety from the share premium account of the Company.

The effects of the Bonus Issue are summarised below:

(i) Share capital	Minimum scenario		Maximum scenario	
	Number of shares Million	Amount RM Million	Number of shares Million	Amount RM Million
Ordinary shares of RM0.50 each				
As per Pro forma I	1,295.2	647.6	1,447.9	723.9
Arising from Bonus Issue	<u>518.1</u>	<u>259.0</u>	<u>579.1</u>	<u>289.6</u>
As per Pro forma II	<u>1,813.3</u>	<u>906.6</u>	<u>2,027.0</u>	<u>1,013.5</u>

APPENDIX III

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHB AS AT 31 DECEMBER 2015 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON (CONT'D)

Appendix A

BOUSTEAD HOLDINGS BERHAD ("BHB" OR THE "COMPANY")
Notes to the Pro Forma Consolidated Statements of Financial Position
as at 31 December 2015 (Contd.)

2.0 Pro forma adjustments (Contd.)

2.2 Pro forma II (Cont'd)

(ii) Share premium

	Minimum scenario RM Million	Maximum scenario RM Million
As per Pro forma I	1,699.4	2,012.1
Arising from Bonus Issue	(259.0)	(289.6)
As per Pro forma II	<u>1,440.4</u>	<u>1,722.5</u>

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON**

BOUSTEAD HOLDINGS BERHAD

(Company No. 3871-H)

(Incorporated in Malaysia)

(A member of LTAT Group)

**REPORTS AND STATUTORY
FINANCIAL STATEMENTS FOR
THE FINANCIAL YEAR ENDED
31 DECEMBER 2015**

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

Boustead Holdings Berhad is an investment holding company incorporated in Malaysia in 1960. The Company's other principal activities include the provision of management services to Subsidiaries and property investment. The principal activities of the Subsidiaries, associates and joint ventures are stated on pages 131 to 137.

There have been no significant changes in the nature of these activities during the financial year under review.

RESULTS

	Group RM Million	Company RM Million
Profit for the year attributable to:		
Shareholders of the Company	13.2	120.1
Holders of Perpetual Sukuk	72.6	72.6
Non-controlling interests	53.6	–
	139.4	192.7

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the effects arising from the gain on disposal of plantation land of RM57.1 million and fair value gain on investment properties of RM83.1 million for the Group and impairment loss on amount due from Subsidiaries of RM31.5 million for the Company respectively.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

DIRECTORS' REPORT

DIVIDENDS

During the financial year under review, the Company paid the fourth interim dividend of 5 sen per share totalling RM51.7 million in respect of the financial year ended 31 December 2014 as declared in the Directors' report of that year.

The Directors have declared the following dividends in respect of the financial year ended 31 December 2015:

	Net dividend		Date	Date of
	Sen per share	RM Million	Declared	Payment
First interim dividend	5.0	51.7	25 May 2015	30 June 2015
Second interim dividend	5.0	51.7	24 August 2015	30 September 2015
Third interim dividend	6.0	62.0	30 November 2015	12 January 2016
Fourth interim dividend	4.0	41.4	29 February 2016	12 April 2016
	20.0	206.8		

DIRECTORS

The Directors of the Company in office since the date of the last report are:

Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)
 Tan Sri Dato' Seri Lodin Wok Kamaruddin
 Dato' Wira (Dr.) Megat Abdul Rahman Megat Ahmad
 Datuk Azzat Kamaludin
 Dato' Ghazali Mohd Ali
 Datuk Francis Tan Leh Kiah

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate. Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 6 to the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which he has a substantial financial interest, except as disclosed in Note 43 to the financial statements.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

DIRECTORS' REPORT

DIRECTORS' INTERESTS

According to the register of Directors' shareholding, the interests of Directors in office at the end of the financial year in shares of the Company and its related corporations were as follows:

	At 1/1/15	Acquired	Sold	At 31/12/15
<i>Ordinary shares of RM0.50 each</i>				
Boustead Holdings Berhad				
Tan Sri Dato' Seri Lodin				
Wok Kamaruddin	28,192,758	—	—	28,192,758
Datuk Azzat Kamaludin	44,000	—	—	44,000
Pharmaniaga Berhad				
Gen. Tan Sri Dato' Mohd Ghazali				
Hj. Che Mat (R)	220,000	—	—	220,000
Tan Sri Dato' Seri Lodin				
Wok Kamaruddin	12,500,148	—	—	12,500,148
Dato' Wira (Dr.) Megat Abdul Rahman				
Megat Ahmad	121,000	—	—	121,000
Datuk Azzat Kamaludin	226,260	—	—	226,260
Dato' Ghazali Mohd Ali	143,000	—	—	143,000
Boustead Plantations Berhad				
Gen. Tan Sri Dato' Mohd Ghazali				
Hj. Che Mat (R)	1,560,000	—	—	1,560,000
Tan Sri Dato' Seri Lodin				
Wok Kamaruddin	31,381,600	—	—	31,381,600
Dato' Wira (Dr.) Megat Abdul Rahman				
Megat Ahmad	1,590,000	—	—	1,590,000
Datuk Azzat Kamaludin	1,508,800	41,200	—	1,550,000
Dato' Ghazali Mohd Ali	1,234,000	—	—	1,234,000
Datuk Francis Tan Leh Kiah	1,260,000	—	—	1,260,000

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D.)

	At 1/1/15	Acquired	Sold	At 31/12/15
<i>Ordinary shares of RM1.00 each</i>				
Boustead Heavy Industries Corporation Berhad				
Tan Sri Dato' Seri Lodin				
Wok Kamaruddin	2,000,000	–	–	2,000,000
Datuk Azzat Kamaludin	350,000	–	–	350,000
Dato' Ghazali Mohd Ali	75,000	–	–	75,000
Boustead Petroleum Sdn Bhd				
Tan Sri Dato' Seri Lodin				
Wok Kamaruddin	5,916,465	–	–	5,916,465
Affin Holdings Berhad				
Gen. Tan Sri Dato' Mohd Ghazali				
Hj. Che Mat (R)	119,220	–	–	119,220
Tan Sri Dato' Seri Lodin				
Wok Kamaruddin	1,051,328	–	–	1,051,328
Datuk Azzat Kamaludin	143,000	–	143,000	–
Datuk Francis Tan Leh Kiah	30,000	20,000	–	50,000

OTHER STATUTORY INFORMATION

- (a) Before the income statements and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONT'D.)

- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
 - (iv) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.
- (c) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

DIRECTORS' REPORT

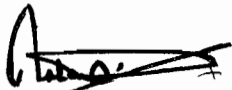
SIGNIFICANT AND SUBSEQUENT EVENTS

Details of the significant and subsequent events are disclosed in Note 44 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors



GEN. TAN SRI DATO' MOHD GHAZALI HJ. CHE MAT (R)



TAN SRI DATO' SERI LODIN WOK KAMARUDDIN

Kuala Lumpur
1 March 2016

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

STATEMENT BY DIRECTORS

**STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES
ACT, 1965**

We, Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R) and Tan Sri Dato' Seri Lodin Wok Kamaruddin, being two of the Directors of BOUSTEAD HOLDINGS BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 12 to 129 and pages 131 to 137 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 46 on page 130 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, and presented based on format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors

GEN. TAN SRI DATO' MOHD GHAZALI HJ. CHE MAT (R)

TAN SRI DATO' SERI LODIN WOK KAMARUDDIN

Kuala Lumpur
1 March 2016

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

STATUTORY DECLARATION

**STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES
ACT, 1965**

I, DANIEL EBINESAN, being the officer primarily responsible for the financial management of BOUSTEAD HOLDINGS BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 12 to 137 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 1 March 2016

Before me

ZAINALABIDIN BIN NAN

Commissioner for Oaths
No 7, JALAN PANDAN INDAH 4/4
PANDAN INDAH
Kuala Lumpur 55100 KUALA LUMPUR




DANIEL EBINESAN

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**



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**Independent auditors' report to the members of
Boustead Holdings Berhad
(Incorporated in Malaysia)**

Report on the financial statements

We have audited the financial statements of Boustead Holdings Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 12 to 129 and 131 to 137.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**



**Independent auditors' report to the members of
Boustead Holdings Berhad (cont'd.)
(Incorporated in Malaysia)**

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its Subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the Subsidiaries of which we have not acted as auditors, which are indicated on page 131 to 135, being financial statements that have been included in the consolidated financial
- (c) We are satisfied that the financial statements of the Subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the Subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**



Independent auditors' report to the members of
Boustead Holdings Berhad (cont'd.)
(Incorporated in Malaysia)

Other reporting responsibilities

The supplementary information set out in Note 46 on page 130 is disclosed to meet the requirements of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
1 March 2016

Ahmad Zahirudin Bin Abdul Rahim
No. 2607/12/16(J)
Chartered Accountant

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM Million	RM Million	RM Million	RM Million
Revenue	5	8,662.5	10,608.2	313.1	229.3
Operating cost	6	(8,349.7)	(9,975.1)	(68.7)	(30.2)
Results from operations		312.8	633.1	244.4	199.1
Gain on disposal of plantation land		57.1	—	—	—
Interest income	7	31.6	29.1	66.9	53.8
Other investment results	8	73.4	96.1	12.3	124.9
Finance cost	9	(290.5)	(289.0)	(124.3)	(110.3)
Share of results of associates		66.2	113.3	—	—
Share of results of joint ventures		18.6	103.1	—	—
Profit before taxation		269.2	685.7	199.3	267.5
Income tax expense	10	(129.8)	(152.4)	(6.6)	(6.0)
Profit for the year		139.4	533.3	192.7	261.5
Attributable to:					
Shareholders of the Company		13.2	408.2	120.1	207.0
Holders of Perpetual Sukuk		72.6	54.5	72.6	54.5
Non-controlling interests		53.6	70.6	—	—
Profit for the year		139.4	533.3	192.7	261.5
Earnings per share – sen					
Basic/diluted	11	1.28	39.47		

The accompanying notes form an integral part of these financial statements.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Group		Company	
	2015	2014	2015	2014
	RM Million	RM Million	RM Million	RM Million
Profit for the year	139.4	533.3	192.7	261.5
Other comprehensive income/(loss):				
<i>Items that might be reclassified to profit or loss</i>				
Net gain/(loss) on available for sale investments				
– Fair value changes	(4.9)	(4.6)	(0.4)	(0.6)
– Transfer from profit or loss	3.7	1.3	–	–
Foreign currency translation	13.6	3.9	–	–
Share of other comprehensive income of investments accounted for using equity method	4.3	4.7	–	–
Total comprehensive income for the year	156.1	538.6	192.3	260.9
Attributable to:				
Shareholders of the Company	21.3	411.2	119.7	206.4
Holders of Perpetual Sukuk	72.6	54.5	72.6	54.5
Non-controlling interests	62.2	72.9	–	–
Total comprehensive income for the year	156.1	538.6	192.3	260.9

The accompanying notes form an integral part of these financial statements.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

		Group		Company	
	Note	2015 RM Million	2014 RM Million	2015 RM Million	2014 RM Million
ASSETS					
Non-current assets					
Property, plant and equipment	13	5,035.0	5,003.3	2.5	2.4
Biological assets	14	1,261.4	1,261.2	–	–
Investment properties	15	1,543.8	1,534.2	100.8	87.9
Development properties	16	638.9	501.5	–	–
Prepaid land lease payments	17	61.6	62.6	–	–
Long term prepayments	18	170.3	153.7	–	–
Deferred tax assets	19	50.1	53.3	–	–
Subsidiaries	20	–	–	2,967.4	2,948.4
Associates	21	1,843.5	1,789.6	939.4	939.4
Joint ventures	22	621.1	363.0	250.0	–
Investments	23	33.1	38.3	5.2	5.7
Intangible assets	24	1,406.3	1,376.3	–	–
Total non-current assets		12,665.1	12,137.0	4,265.3	3,983.8
Current assets					
Inventories	25	812.8	689.8	–	–
Property development in progress	26	99.1	163.7	–	–
Due from customers on contracts	27	1,216.1	1,312.8	–	–
Receivables	28	1,382.6	1,219.1	1,094.2	1,162.4
Deposits, cash and bank balances	29	1,338.1	1,157.9	65.9	5.9
		4,848.7	4,543.3	1,160.1	1,168.3
Assets classified as held for sale	30	105.8	–	–	–
Total current assets		4,954.5	4,543.3	1,160.1	1,168.3
Total assets		17,619.6	16,680.3	5,425.4	5,152.1

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION (CONT'D.)

AS AT 31 DECEMBER 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM Million	RM Million	RM Million	RM Million
EQUITY AND LIABILITIES					
Equity attributable to shareholders of the Company					
Share capital	31	517.1	517.1	517.1	517.1
Perpetual Sukuk	32	1,207.7	1,140.7	1,207.7	1,140.7
Reserves	33	4,025.5	4,222.0	1,210.4	1,308.5
Shareholders' equity		5,750.3	5,879.8	2,935.2	2,966.3
Non-controlling interests		1,607.5	1,693.5	–	–
Total equity		7,357.8	7,573.3	2,935.2	2,966.3
Non-current liabilities					
Borrowings	34	2,175.6	2,196.0	513.7	409.0
Payables	35	31.4	26.7	–	–
Deferred tax liabilities	19	105.7	90.3	2.3	1.5
Total non-current liabilities		2,312.7	2,313.0	516.0	410.5
Current liabilities					
Borrowings	34	5,858.3	4,884.7	1,842.0	1,657.9
Payables	35	1,893.5	1,812.8	70.2	117.4
Due to customers on contracts	27	116.0	70.4	–	–
Taxation		19.3	26.1	–	–
Dividend payable		62.0	–	62.0	–
Total current liabilities		7,949.1	6,794.0	1,974.2	1,775.3
Total liabilities		10,261.8	9,107.0	2,490.2	2,185.8
Total equity and liabilities		17,619.6	16,680.3	5,425.4	5,152.1

The accompanying notes form an integral part of these financial statements.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to shareholders of the Company				Non- controlling interests	Total equity
	Share capital	Perpetual Sukuk	Reserves	Total		
	RM Million	RM Million	RM Million	RM Million	RM Million	RM Million
Group						
At 1 January 2015	517.1	1,140.7	4,222.0	5,879.8	1,693.5	7,573.3
Total comprehensive income for the year	–	72.6	21.3	93.9	62.2	156.1
Transactions with owners						
Perpetual Sukuk (Note 32)						
- Issuance	–	66.0	(0.7)	65.3	–	65.3
- Distribution	–	(71.6)	–	(71.6)	–	(71.6)
Dividends (Note 12)	–	–	(217.1)	(217.1)	(148.2)	(365.3)
At 31 December 2015	517.1	1,207.7	4,025.5	5,750.3	1,607.5	7,357.8

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to shareholders of the Company				Non-controlling interests	Total equity
	Share capital	Perpetual Sukuk	Reserves	Total		
	RM Million	RM Million	RM Million	RM Million	RM Million	RM Million
Group (cont'd.)						
At 1 January 2014	517.1	678.6	4,037.9	5,233.6	691.6	5,925.2
Total comprehensive income for the year	–	54.5	411.2	465.7	72.9	538.6
Transactions with owners						
Changes in ownership interest in Subsidiaries						
- Partial disposal of a Subsidiary	–	–	10.1	10.1	148.6	158.7
- Issue of shares by Subsidiaries	–	–	62.3	62.3	850.3	912.6
- Acquisition of a Subsidiary	–	–	–	–	8.4	8.4
- Additional investment in a Subsidiary	–	–	(0.1)	(0.1)	0.1	–
Share of effect on changes in group structure of an associate	–	–	2.1	2.1	–	2.1
Perpetual Sukuk (Note 32)						
- Issuance	–	451.0	(2.3)	448.7	–	448.7
- Distribution	–	(47.8)	–	(47.8)	–	(47.8)
Transfer during the year	–	4.4	(4.4)	–	–	–
Dividends (Note 12)	–	–	(294.8)	(294.8)	(78.4)	(373.2)
At 31 December 2014	517.1	1,140.7	4,222.0	5,879.8	1,693.5	7,573.3

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital RM Million	Perpetual Sukuk RM Million	Share premium RM Million	Fair value reserve RM Million	Retained earnings RM Million	Total equity RM Million
Company						
At 1 January 2014	517.1	678.6	1,165.1	2.3	236.2	2,599.3
Total comprehensive income for the year	–	54.5	–	(0.6)	207.0	260.9
Transactions with owners						
Perpetual Sukuk (Note 32)						
– Issuance	–	451.0	–	–	(2.3)	448.7
– Distribution	–	(47.8)	–	–	–	(47.8)
Transfer during the year	–	4.4	–	–	(4.4)	–
Dividends (Note 12)	–	–	–	–	(294.8)	(294.8)
At 31 December 2014 and 1 January 2015	517.1	1,140.7	1,165.1	1.7	141.7	2,966.3
Total comprehensive income for the year	–	72.6	–	(0.4)	120.1	192.3
Transactions with owners						
Perpetual Sukuk (Note 32)						
– Issuance	–	66.0	–	–	(0.7)	65.3
– Distribution	–	(71.6)	–	–	–	(71.6)
Dividends (Note 12)	–	–	–	–	(217.1)	(217.1)
At 31 December 2015	517.1	1,207.7	1,165.1	1.3	44.0	2,935.2

The accompanying notes form an integral part of these financial statements.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Group		Company	
	2015	2014	2015	2014
	RM Million	RM Million	RM Million	RM Million
Operating activities				
Cash receipts from customers	8,842.6	11,098.8	7.2	7.1
Cash paid to suppliers and employees	(8,067.7)	(9,548.5)	(36.6)	(27.9)
Cash generated from/(used in) operations	774.9	1,550.3	(29.4)	(20.8)
Income taxes (paid)/refunded	(131.9)	(142.8)	8.7	(4.8)
Net cash from/(used in) operating activities	643.0	1,407.5	(20.7)	(25.6)
Investing activities				
Acquisition of Subsidiary (Note 45)	-	(69.2)	-	-
Acquisition of a joint venture	(250.0)	-	(250.0)	-
Additional investment in associate and joint venture	-	(448.6)	-	(288.0)
Settlement of consideration on acquisition of a Subsidiary	-	(611.1)	-	-
Partial disposal of a Subsidiary	-	158.7	-	158.7
Disposal of an associate	-	0.9	-	-
Investments purchased	-	(8.9)	(0.1)	(0.1)
Proceeds from disposal of investment property	33.7	-	-	-
Proceeds from disposal of investments	0.4	14.0	-	0.1
Biological assets and property, plant and equipment				
- Purchases	(321.9)	(665.1)	(0.7)	(0.6)
- Disposals	75.7	43.6	-	2.1
Purchase and development of investment properties and development properties	(232.6)	(365.2)	(0.6)	(1.1)
Purchase of intangible assets	(66.8)	(56.5)	-	-
Deposits received on disposal of plantation land	22.0	-	-	-
Dividends received	28.4	111.1	247.7	314.6
Interest received	31.6	29.1	66.7	53.8
Net cash (used in)/from investing activities	(679.5)	(1,867.2)	63.0	239.5

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 2015

	Group		Company	
	2015	2014	2015	2014
	RM Million	RM Million	RM Million	RM Million
Financing activities				
Dividends paid				
– By the Company	(155.1)	(294.8)	(155.1)	(294.8)
– By Subsidiaries	(148.2)	(78.4)	–	–
Perpetual Sukuk				
– Issuance	65.3	448.7	65.3	448.7
– Distribution	(71.6)	(47.8)	(71.6)	(47.8)
Issue of shares by Subsidiaries to non-controlling interests				
– Initial public offering of a Subsidiary	–	907.0	–	–
– Others	–	0.3	–	–
Proceeds from long term loans	131.6	324.9	–	–
Repayment of long term loans	(326.0)	(1,023.8)	–	(85.5)
Increase of revolving credits and bankers' acceptances	1,086.7	1,136.0	275.0	700.0
Net receipts from/(payments to) Group companies	–	–	13.1	(824.2)
Interest paid	(395.1)	(393.7)	(121.7)	(110.1)
Net cash from/(used in) financing activities	187.6	978.4	5.0	(213.7)
Net increase in cash and cash equivalents	151.1	518.7	47.3	0.2
Foreign currency translation difference	1.2	(0.3)	–	–
Cash and cash equivalents at beginning of year	1,126.2	607.8	(9.3)	(9.5)
Cash and cash equivalents at end of year	1,278.5	1,126.2	38.0	(9.3)
Cash and cash equivalents at end of year				
Deposits, cash and bank balances (Note 29)	1,338.1	1,157.9	65.9	5.9
Overdrafts (Note 34)	(59.6)	(31.7)	(27.9)	(15.2)
	1,278.5	1,126.2	38.0	(9.3)

The accompanying notes form an integral part of these financial statements.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)**ACCOUNTING POLICIES****(A) BASIS OF PREPARATION**

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

(B) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries as at and for the year ended 31 December of each year. Interests in associates and joint venture arrangements are equity accounted.

Subsidiaries are entities, including structured entities, controlled by the Company. In the Company's separate financial statements, investments in Subsidiaries are measured at cost less impairment losses, unless the investment is classified as held for sale or distribution. Dividends received from Subsidiaries are recorded as a component of revenue in the Company's separate statement of profit or loss.

The Group controls an entity when it is exposed, or has rights, to variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing controls only when such rights are substantive. The Group also considers its de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Consolidation of a Subsidiary begins when the Group obtains control over the Subsidiary and ceases when the Group loses control of the Subsidiary. Assets, liabilities, income and expenses of a Subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the Subsidiary.

The financial statements of the Subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interests at the reporting period, being the portion of the net assets of the Subsidiaries attributable to equity interest that are not owned by the Group, whether directly or indirectly through Subsidiaries, are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

ACCOUNTING POLICIES

(B) BASIS OF CONSOLIDATION (CONT'D.)

Acquisitions of Subsidiaries are accounted for using the acquisition method of accounting. The identifiable assets acquired and the liabilities assumed are measured at their fair values at the acquisition date. Acquisition costs incurred are expensed and included in administrative expenses. The difference between these fair values and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition. The accounting policy for goodwill is set out in Note E(a). Discount on acquisition which represents negative goodwill is recognised immediately as income in profit or loss.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at the acquisition date either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Changes in the Group's equity interest in a Subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their respective interests in the Subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in shareholders' equity.

Upon loss of control of a Subsidiary, the Group derecognises the assets (including goodwill) and liabilities of the former Subsidiary, any non-controlling interest and the other components of equity related to the former subsidiary from the consolidated statement of financial position. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former Subsidiary, then such interest is measured at fair value at the date that control is lost and subsequently accounted for as an equity accounted investee or as an available for sale financial asset depending on the level of influence retained.

(C) INVESTMENT IN ASSOCIATES AND JOINT VENTURES

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control or joint control, over the financial and operating policy decisions.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over Subsidiaries.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

ACCOUNTING POLICIES

(C) INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

In the Company's separate financial statements, investment in associates and joint ventures is stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is charged or credited to profit or loss.

Investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method. Under the equity method, the investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associates or joint ventures is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated income statement reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of these investees is presented as part of the Group's OCI. In addition, where there has been a change recognised directly in the equity of an associate or a joint venture, the Group recognises its share of such change, when applicable, in the consolidated statement of changes in equity. Unrealised gains or losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures.

When the Group's share of losses exceeds its interest in an associate or joint venture, the Group does not recognise further losses except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The most recent available financial statements of the associates and joint ventures are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Where necessary, adjustments are made to these financial statements to ensure consistency of the accounting policies used with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on its investment in associate or joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value. Impairment loss is recognised in profit or loss.

Upon loss of significant influence or joint control over the associate or joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)**ACCOUNTING POLICIES****(D) FAIR VALUE MEASUREMENT**

The Group measures financial instruments, such as derivatives, and non-financial assets such as investment properties, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 40.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – unadjusted quoted market prices in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted market prices that are observable either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

ACCOUNTING POLICIES

(E) INTANGIBLE ASSETS

(a) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised, but instead, it is reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative fair values of the operation disposed off and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note (F).

(b) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding development costs, are not capitalised and the expenditure is reflected in the profit or loss in the year when incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the estimated useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible assets.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

ACCOUNTING POLICIES

(E) INTANGIBLE ASSETS (CONT'D.)

(b) Other intangible assets (cont'd.)

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gain or loss arising from de-recognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

(i) Concession right

A Subsidiary of the Group was granted the concession relating to the privatisation of the medical laboratory and stores of the Ministry of Health for the distribution of selected medical products to Government-owned hospitals for 11 years since 1998. The concession agreement was extended for a further ten years commencing 1 December 2009. The right attached to this concession which was acquired as part of a business combination is initially measured at its fair value at the acquisition date. The fair value of the concession right was computed by discounting the estimated future net cash flows to be generated from the acquisition date until the expiry of the current concession term which ends on 30 November 2019.

The fair value of the concession right is amortised on a straight line basis over the remaining tenure of the concession contract.

(ii) Research and development

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

ACCOUNTING POLICIES

(E) INTANGIBLE ASSETS (CONT'D.)

(b) Other intangible assets (cont'd.)

(iii) Rights to supply

Expenses incurred in providing and supplying to the Government of Malaysia certain hardware and software, being part and parcel of the ordinary contractual obligations under the concession agreement, are capitalised and carried at cost less accumulated amortisation and any accumulated impairment losses. The expenses are amortised over the concession period of 10 years. The title of these hardware and software vests with the Government of Malaysia.

Where an indication of impairment exists, the carrying amount of the rights to supply pharmaceutical products is assessed and written down immediately to its recoverable amount in accordance with accounting policy set out in Note (S).

(iv) Pharmacy manufacturing licence and trade name

Pharmacy manufacturing licence and trade name acquired in a business combination are recognised at fair value at the acquisition date.

The pharmacy manufacturing licence represents the rights to manufacture pharmaceutical products in Indonesia and has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of pharmacy manufacturing licence over a period of 9 years.

Trade name represents the in-house branded generic products and have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of trade name over a period of 15 years.

(F) CURRENCY CONVERSION

The Group's consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the functional currency of the Company. All transactions are recorded in Ringgit Malaysia. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)****ACCOUNTING POLICIES****(F) CURRENCY CONVERSION (CONT'D.)****(a) Transactions and balances**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its Subsidiaries and recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations which are recognised initially in other comprehensive income and accumulated under foreign exchange currency reserve in equity. The foreign exchange currency reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(b) Consolidated financial statements

For consolidation purposes, the assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular operation is recognised in profit or loss.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

ACCOUNTING POLICIES

(G) PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are initially recorded at cost. Certain land and buildings are subsequently shown at valuation less subsequent depreciation and impairment losses.

The Directors have not adopted a policy of regular valuation, and have applied the transitional provisions of IAS 16 (Revised) Property, Plant and Equipment which permits those assets to be stated at their prevailing valuations less accumulated depreciation. The valuations were determined by independent professional valuers on the open market basis, and no later valuations were recorded. All other property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses.

The revaluation surplus arising from previous revaluation is accumulated in equity under revaluation reserve. Any impairment loss is first offset against the revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss.

Freehold land is not amortised. Capital work in progress is also not amortised as the asset is not available for use. Leasehold land classified as finance lease is amortised in equal instalment over the period of the leases ranging from 60 to 999 years. Other assets are depreciated on a straight line basis to write off the cost or valuation of the assets to their residual values, over the term of their estimated useful lives as follows:

Buildings	5 – 80 years
Plant and machinery	5 – 30 years
Aircrafts	6 – 15 years
Furniture and equipment	2 – 15 years
Motor vehicles	3 – 10 years
Vessels	25 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss. Unutilised revaluation surplus on that item is taken directly to retained earnings.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

ACCOUNTING POLICIES

(H) BIOLOGICAL ASSETS

The expenditure on new planting and replanting of a different produce crop incurred up to the time of maturity is capitalised.

Depreciation charges and external borrowing costs related to the development of new plantations are included as part of the capitalisation of immature planting costs. Replanting expenditure incurred in respect of the same crop is charged to profit or loss in the year in which it is incurred. Biological assets is not amortised.

(I) INVESTMENT PROPERTIES

Investment properties are properties that are held either to earn rental income or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured at cost, including transaction costs. Investment properties under construction (IPUC) are measured at fair value, or where fair value cannot be determined reliably, are measured at cost less impairment.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured at fair value, which is determined by the Directors by reference to market evidence of transaction prices for similar properties, and valuation performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the year in which they arise.

An investment property is derecognised when either it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the investment property is derecognised.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note (G) up to the date of change in use.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

ACCOUNTING POLICIES

(J) DEVELOPMENT PROPERTIES AND PROPERTY DEVELOPMENT IN PROGRESS

(a) Development properties

Development properties are classified within non-current assets and are stated at cost less accumulated impairment losses.

Development properties comprise land banks which are in the process of being prepared for development but have not been launched, or where development activities are not expected to be completed within the normal operating cycle.

Development properties are reclassified as property development in progress at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property development in progress

Property development in progress comprises cost of land currently being developed together with related development cost common to the whole project and direct building cost.

Property development revenue and expenses are recognised in profit or loss using the stage of completion method when the financial outcome of the development activity can be reliably estimated. The stage of completion is determined by the proportion that property development cost incurred for work performed to date bear to the estimated total property development cost.

Where the financial outcome cannot be reliably estimated, revenue is recognised to the extent that costs are recoverable and costs on properties sold are expensed in the period incurred.

Any expected loss on a development project, including costs to be incurred over the defect liability period, is recognised as an expense immediately.

The excess or shortfall of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within trade receivables or progress billings within trade payables respectively.

Property development costs not recognised as an expense are recognised as asset, which is measured at the lower of cost or net realisable value.

(K) LONG TERM PREPAYMENTS

Long term prepayments comprise mainly prepaid rentals made to service station operators and land owners in respect of the Group's service station activities. These prepayments are amortised over the tenure of the agreements.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)**ACCOUNTING POLICIES****(L) CONSTRUCTION CONTRACTS**

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract cost are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract cost incurred for work performed to date to the estimated total contract cost.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract cost incurred that is likely to be recoverable. Contract cost is recognised as expense in the period in which it is incurred.

When it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variation in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of cost incurred on construction contracts plus recognised profit (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed cost incurred plus recognised profit (less recognised losses), the balance is classified as amount due to customers on contracts.

(M) REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue from the sale of goods and services is recognised when the goods and services are delivered. Revenue from property development and construction contracts is recognised on the percentage of completion method. Rental income from the letting of properties is recognised on a straight line basis over the lease terms, while finance charges from hire purchase activities are recognised over the period of the hire purchase contracts using the effective interest method. Revenue from rental of hotel rooms, sale of food and beverage and other related income are recognised on an accrual basis. Revenue from air transportation and flight services comprise monthly standing charges and flying hour charges, and is recognised based on the contracted monthly charge and actual hours flown at contracted hourly rate respectively. Tuition fees are recognised over the period of instruction whereas non-refundable registration and enrolment fees are recognised when chargeable.

Dividends from Subsidiaries, associates, joint ventures and available for sale investments are recognised when the right to receive payment is established. Interest income is recognised as it accrues using the effective interest method unless collection is doubtful.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

ACCOUNTING POLICIES

(N) INCOME TAXES

Income tax recognised in profit or loss for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the reporting date.

Current tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in Subsidiaries, associates and joint ventures, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with the investments in Subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)**ACCOUNTING POLICIES****(N) INCOME TAXES (CONT'D.)**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes related to the same taxable entity and the same taxation authority.

(O) EMPLOYEE BENEFITS

Short term benefits such as wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

As required by law, the Group and the Company make contributions to the Employees Provident Fund in Malaysia. Some of the Group's foreign Subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the period in which the related service is performed. Termination benefits are paid in cases of termination of employment and are recognised as a liability and an expense when there is a detailed formal plan for the termination and is without realistic possibility of withdrawal.

(P) INVENTORIES

Inventories are stated at the lower of cost or net realisable value, cost being determined on the weighted average basis. Cost includes all incidental costs incurred in bringing the inventories to their present location and condition; and in the case of produce stocks, includes harvesting, manufacturing and transport charges, where applicable. Inventories of completed properties comprise cost of land and the relevant development cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated cost necessary to make the sale.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)**ACCOUNTING POLICIES****(Q) FINANCIAL ASSETS**

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

When the financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables, financial assets at fair value through profit or loss and available for sale financial assets. The Group and the Company do not have any held to maturity financial assets.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term. Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment losses.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

ACCOUNTING POLICIES

(Q) FINANCIAL ASSETS (CONT'D.)

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. The Group's and the Company's loans and receivables comprise receivables (exclude prepayments and advances paid to suppliers), deposits and cash and bank balances.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Available for sale (AFS) financial assets

AFS financial assets are financial assets that are designated as available for sale or are not classified in any other categories of financial assets. The Group's and the Company's available for sale financial assets comprise investments.

After initial recognition, AFS financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is recognised in profit or loss when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on available for sale equity instruments are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require the delivery of assets within the period generally established by regulation or convention in marketplace concerned.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

ACCOUNTING POLICIES

(R) IMPAIRMENT OF FINANCIAL ASSETS

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment.

(a) Financial assets carried at amortised cost

To determine whether there is objective evidence that impairment exists for financial assets carried at amortised cost, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has occurred, the amount of the loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Available for sale financial assets

In the case of equity instruments classified as available for sale, significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that these financial assets are impaired.

If an available for sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss.

Impairment losses on available for sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)****ACCOUNTING POLICIES****(S) IMPAIRMENT OF NON-FINANCIAL ASSETS**

The carrying amounts of other assets are reviewed at the end of each reporting date to determine whether there is an indication of impairment. If such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGU).

The recoverable amount of an asset or cash generating unit (CGU) is the greater of its fair value less cost of disposal and its value in use. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(T) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)****ACCOUNTING POLICIES****(U) FINANCIAL LIABILITIES**

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of financial liabilities at initial recognition.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include loans and borrowings, trade payables and other payables.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)****ACCOUNTING POLICIES****(V) LEASES****(a) Finance lease**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards of ownership. Finance leases are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

(b) Operating lease

Leases of assets under which substantial risks and rewards incidental to ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

The tenure of the Group's leasehold land ranges from 2 to 90 years (2014: 2 to 90 years).

(W) NON-CURRENT ASSETS HELD FOR SALE

Non-current assets or disposal groups are classified as being held for sale if their carrying amount is recovered principally through a sale transaction rather than through continuing use. These assets are measured at the lower of carrying amount and fair value less costs to sell when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition subject only to the terms that are usual and customary.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)****ACCOUNTING POLICIES****(X) SEGMENT REPORTING**

For management purpose, the Group is organised into operating segments based on their activities, products and services which are independently managed by the Divisional Directors responsible for the performance of the respective segments under their charge. The Divisional Directors report directly to the Group's chief operating decision maker who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance.

(Y) EQUITY INSTRUMENTS AND RELATED EXPENSES

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares of the Company and the Junior Sukuk Musharakah (Perpetual Sukuk) are equity instruments.

Ordinary shares and the Perpetual Sukuk are classified as equity. Dividends on ordinary shares and distributions on the Perpetual Sukuk are recognised in equity in the period in which they are declared respectively. The attributable incremental transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax.

(Z) BORROWING COSTS

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(AA) CONTINGENCIES

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Boustead Holdings Berhad is an investment holding company. The Company's other principal activities include the provision of management services to Subsidiaries and property investment. The Company is a public limited liability company, incorporated in Malaysia in 1960, and listed on the Main Market of Bursa Malaysia Securities Berhad. The Company's registered office is located at Menara Boustead, Jalan Raja Chulan, Kuala Lumpur. Information on the Group's investment in Subsidiaries, associates and joint ventures is set out on pages 131 to 137 of this annual report.

The Company is a subsidiary of Lembaga Tabung Angkatan Tentera, a local statutory body established under the Tabung Angkatan Tentera Act, 1973.

These financial statements are presented in Ringgit Malaysia and rounded to the nearest million, unless otherwise stated. These financial statements were authorised for issue in accordance with a resolution of the Directors on 1 March 2016.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group and the Company adopted for the first time the following new and amended FRSs which are effective for annual period beginning on or after 1 January 2015:

- Amendment to FRS 2 Share-Based Payments (Annual Improvements to FRSs 2010 – 2012 Cycle)
- Amendment to FRS 3 Business Combinations (Annual Improvements to FRSs 2010 – 2012 and 2011 – 2013 Cycles)
- Amendment to FRS 8 Operating Segments (Annual Improvements to FRSs 2010 – 2012 Cycle)
- FRS 13 Fair Value Measurement (Annual Improvements to FRSs 2011 - 2013 Cycle)
- Amendment to FRS 116 Property Plant and Equipment (Annual Improvements to FRSs 2010 – 2012 Cycle)
- Amendment to FRS 119 Employee Benefits – Defined Benefit Plans: Employee Contribution
- Amendment to FRS 124 Related Party Disclosures (Annual Improvements to FRSs 2010 – 2012 Cycle)

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

2. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

- Amendment to FRS 138 Intangible Assets (Annual Improvements to FRSs 2010 – 2012 Cycle)
- Amendment to FRS 140 Investment Property (Annual Improvements to FRSs 2011 – 2013 Cycle)

Adoption of the above new or amended standards did not have any effect on the financial performance or the position of the Group and of the Company.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group has not early adopted the following new and amended FRSs that are not yet effective:

Effective for annual period beginning on or after 1 January 2016

- Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012 – 2014 Cycle)
- Amendments to FRS 7 Financial Instruments Disclosures (Annual Improvements to FRSs 2012 – 2014 Cycle)
- Amendments to FRS 119 Employee Benefits (Annual Improvements to FRSs 2012 – 2014 Cycle)
- Amendments to FRS 134 Interim Financial Reporting (Annual Improvements to FRSs 2012 – 2014 Cycle)
- Amendments to FRS 10 Consolidated Financial Statements, FRS 12 Disclosure of Interests in Other Entities and FRS 128 Investments in Associates and Joint Ventures (2011) – Investment Entities Applying the Consolidation Exception
- Amendments to FRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
- FRS 14 Regulatory Deferral Accounts
- FRS 101 Presentation of Financial Statements – Disclosure Initiative (Amendments to MFRS 101)
- Amendments to FRS 116 Property Plant and Equipment and FRS 138 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to FRS 127 Separate Financial Statements (2011) – Equity Method in Separate Financial Statements

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

Effective for annual period beginning on or after 1 January 2018

- FRS 9 Financial Instruments (2014)

Deferred

- Amendments to FRS 10 Consolidated Financial Statements and FRS 128 Investments in Associates and Joint Ventures (2011) – Sale or Contribution of Assets between an Investor and its Associate Joint Venture.

Amendments to FRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying FRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of FRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to FRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

These amendments will not have any impact on the Group's and the Company's financial statements.

Amendments to FRS 101: Disclosure Initiatives

The amendments to FRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The Directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and the Company's financial statements.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

Amendments to FRS 134: Interim Financial Reporting

MFRS 134 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

These amendments will not have any impact on the Group's and the Company's financial statements.

FRS 9 Financial Instruments

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

The adoption of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

MFRS Framework

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework). The MFRS Framework is effective for annual periods beginning on or after 1 January 2012 for all entities except for entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called Transitioning Entities). On 8 September 2015, MASB announced that the adoption of the MFRS Framework by Transitioning Entities will only be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls under the scope definition of Transitioning Entities and has opted to adopt MFRS for annual periods beginning on 1 January 2018. When the Group presents its first MFRS financial statements in 2018, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made retrospectively against opening retained profits.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

MFRS Framework (cont'd.)

Under the FRS framework, the Group's accounting policy for biological assets are as disclosed in Note (H). Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of MFRS 141. Instead, MFRS 116 will apply. After initial recognition, bearer plants will be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of MFRS 141 and are measured at fair value less costs of disposal.

The Group will also adopt MFRS 15 Revenue from Contracts with Customers which is effective on 1 January 2018. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new revenue standard will supersede all current revenue recognition requirements under the FRS Framework. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, with early adoption permitted.

At the date of these financial statements, the Group has not completed its quantification of the financial effects on the financial statements of the differences arising from the change from FRS to MFRS. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the financial years ended 31 December 2014 and 31 December 2015 could be different if prepared under the MFRS Framework.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)****NOTES TO THE FINANCIAL STATEMENTS****4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)****(a) Impairment of intangible assets**

The Group assesses whether there are any indicators of impairment of intangible assets at each reporting date. Intangible assets are tested for impairment annually and at any other time when such indicators exist. Intangible assets are tested for impairment when there are indicators that their carrying values may exceed the recoverable amounts. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable amounts and may lead to future impairment charges. Further details of the key assumptions applied in the impairment assessment of intangible assets are given in Note 24.

(b) Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on the internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(c) Impairment of biological assets and property, plant and equipment

The Group reviews the carrying amounts of the biological assets and property, plant and equipment as at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount or value in use is estimated. Determining the value in use of biological assets and property, plant and equipment requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable amounts and may lead to future impairment charges. Any resulting impairment loss could have a material adverse impact on the Group's financial position and results of operations. The provision for impairment of property, plant and equipment and biological assets is disclosed in Note 13 and 14 respectively.

(d) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 39.

(e) Property development

The Group recognises property development revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development cost incurred for work performed to date bear to the estimated total property development cost.

Significant judgement is required in determining the stage of completion, the extent of the property development cost incurred, the estimated total property development revenue and cost, as well as the recoverability of the property development cost. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of the Group's development properties and property development in progress are disclosed in Note 16 and Note 26.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(f) Construction contracts

The Group recognises construction revenue and cost, including rendering of services, in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that contract cost incurred for work performed to date bear to the estimated total contract cost.

Significant judgement is required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and cost, as well as the recoverability of the contract cost. In making the judgement, the Group evaluates based on past experience and by relying on the work of internal specialists.

(g) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unused tax credits and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating cost, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation.

These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statement of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The total carrying value of the Group's recognised tax losses, tax credits and capital allowances and the unrecognised tax losses, tax credits and capital allowances are disclosed in Note 19.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE

	Group		Company	
	2015	2014	2015	2014
	RM Million	RM Million	RM Million	RM Million
Sale of produce	614.0	716.0	–	–
Sale of goods				
– Petroleum products	3,192.3	4,642.6	–	–
– Pharmaceutical products	2,189.3	2,122.9	–	–
– Building materials	376.0	381.1	–	–
– Others	13.7	14.6	–	–
Ship repair	331.7	345.8	–	–
Shipbuilding	772.6	1,121.4	–	–
Sale of development properties	354.9	359.8	–	–
Rental income	125.0	123.0	7.3	7.3
Hotel operations	180.2	177.1	–	–
Tuition fees	144.1	136.6	–	–
Air transportation and flight services	300.7	387.3	–	–
Chartering of vessels	10.9	33.3	–	–
Gross dividends from quoted shares in Malaysia				
– Subsidiaries	–	–	161.4	69.2
– Associates	–	–	12.0	60.3
– Others	–	–	0.1	0.1
Gross dividends from unquoted shares in Malaysia				
– Subsidiaries	–	–	123.5	68.8
– Associates	–	–	0.9	17.0
Others	57.1	46.7	7.9	6.6
	8,662.5	10,608.2	313.1	229.3

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
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Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

6. OPERATING COST

	Group		Company	
	2015	2014	2015	2014
	RM Million	RM Million	RM Million	RM Million
Changes in inventories of finished goods and work in progress	2.9	19.1	–	–
Finished goods and work in progress purchases	4,896.4	6,294.1	–	–
Raw material and consumables used	1,515.3	1,781.0	–	–
Staff costs	652.8	649.6	18.1	12.4
Defined contribution plans	85.0	84.0	2.7	1.9
Depreciation and amortisation				
– Property, plant and equipment (Note 13)	259.2	258.7	0.6	0.6
– Prepaid land lease payments (Note 17)	2.1	2.1	–	–
– Long term prepayments (Note 18)	9.4	8.7	–	–
– Intangible assets (Note 24)	37.6	26.2	–	–
Statutory audit fees				
– Auditor of the Company	3.1	2.8	0.3	0.3
– Others	0.8	0.6	–	–
Directors' fees – current year	1.2	1.2	0.5	0.4
Directors' remuneration				
– Emoluments	5.4	5.0	3.4	3.3
– Benefits	0.7	0.3	0.6	0.1
Biological assets and property, plant and equipment				
– Gain on disposal of other assets	(1.8)	(20.5)	–	(0.3)
– Written off (Note 13)	–	0.8	–	–
– Impairment loss (Note 13)	12.9	–	–	–
Gain on disposal of investment properties	(7.6)	–	–	–
Trade receivables (Note 28)				
– Impairment loss	21.0	15.7	–	–
– Reversal of impairment loss	(12.2)	(3.9)	–	–
Other operating cost	865.5	849.6	42.5	11.5
	8,349.7	9,975.1	68.7	30.2

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

6. OPERATING COST (CONT'D.)

	Group		Company	
	2015	2014	2015	2014
	RM Million	RM Million	RM Million	RM Million
Other operating cost includes:				
Rent paid	33.1	27.3	2.1	2.1
Investment properties				
– Direct operating expenses	44.9	41.1	3.6	3.4
Aircraft and flight operating expenses				
– Leasing of aircraft and parts	–	20.7	–	–
– Maintenance and upkeep	97.2	133.7	–	–
Hire of equipment	3.7	3.8	–	–
Research and development	20.8	15.7	–	–
Net fair value gain on derivatives	(34.6)	(0.2)	–	–
Net foreign exchange loss/(gain)				
– Realised	31.4	(5.2)	–	–
– Unrealised	10.6	1.1	–	–
Inventories				
– Writedown	8.6	16.6	–	–
Amount due from Subsidiaries				
– Impairment loss	–	–	31.5	–
Advertising and promotion	53.1	51.5	–	–

7. INTEREST INCOME

	Group		Company	
	2015	2014	2015	2014
	RM Million	RM Million	RM Million	RM Million
Interest income				
– Subsidiaries	–	–	66.4	52.7
– Associates and joint ventures	6.7	8.0	0.1	–
– Others	24.9	21.1	0.4	1.1
	31.6	29.1	66.9	53.8

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NOTES TO THE FINANCIAL STATEMENTS

8. OTHER INVESTMENT RESULTS

	Group		Company	
	2015	2014	2015	2014
	RM Million	RM Million	RM Million	RM Million
Gross dividends				
– Quoted shares in Malaysia	1.3	1.0	–	–
Profit on disposal of				
– Associates	–	0.9	–	–
– Other investments	0.1	1.6	–	–
Profit on partial disposal of a Subsidiary	–	–	–	119.1
Net fair value gain on investment properties (Note 15)	83.1	92.6	12.3	5.8
Impairment loss				
– Quoted shares in Malaysia	(3.7)	–	–	–
– Goodwill (Note 24)	(7.4)	–	–	–
	73.4	96.1	12.3	124.9

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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCE COST

	Group		Company	
	2015	2014	2015	2014
	RM Million	RM Million	RM Million	RM Million
Interest expense on				
– Loans from Subsidiaries	–	–	4.4	2.4
– Bank borrowings	297.0	288.0	65.6	50.9
– Bank guaranteed medium term notes	54.3	57.0	54.3	57.0
– Asset-backed bonds	45.3	47.6	–	–
	396.6	392.6	124.3	110.3
Capitalised in qualifying assets				
– Property, plant and equipment (Note 13)	(1.3)	(1.5)	–	–
– Biological assets (Note 14)	(0.3)	(0.2)	–	–
– Investment properties (Note 15)	(2.2)	(1.3)	–	–
– Development properties (Note 16)	(4.7)	(1.6)	–	–
– Property development in progress (Note 26)	(8.0)	(9.1)	–	–
– Construction contracts (Note 27)	(89.6)	(89.9)	–	–
	(106.1)	(103.6)	–	–
	290.5	289.0	124.3	110.3

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NOTES TO THE FINANCIAL STATEMENTS

10. INCOME TAX EXPENSE

	Group		Company	
	2015	2014	2015	2014
	RM Million	RM Million	RM Million	RM Million
Tax expense for the year				
– Malaysian income tax	123.5	151.0	5.9	5.7
– Foreign income tax	2.4	0.7	–	–
– Deferred tax relating to origination and reversal of temporary differences (Note 19)	18.5	5.6	0.8	0.3
	144.4	157.3	6.7	6.0
(Over)/under provision in prior year				
– Malaysian income tax	(14.5)	0.6	(0.1)	–
– Deferred tax (Note 19)	(0.1)	(5.5)	–	–
	129.8	152.4	6.6	6.0

Domestic current income tax is calculated at the Malaysian statutory rate of 25% (2014: 25%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective from year of assessment 2016. The computation of deferred tax as at 31 December 2015 has reflected these changes.

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NOTES TO THE FINANCIAL STATEMENTS

10. INCOME TAX EXPENSE (CONT'D.)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM Million	RM Million	RM Million	RM Million
Profit before taxation	269.2	685.7	199.3	267.5
Taxation at Malaysian statutory rate of 25% (2014: 25%)	67.3	171.4	49.8	66.9
Income not subject to tax	(15.8)	(5.4)	(74.5)	(85.3)
Share of results in associates and joint ventures	(21.2)	(54.1)	–	–
Non-deductible expenses	83.2	65.6	33.8	25.6
Expenses subject to double deduction	(2.8)	–	–	–
Tax incentives	(3.3)	(2.6)	–	–
Deferred tax assets not recognised	55.8	20.7	0.1	–
Benefit from previously unrecognised tax losses and unabsorbed capital allowances	(3.1)	(18.8)	–	–
Effect on recognising deferred tax based on real property gains tax rate	(15.7)	(19.5)	(2.5)	(1.2)
Over provision in prior year	144.4	157.3	6.7	6.0
	(14.6)	(4.9)	(0.1)	–
Income tax expense recognised in profit or loss	129.8	152.4	6.6	6.0

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11. EARNINGS PER SHARE

Basic and diluted earnings per share of the Group is calculated by dividing the consolidated profit for the year attributable to shareholders of the Company of RM13.2 million (2014: RM408.2 million) by the weighted average number of ordinary shares in issue during the year of 1,034.2 million (2014: 1,034.2 million).

12. DIVIDENDS

	Dividend amount		Dividend per share	
	2015 RM Million	2014 RM Million	2015 Sen	2014 Sen
Dividends on ordinary shares in respect of financial year ended 31 December				
– First interim	51.7	77.6	5.0	7.5
– Second interim	51.7	77.6	5.0	7.5
– Third interim	62.0	62.0	6.0	6.0
	165.4	217.2	16.0	21.0
Fourth interim dividend paid in respect of the previous financial year	51.7	77.6	5.0	7.5
	217.1	294.8	21.0	28.5

Subsequent to the end of the current financial year, the Directors declared a fourth interim dividend of 4 sen per share amounting to RM41.4 million in respect of the financial year ended 31 December 2015. The dividend which will be paid on 12 April 2016 will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

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NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RM Million	Others RM Million	Total RM Million
Company – 2015			
Cost			
At 1 January 2015	–	9.1	9.1
Additions	–	0.7	0.7
Disposals	–	(0.2)	(0.2)
Transfer from Group companies	–	0.1	0.1
At 31 December 2015	–	9.7	9.7
Depreciation			
At 1 January 2015	–	6.7	6.7
Charge for the year (Note 6)	–	0.6	0.6
Disposals	–	(0.2)	(0.2)
Transfer from Group companies	–	0.1	0.1
At 31 December 2015	–	7.2	7.2
Net book value			
At 31 December 2015	–	2.5	2.5

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NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Land and buildings RM Million	Others RM Million	Total RM Million
Company – 2014			
Cost			
At 1 January 2014	2.5	8.8	11.3
Additions	–	0.6	0.6
Disposals	(2.5)	(0.3)	(2.8)
At 31 December 2014	–	9.1	9.1
Depreciation			
At 1 January 2014	0.7	6.4	7.1
Charge for the year (Note 6)	–	0.6	0.6
Disposals	(0.7)	(0.3)	(1.0)
At 31 December 2014	–	6.7	6.7
Net book value			
At 31 December 2014	–	2.4	2.4

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NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Land and buildings RM Million	Aircraft and vessels RM Million	Plant and machinery RM Million	Others RM Million	Total RM Million
Group – 2015					
Cost or valuation					
At 1 January 2015	3,539.9	1,161.2	851.9	730.7	6,283.7
Additions	25.9	–	30.3	265.9	322.1
Disposals	(16.3)	–	(6.6)	(9.8)	(32.7)
Written off (Note 6)	–	–	–	(1.0)	(1.0)
Transfer from/(to)					
– Investment properties (Note 15)	106.0	–	–	–	106.0
– Prepaid land lease payments (Note 17)	1.3	–	–	–	1.3
– Assets classified as held for sale (Note 30)	(30.5)	(140.9)	(76.6)	–	(248.0)
Reclassification	14.0	–	46.1	(60.1)	–
Exchange adjustment	0.8	–	0.5	1.3	2.6
At 31 December 2015	3,641.1	1,020.3	845.6	927.0	6,434.0

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Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Land and buildings RM Million	Aircraft and vessels RM Million	Plant and machinery RM Million	Others RM Million	Total RM Million
Group – 2015 (cont'd.)					
Depreciation and impairment loss					
At 1 January 2015	278.4	239.7	375.3	387.0	1,280.4
Charge for the year					
– Recognised in profit or loss (Note 6)	60.4	67.0	59.1	72.7	259.2
– Capitalised in contract cost (Note 27)	0.9	–	1.6	5.1	7.6
Transfer (to)/from					
– Prepaid land lease payments (Note 17)	0.2	–	–	–	0.2
– Assets classified as held for sale (Note 30)	(4.1)	(68.2)	(70.3)	–	(142.6)
Impairment loss (Note 6)	–	12.6	–	0.3	12.9
Disposals	(1.1)	–	(6.3)	(9.3)	(16.7)
Written off (Note 6)	–	–	–	(1.0)	(1.0)
Reclassification	–	–	0.6	(0.6)	–
Exchange adjustment	–	–	(0.2)	(0.8)	(1.0)
At 31 December 2015	334.7	251.1	359.8	453.4	1,399.0
Net book value					
At 31 December 2015	3,306.4	769.2	485.8	473.6	5,035.0
Accumulated impairment loss					
At 31 December 2015	0.3	–	–	28.0	28.3

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NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Land and buildings RM Million	Aircraft and vessels RM Million	Plant and machinery RM Million	Others RM Million	Total RM Million
Group – 2014					
Cost or valuation					
At 1 January 2014	3,039.7	1,161.2	786.0	678.5	5,665.4
Acquisition of					
Subsidiary (Note 45)	7.0	–	0.8	6.9	14.7
Additions	399.1	–	25.9	218.3	643.3
Disposals	(6.7)	–	(1.4)	(23.5)	(31.6)
Written off (Note 6)	–	–	(5.5)	(3.6)	(9.1)
Transfer (to)/from					
– Biological assets (Note 14)	0.8	–	–	–	0.8
– Investment properties (Note 15)	(2.4)	–	–	(3.7)	(6.1)
– Prepaid land lease payments (Note 17)	6.2	–	–	–	6.2
Reclassification	96.1	–	46.1	(142.2)	–
Exchange adjustment	0.1	–	–	–	0.1
At 31 December 2014	3,539.9	1,161.2	851.9	730.7	6,283.7

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NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Land and buildings RM Million	Aircraft and vessels RM Million	Plant and machinery RM Million	Others RM Million	Total RM Million
Group – 2014 (cont'd.)					
Depreciation and impairment loss					
At 1 January 2014	209.5	172.8	321.0	340.7	1,044.0
Charge for the year					
– Recognised in profit or loss (Note 6)	70.1	66.9	60.1	61.6	258.7
– Capitalised in contract cost (Note 27)	1.5	–	0.9	2.9	5.3
Transfer (to)/from					
– Investment properties (Note 15)	(1.5)	–	–	–	(1.5)
– Prepaid land lease payments (Note 17)	0.4	–	–	–	0.4
Disposals	(1.6)	–	(1.2)	(15.2)	(18.0)
Written off (Note 6)	–	–	(5.5)	(2.8)	(8.3)
Exchange adjustment	–	–	–	(0.2)	(0.2)
At 31 December 2014	278.4	239.7	375.3	387.0	1,280.4
Net book value					
At 31 December 2014	3,261.5	921.5	476.6	343.7	5,003.3
Accumulated impairment loss					
At 31 December 2014	0.3	16.7	–	27.7	44.7

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NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Group		Company	
	2015 RM Million	2014 RM Million	2015 RM Million	2014 RM Million
Analysis of net book value of land and buildings:				
Freehold property				
– Land	986.3	992.5	–	–
– Building	1,126.6	1,032.6	–	–
	2,112.9	2,025.1	–	–
Leasehold property				
Long leasehold				
– Land	642.5	657.5	–	–
– Building	374.7	401.8	–	–
Short leasehold				
– Land	9.3	9.8	–	–
– Building	167.0	167.3	–	–
	1,193.5	1,236.4	–	–
	3,306.4	3,261.5	–	–
Analysis of cost or valuation:				
Cost	6,298.8	6,148.5	9.7	9.1
Valuation	135.2	135.2	–	–
	6,434.0	6,283.7	9.7	9.1

Included in the Group's other property, plant and equipment is capital work in progress costing RM249.4 million (2014: RM162.4 million). The other assets included under this category are motor vehicles and furniture and equipment.

Properties stated at valuation are based on independent professional valuation carried out on an open market basis. As allowed by the transitional provision of IAS 16 (Revised) Property, Plant and Equipment, these assets continued to be stated on the basis of their previous valuations. The net book value of these revalued freehold properties that would have been included in the Group's financial statements, had these assets been carried at cost less depreciation is RM55.8 million (2014: RM57.2 million).

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13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Additions to the Group's property, plant and equipment during the year include the capitalisation of interest cost of RM1.3 million (2014: RM1.5 million) (Note 9).

The net carrying amount of property, plant and equipment pledged as securities for borrowings as disclosed in Note 34 is RM44.6 million (2014: RM126.2 million).

The impairment loss of RM12.6 million represents the write down of all chemical tankers to the recoverable amount as a result of current market conditions.

14. BIOLOGICAL ASSETS

	Group	
	2015	2014
	RM Million	RM Million
Cost		
At 1 January	1,295.5	1,273.9
Additions	1.4	23.5
Transfer to		
– Property, plant and equipment (Note 13)	–	(0.8)
– Assets classified as held for sale (Note 30)	(0.4)	–
Disposals	(0.8)	(1.1)
At 31 December	1,295.7	1,295.5
Impairment loss		
At 1 January	34.3	34.4
Disposals	–	(0.1)
At 31 December	34.3	34.3
Net book value		
At 31 December	1,261.4	1,261.2
Interest cost capitalised during the year (Note 9)	0.3	0.2

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NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENT PROPERTIES

	Completed investment properties RM Million	Investment properties under construction at cost RM Million	Total RM Million
Group			
At 1 January 2014	1,304.7	16.1	1,320.8
Net fair value gain (Note 8)	92.6	–	92.6
Additions from subsequent expenditure	98.5	17.7	116.2
Transfer from property, plant and equipment (Note 13)	4.6	–	4.6
At 31 December 2014 and 1 January 2015	1,500.4	33.8	1,534.2
Net fair value gain (Note 8)	83.1	–	83.1
Additions from subsequent expenditure	3.5	49.4	52.9
Transfer to			
– Property, plant and equipment (Note 13)	(106.0)	–	(106.0)
– Development properties (Note 16)	(9.6)	–	(9.6)
Disposals	(26.1)	–	(26.1)
Exchange adjustment	15.3	–	15.3
At 31 December 2015	1,460.6	83.2	1,543.8
Company			
At 1 January 2014	81.0	–	81.0
Net fair value gain (Note 8)	5.8	–	5.8
Additions from subsequent expenditure	1.1	–	1.1
At 31 December 2014 and 1 January 2015	87.9	–	87.9
Net fair value gain (Note 8)	12.3	–	12.3
Additions from subsequent expenditure	0.6	–	0.6
At 31 December 2015	100.8	–	100.8

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15. INVESTMENT PROPERTIES (CONT'D.)

Investment properties were revalued by Directors based on independent professional valuations using the open market value basis. Valuations are performed by accredited independent valuers with recent experience in the location and categories of properties being valued.

Additions to the Group's investment properties during the year include the capitalisation of interest cost of RM2.2 million (2014: RM1.3 million) (Note 9).

16. DEVELOPMENT PROPERTIES

	Group	
	2015	2014
	RM Million	RM Million
At 1 January		
– Freehold land, at cost	294.9	81.2
– Long leasehold land, at cost	4.5	10.4
– Development cost	202.1	247.6
	501.5	339.2
Transfer to property development in progress (Note 26)		
– Freehold land	–	(1.2)
– Long leasehold land	(0.2)	(5.9)
– Development cost	(53.9)	(222.4)
	(54.1)	(229.5)
Transfer from investment properties (Note 15)	9.6	–
	(44.5)	(229.5)
Cost incurred during the year		
– Development cost	173.1	391.8
– Exchange adjustment	8.8	–
	181.9	391.8
At 31 December	638.9	501.5
Interest cost capitalised during the year (Note 9)	4.7	1.6

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NOTES TO THE FINANCIAL STATEMENTS

17. PREPAID LAND LEASE PAYMENTS

	Group	
	2015	2014
	RM Million	RM Million
Cost		
At 1 January	71.9	76.6
Additions	2.0	–
Transfer to property, plant and equipment (Note 13)	(1.3)	(6.2)
Acquisition of Subsidiary (Note 45)	–	1.5
Exchange adjustment	0.2	–
At 31 December	72.8	71.9
Accumulated amortisation		
At 1 January	9.3	7.6
Charge for the year (Note 6)	2.1	2.1
Transfer to property, plant and equipment (Note 13)	(0.2)	(0.4)
At 31 December	11.2	9.3
Net book value		
At 31 December	61.6	62.6
Amount to be amortised		
– Within 1 year	2.1	2.1
– Later than 1 year but not later than 5 years	8.4	8.4
– Later than 5 years	51.1	52.1
	61.6	62.6

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NOTES TO THE FINANCIAL STATEMENTS

18. LONG TERM PREPAYMENTS

	Group	
	2015	2014
	RM Million	RM Million
At 1 January	153.7	152.2
Additions	26.0	10.2
Charge for the year (Note 6)	(9.4)	(8.7)
At 31 December	170.3	153.7

Long term prepayments comprise mainly prepaid rentals made to service station operators and land owners in respect of the Group's service station activities. These prepayments are amortised over the tenure of the agreements.

19. DEFERRED TAXATION

	Group		Company	
	2015	2014	2015	2014
	RM Million	RM Million	RM Million	RM Million
At 1 January	(37.0)	(31.5)	(1.5)	(1.2)
Acquisition of Subsidiary (Note 45)	-	(5.6)	-	-
Recognised in profit or loss (Note 10)	(18.4)	(0.1)	(0.8)	(0.3)
Exchange adjustment	(0.2)	0.2	-	-
At 31 December	(55.6)	(37.0)	(2.3)	(1.5)
Presented after appropriate offsetting as follows:				
Deferred tax assets	50.1	53.3	-	-
Deferred tax liabilities	(105.7)	(90.3)	(2.3)	(1.5)
	(55.6)	(37.0)	(2.3)	(1.5)

Deferred tax liabilities of the Company is mainly relates to the taxable temporary differences on investment property of the Company.

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NOTES TO THE FINANCIAL STATEMENTS

19. DEFERRED TAXATION (CONT'D.)

The components and movements of deferred tax assets and liabilities for the Group during the financial year prior to offsetting are as follows:

	Tax losses RM Million	Unabsorbed capital allowances RM Million	Others RM Million	Total RM Million
Deferred tax assets – Group				
At 1 January 2014	99.1	62.2	42.2	203.5
Recognised in profit or loss	4.2	55.8	5.6	65.6
At 31 December 2014 and 1 January 2015	103.3	118.0	47.8	269.1
Recognised in profit or loss	(4.8)	(33.4)	(2.2)	(40.4)
At 31 December 2015	98.5	84.6	45.6	228.7
	Fair value gain on investment properties RM Million	Accelerated depreciation RM Million	Others RM Million	Total RM Million
Deferred tax liabilities – Group				
At 1 January 2014	(11.9)	(196.1)	(27.0)	(235.0)
Acquisition of Subsidiary (Note 45)	–	–	(5.6)	(5.6)
Recognised in profit or loss	(5.2)	(55.0)	(5.5)	(65.7)
Exchange adjustment	–	–	0.2	0.2
At 31 December 2014 and 1 January 2015	(17.1)	(251.1)	(37.9)	(306.1)
Recognised in profit or loss	2.0	16.3	3.7	22.0
Exchange adjustment	–	–	(0.2)	(0.2)
At 31 December 2015	(15.1)	(234.8)	(34.4)	(284.3)

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Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

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19. DEFERRED TAXATION (CONT'D.)

Deferred tax assets which have not been recognised are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM Million	RM Million	RM Million	RM Million
Unused tax losses	1,074.9	888.3	–	–
Unabsorbed capital allowances and agricultural allowances	141.2	117.9	0.1	–
Unabsorbed investment tax allowances	46.8	37.1	–	–
	1,262.9	1,043.3	0.1	–

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective Subsidiaries are subject to no substantial changes in shareholding of these Subsidiaries under section 44(5A) and 44(5B) of the Income Tax Act, 1967.

20. SUBSIDIARIES

	Company	
	2015	2014
	RM Million	RM Million
At cost		
Shares quoted in Malaysia	1,117.4	1,117.4
Unquoted shares	1,855.8	1,836.8
	2,973.2	2,954.2
Accumulated impairment loss	(5.8)	(5.8)
	2,967.4	2,948.4
Market value of quoted shares	2,527.9	2,371.1

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20. SUBSIDIARIES (CONT'D.)

Non-controlling interests in Subsidiaries

The Group regards Boustead Plantations Berhad (BPlant Group), Boustead Petroleum Sdn Bhd (BPSB Group) and Pharmaniaga Berhad (Pharmaniaga Group) as Subsidiaries that have material non-controlling interests (NCI), details are as follows:

	BPSB Group RM Million	BPlant Group RM Million	Pharmaniaga Group RM Million	Other Subsidiaries with immaterial NCI RM Million	Total RM Million
Group - 2015					
NCI percentage of ownership interest and voting interest	40%	43%	44%		
Carrying amount of NCI	222.8	975.4	294.9	112.6	1,605.7
Profit allocated to NCI	22.5	27.1	33.4	(29.4)	53.6
Dividends paid to NCI	26.2	82.5	39.5	-	148.2

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NOTES TO THE FINANCIAL STATEMENTS

20. SUBSIDIARIES (CONT'D.)

The summarised financial information before inter-company eliminations are as follows:

	BPSB Group RM Million	BPlant Group RM Million	Pharmaniaga Group RM Million
As at 31 December 2015			
Non-current assets	861.6	2,753.5	726.8
Current assets	264.6	546.0	768.9
Non-current liabilities	(27.6)	(148.0)	(41.5)
Current liabilities	(643.9)	(923.4)	(894.2)
Net assets	454.7	2,228.1	560.0
Year ended 31 December 2015			
Revenue	3,192.3	615.2	2,189.3
Profit for the year	21.9	72.3	84.6
Total comprehensive income	21.9	72.4	98.6
Cashflows from/(used in)			
Operating activities	65.5	98.6	7.3
Investing activities	(83.4)	65.7	(118.8)
Financing activities	(19.8)	(181.5)	100.8
Net decrease in cash and cash equivalents	(37.7)	(17.2)	(10.7)

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NOTES TO THE FINANCIAL STATEMENTS

20. SUBSIDIARIES (CONT'D.)

	BPSB Group RM Million	BPlant Group RM Million	Pharmaniaga Group RM Million	Other Subsidiaries with immaterial NCI RM Million	Total RM Million
Group - 2014					
NCI percentage of ownership interest and voting interest	40%	43%	44%		
Carrying amount of NCI	226.5	1,030.8	292.3	143.9	1,693.5
Profit allocated to NCI	23.2	1.1	37.0	9.3	70.6
Dividends paid to NCI	25.5	27.9	25.0	–	78.4

The summarised financial information before inter-company eliminations are as follows:

	BPSB Group RM Million	BPlant Group RM Million	Pharmaniaga Group RM Million
As at 31 December 2014			
Non-current assets	801.2	2,788.5	638.4
Current assets	334.0	514.3	604.3
Non-current liabilities	(26.3)	(173.3)	(35.6)
Current liabilities	(655.6)	(781.0)	(655.1)
Net assets	453.3	2,348.5	552.0
Year ended 31 December 2014			
Revenue	4,642.6	717.3	2,122.9
Profit for the year	36.6	52.4	94.2
Total comprehensive income	36.6	51.9	97.6
Cashflows from/(used in)			
Operating activities	197.0	143.6	213.4
Investing activities	(55.2)	(662.4)	(154.5)
Financing activities	(152.3)	918.6	(60.1)
Net (decrease)/increase in cash and cash equivalents	(10.5)	399.8	(1.2)

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NOTES TO THE FINANCIAL STATEMENTS

21. ASSOCIATES

	Group		Company	
	2015	2014	2015	2014
	RM Million	RM Million	RM Million	RM Million
At cost				
Shares quoted in Malaysia	881.0	881.0	881.0	881.0
Unquoted shares	102.2	102.2	58.4	58.4
	983.2	983.2	939.4	939.4
Shares of post acquisition reserves	860.3	806.4	–	–
	1,843.5	1,789.6	939.4	939.4
Market value of quoted shares	900.5	1,165.8	900.5	1,165.8

Material associate

The Group regards Affin Holdings Berhad (Affin) as a material associate. The summarised information, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in associates are as follows:

	Affin RM Million
Group - 2015	
Percentage of ownership interest	20.7%
As at 31 December 2015	
Total assets	67,402.0
Total liabilities and non-controlling interest	(59,119.5)
Net assets	8,282.5
Year ended 31 December 2015	
Revenue	3,389.4
Profit for the year	356.7
Total comprehensive income	387.2

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Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

21. ASSOCIATES (CONT'D.)

	Affin RM Million	Associates that are not individually material RM Million	Total RM Million
Reconciliation of net assets to carrying amount as at 31 December 2015			
Group's share of net assets	1,714.5	109.5	1,824.0
Goodwill	15.2	4.3	19.5
Carrying amount in the statement of financial position	1,729.7	113.8	1,843.5
Group's share of results for the year ended 31 December 2015			
Group's share of profit	73.8	(7.6)	66.2
Group's share of other comprehensive income	6.3	3.1	9.4
Group's share of total comprehensive income	80.1	(4.5)	75.6
Other information			
Dividends received by the Group	12.0	9.7	21.7

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
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Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

21. ASSOCIATES (CONT'D.)

	Affin RM Million
Group - 2014	
Percentage of ownership interest	20.7%
As at 31 December 2014	
Total assets	66,669.7
Total liabilities and non-controlling interest	(58,716.3)
Net assets	7,953.4
Year ended 31 December 2014	
Revenue	3,318.7
Profit for the year	605.3
Total comprehensive income	624.5

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Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

21. ASSOCIATES (CONT'D.)

	Affin RM Million	Associates that are not individually material RM Million	Total RM Million
Reconciliation of net assets to carrying amount as at 31 December 2014			
Group's share of net assets	1,646.4	123.7	1,770.1
Goodwill	15.2	4.3	19.5
Carrying amount in the statement of financial position	1,661.6	128.0	1,789.6
Group's share of results for the year ended 31 December 2014			
Group's share of profit	125.2	(11.9)	113.3
Group's share of other comprehensive income	4.0	0.7	4.7
Group's share of total comprehensive income	129.2	(11.2)	118.0
Other information			
Dividends received by the Group	60.3	19.0	79.3

22. JOINT VENTURES

	Group		Company	
	2015 RM Million	2014 RM Million	2015 RM Million	2014 RM Million
At cost				
Unquoted shares	483.9	233.9	250.0	—
Share of post acquisition reserves	137.2	129.1	—	—
	621.1	363.0	250.0	—

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NOTES TO THE FINANCIAL STATEMENTS

22. JOINT VENTURES (CONT'D.)

Material joint ventures

The Group regards Boustead Ikano Sdn Bhd (BISB) and Irat Properties Sdn Bhd (Irat) as material joint ventures. The summarised information, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in joint ventures (JV) are as follows:

	Irat RM Million	BISB RM Million
Group - 2015		
Percentage of ownership interest	50%	50%
As at 31 December 2015		
Non-current assets	1,296.5	1,009.5
Current assets	56.3	144.8
Non-current liabilities and non-controlling interests	(725.8)	(432.7)
Current liabilities	(141.3)	(141.5)
Net assets	485.7	580.1
Year ended 31 December 2015		
Revenue	42.9	0.4
Profit for the year	(12.6)	5.2
Total comprehensive income	(12.6)	(5.0)

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Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

22. JOINT VENTURES (CONT'D.)

Material joint ventures (cont'd.)

	Irat RM Million	BISB RM Million	JV that are not individually material RM Million	Total RM Million
Reconciliation of net assets to carrying amount as at 31 December 2015				
Group's share of net assets	242.9	290.0	83.6	616.5
Goodwill	0.8	–	3.8	4.6
Carrying amount in the statement of financial position	243.7	290.0	87.4	621.1
Group's share of results for the year ended 31 December 2015				
Group's share of profit	(6.3)	2.6	22.3	18.6
Group's share of other comprehensive income	–	(5.1)	–	(5.1)
Group's share of total comprehensive income	(6.3)	(2.5)	22.3	13.5
Other information				
Dividends received by the Group	–	–	5.4	5.4

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NOTES TO THE FINANCIAL STATEMENTS

22. JOINT VENTURES (CONT'D.)

Material joint ventures (cont'd.)

	BISB RM Million
Group - 2014	
Percentage of ownership interest	50%
As at 31 December 2014	
Non-current assets	682.7
Current assets	76.1
Non-current liabilities	(143.5)
Current liabilities	(30.4)
Net assets	584.9
Year ended 31 December 2014	
Revenue	—
Profit for the year	185.5
Total comprehensive income	185.5

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
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NOTES TO THE FINANCIAL STATEMENTS

22. JOINT VENTURES (CONT'D.)

Material joint ventures (cont'd.)

	BISB RM Million	JV that are not individually material RM Million	Total RM Million
Reconciliation of net assets to carrying amount as at 31 December 2014			
Group's share of net assets	292.5	66.7	359.2
Goodwill	—	3.8	3.8
Carrying amount in the statement of financial position	292.5	70.5	363.0
Group's share of results for the year ended 31 December 2014			
Group's share of profit	92.8	10.3	103.1
Group's share of other comprehensive income	—	—	—
Group's share of total comprehensive income	92.8	10.3	103.1
Other information			
Dividends received by the Group	—	30.8	30.8

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23. INVESTMENTS

	Group		Company	
	2015	2014	2015	2014
	RM Million	RM Million	RM Million	RM Million
Available for sale financial instruments				
– Shares quoted in Malaysia	33.1	38.2	5.2	5.6
– Unquoted shares	0.5	0.6	0.5	0.6
	33.6	38.8	5.7	6.2
Accumulated impairment loss	(0.5)	(0.5)	(0.5)	(0.5)
	33.1	38.3	5.2	5.7

The investments in quoted shares are stated at market value. The unquoted shares are stated at cost less impairment loss.

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NOTES TO THE FINANCIAL STATEMENTS

24. INTANGIBLE ASSETS

	Goodwill	Concession	Pharmacy	Rights to	Total
	RM Million	right	manufacturing	supply	RM Million
		RM Million	licence and	RM Million	
			trade name		
			RM Million		
Group					
Cost					
At 1 January 2014	1,180.3	75.0	–	105.0	1,360.3
Acquisition of					
Subsidiary (Note 45)	48.8	–	18.9	–	67.7
Additions	–	–	–	56.5	56.5
Written off	–	–	–	(51.1)	(51.1)
Exchange adjustment	0.7	–	0.5	–	1.2
At 31 December					
2014 and					
1 January 2015	1,229.8	75.0	19.4	110.4	1,434.6
Additions	–	–	–	66.8	66.8
Exchange adjustment	6.3	–	2.4	–	8.7
At 31 December 2015	1,236.1	75.0	21.8	177.2	1,510.1

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NOTES TO THE FINANCIAL STATEMENTS

24. INTANGIBLE ASSETS (CONT'D.)

	Goodwill	Concession	Pharmacy	Rights to	Total
	RM Million	right	manufacturing	supply	RM Million
		RM Million	licence and	RM Million	
			trade name		
			RM Million		
Group (cont'd.)					
Amortisation and					
Impairment					
At 1 January 2014	–	23.9	–	59.3	83.2
Amortisation for the					
year (Note 6)	–	8.7	1.8	15.7	26.2
Written off	–	–	–	(51.1)	(51.1)
At 31 December					
2014 and					
1 January 2015	–	32.6	1.8	23.9	58.3
Amortisation for					
the year (Note 6)	–	8.7	2.5	26.4	37.6
Impairment loss					
(Note 8)	7.4	–	–	–	7.4
Exchange adjustment	–	–	0.5	–	0.5
At 31 December 2015	7.4	41.3	4.8	50.3	103.8
Net carrying amount					
At 31 December 2015	1,228.7	33.7	17.0	126.9	1,406.3
At 31 December 2014	1,229.8	42.4	17.6	86.5	1,376.3

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NOTES TO THE FINANCIAL STATEMENTS

24. INTANGIBLE ASSETS (CONT'D.)

The carrying amount of goodwill allocated to the Heavy Industries Division is RM969.9 million (2014: RM971.7 million) with the remaining goodwill from other Divisions.

Goodwill is allocated for impairment testing purposes to the individual entity which is also the CGU. The recoverable amount is determined based on a value in use calculation using cash flow projections approved by the entity's board of directors covering three to five years. The projections reflect management expectation of revenue growth, operating cost and margins based on their recent experience. Discount rate applied to the cash flow projections are derived from the CGU's pre-tax weighted average cost of capital plus a reasonable risk premium at the date of assessment of the CGU.

For Heavy Industries Division, pre-tax discount rates of 13.3% to 15.3% (2014: 14.5% to 15.5%) and a terminal growth rate of 2% (2014: 2%) have been applied in the value in use calculations.

For the remaining goodwill, the recoverable amounts were determined based on the value in use calculations using cash flow budgets approved by each entity's board of directors covering a three-year period. The appropriate pre-tax discount rates that reflect each entity's cost of borrowings, the expected rate of return and various risks were applied. Total impairment loss recognised in profit or loss for the year was RM7.4 million (2014: Nil) which is mainly due to the cessation of business of a Subsidiary.

Based on the sensitivity analysis performed, management believes that no reasonably possible change in base case key assumptions would cause the carrying value of the CGU to exceed its recoverable amount.

25. INVENTORIES

	Group	
	2015	2014
	RM Million	RM Million
Raw materials and work in progress	128.4	108.3
Goods for resale	572.4	516.4
Estate produce	30.0	15.2
Completed properties	41.5	5.1
Consumable stores	40.5	44.8
	812.8	689.8

During the year, the amount of inventories recognised as an expense of the Group amounted to RM5,101.1 million (2014: RM6,572.2 million).

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26. PROPERTY DEVELOPMENT IN PROGRESS

	Group	
	2015	2014
	RM Million	RM Million
At 1 January		
– Freehold land, at cost	–	1.9
– Long leasehold land, at cost	12.4	6.8
– Development cost	314.6	121.6
	327.0	130.3
Cost recognised in profit or loss		
– At 1 January	(163.3)	(93.9)
– Recognised during the year	(258.4)	(231.9)
– Reversal of completed projects	170.2	162.5
	(251.5)	(163.3)
Transfer (to)/from		
– Development properties (Note 16)	54.1	229.5
– Inventories	(44.0)	(6.9)
– Reversal of completed projects	(170.2)	(162.5)
	(160.1)	60.1
Development cost incurred during the year	183.7	136.6
At 31 December	99.1	163.7
Interest cost capitalised during the year (Note 9)	8.0	9.1

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27. DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group	
	2015	2014
	RM Million	RM Million
Ship repair and shipbuilding		
Aggregate cost incurred and recognised		
profit less recognised losses to date	6,240.1	5,475.7
Progress billings	(5,140.0)	(4,233.3)
	1,100.1	1,242.4
Presented as follows:		
Due from customers on contracts	1,216.1	1,312.8
Due to customers on contracts	(116.0)	(70.4)
	1,100.1	1,242.4

The cost incurred to date on construction contracts included the following charges made during the financial year:

	Group	
	2015	2014
	RM Million	RM Million
Depreciation of property, plant and equipment		
(Note 13)	7.6	5.3
Interest expense (Note 9)	89.6	89.9
Operating leases:		
– Minimum lease payments for plant and equipment	4.6	0.6
– Minimum lease payments for land and buildings	4.3	3.9
Staff cost	21.4	18.5
Amount of contract revenue and contract cost		
recognised in profit or loss are as follows:		
Contract revenue	1,104.3	1,467.2
Contract cost	1,060.9	1,291.0

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NOTES TO THE FINANCIAL STATEMENTS

28. RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	RM Million	RM Million	RM Million	RM Million
Trade receivables	948.2	851.5	–	–
Allowance for impairment	(60.8)	(51.8)	–	–
	887.4	799.7	–	–
Dividends receivable	–	–	53.9	3.7
Deposits	65.0	62.8	–	–
Prepayments	51.1	49.4	0.5	0.2
Income tax receivable	65.4	51.7	9.6	24.1
Advances paid to suppliers	48.6	28.4	–	–
Other receivables	98.6	67.6	16.3	19.0
Derivative assets (Note 40)	0.2	0.3	–	–
Amounts due from holding corporation	3.4	–	–	–
Amounts due from Subsidiaries	–	–	1,002.1	1,113.8
Amounts due from associates	123.8	115.1	1.6	1.6
Amounts due from joint ventures	37.2	40.5	10.2	–
Amounts due from other related companies	1.9	3.6	–	–
	1,382.6	1,219.1	1,094.2	1,162.4

The Group's normal trade credit terms range from payments in advance to 90 days. Other credit terms are assessed and approved on a case by case basis. Amounts due from Subsidiaries are unsecured, bear interest at a weighted average rate of 6.4% (2014: 6.2%) per annum and are repayable on demand. Amounts due from associates of RM119.3 million (2014: RM108.3 million) are unsecured, bear interest at a weighted average rate of 7.0% (2014: 7.0%) per annum and are repayable on demand. Amounts due from joint ventures of RM10.2 million (2014: Nil) are unsecured, bear interest at a weighted average rate of 6.0% (2014: Nil) per annum and are repayable on demand. The other amount due from holding corporation, associates, joint ventures and other related companies are trade balances which are unsecured and interest free, with repayment in accordance with normal trading terms.

Amounts due from Subsidiaries are stated at net of impairment of RM31.6 million (2014: RM0.1 million). During the year, additional allowance of RM31.5 million had been recognised in profit or loss, as disclosed in Note 6 to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

28. RECEIVABLES (CONT'D.)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2015	2014
	RM Million	RM Million
Neither past due nor impaired	446.7	503.4
Past due but not impaired		
– Less than 30 days	197.3	110.8
– 31 to 60 days	64.9	38.4
– 61 to 90 days	27.8	33.5
– 91 to 120 days	54.4	19.5
– More than 120 days	94.8	85.7
	439.2	287.9
Impaired	62.3	60.2
	948.2	851.5

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 86% (2014: 89%) of the Group's trade receivables arise from customers with more than 3 years of experience with the Group and insignificant losses noted.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM439.2 million (2014: RM287.9 million) that are past due at the reporting date but not impaired. Of these, RM11.4 million (2014: RM10.4 million) of trade receivables are secured by bank guarantees and deposits at the reporting date.

In addition, trade receivables due from Government of Malaysia and related agencies amounted to RM79.0 million (2014: RM29.1 million) at the reporting date.

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Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

28. RECEIVABLES (CONT'D.)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Collectively impaired RM Million	Individually impaired RM Million	Total RM Million
Group – 2015			
Trade receivables – nominal	0.6	61.7	62.3
Allowance for impairment	(0.6)	(60.2)	(60.8)
	–	1.5	1.5

Group – 2014

Trade receivables – nominal	1.3	58.9	60.2
Allowance for impairment	(1.3)	(50.5)	(51.8)
	–	8.4	8.4

Movement in allowance accounts:

	Group	
	2015 RM Million	2014 RM Million
At 1 January	51.8	44.4
Impairment loss (Note 6)	21.0	15.7
Reversal of impairment loss (Note 6)	(12.2)	(3.9)
Written off	–	(3.8)
Exchange adjustment	0.2	(0.6)
At 31 December	60.8	51.8

Trade receivables that are individually impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

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29. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2015 RM Million	2014 RM Million	2015 RM Million	2014 RM Million
Deposits with financial institutions	932.9	861.3	1.5	1.4
Cash held under Housing Development Accounts	40.0	56.5	–	–
Cash and bank balances	365.2	240.1	64.4	4.5
	1,338.1	1,157.9	65.9	5.9

The average maturity periods of the Group's fixed deposits with financial institutions are 22 days (2014: 24 days). Bank balances are monies placed in current accounts with licensed banks which do not earn any interest.

The amount of deposits placed with the financial institutions which are Government-related entities amounted to RM594.4 million (2014: RM555.7 million).

30. ASSETS CLASSIFIED AS HELD FOR SALE

The carrying amounts of major classes of assets for which disposals are expected to occur in the coming financial year as referred to in Note 44(d), Note 44(f) and Note 44(g) classified as held for sale on the consolidated statements of financial position as at 31 December 2015 are as follows:

	Group	
	2015 RM Million	2014 RM Million
Property, plant and equipment (Note 13)	105.4	–
Biological assets (Note 14)	0.4	–
	105.8	–

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31. SHARE CAPITAL

	2015		2014	
	Million	RM Million	Million	RM Million
Ordinary shares of RM0.50 each Authorised	2,000	1,000	2,000	1,000
Issued and fully paid At 1 January and 31 December	1,034.2	517.1	1,034.2	517.1

32. PERPETUAL SUKUK

The Perpetual Sukuk is part of the Junior Islamic Medium Term Note Programme of up to RM1.2 billion in nominal value which was approved by the Securities Commission on 15 November 2013.

During the year, the Company issued the final tranche of Perpetual Sukuk at total par value of RM66.0 million, bringing the cumulative Perpetual Sukuk issued to RM1,200.0 million.

The salient features of the Perpetual Sukuk are as follows:

- The Perpetual Sukuk is issued under the Islamic principle of Musharakah, while the principle of Commodity Musawamah will be employed to effect the deferral of the periodic distributions, if any.
- Being perpetual in tenure, the Company has a call option to redeem the Perpetual Sukuk at the end of the 5th year and on each periodic distribution date thereafter.
- The Company also has the option to redeem the Perpetual Sukuk if there is a change in accounting standards resulting in the Perpetual Sukuk no longer being recognised as an equity instrument.
- The expected periodic distribution from issuance up to year 5 is about 6.1% to 6.25% per annum, payable six months from the issue date of the relevant tranche and every six months thereafter.

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32. PERPETUAL SUKUK (CONT'D.)

The salient features of the Perpetual Sukuk are as follows: (cont'd.)

- (e) If the Company does not exercise its option to redeem at the end of the 5th year, the periodic distribution increases by 1.5% per annum for the 6th year. For the 7th year onwards, the periodic distribution will be further increased by 1% per annum, subject to the maximum of 15% per annum.
- (f) Deferred periodic distribution, if any, will be cumulative but will not earn additional profits (i.e. there will be no compounding).
- (g) Payment obligations on the Perpetual Sukuk will, at all times, rank ahead of other equity instruments for the time being outstanding, but junior to the claims of present and future creditors of the Company (other than obligations ranking pari passu with the Perpetual Sukuk).
- (h) The Perpetual Sukuk is not rated.
- (i) The Perpetual Sukuk is unsecured.

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Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

33. RESERVES

	Non-distributable					
	Share premium RM Million	Revaluation and fair value reserves RM Million	Statutory and regulatory reserves RM Million	Other reserves RM Million	Retained earnings RM Million	Total RM Million
Group						
At 1 January 2015	1,165.1	49.0	341.7	434.7	2,231.5	4,222.0
Total comprehensive income for the year	–	5.2	–	2.9	13.2	21.3
Transactions with owners						
Issuance cost of Perpetual Sukuk	–	–	–	–	(0.7)	(0.7)
Transfer during the year	–	–	45.6	–	(45.6)	–
Dividends (Note 12)	–	–	–	–	(217.1)	(217.1)
At 31 December 2015	1,165.1	54.2	387.3	437.6	1,981.3	4,025.5

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NOTES TO THE FINANCIAL STATEMENTS

33. RESERVES (CONT'D.)

	← Non-distributable →					
	Share premium RM Million	Revaluation and fair value reserves RM Million	Statutory and regulatory reserves RM Million	Other reserves RM Million	Retained earnings RM Million	Total RM Million
Group (cont'd.)						
At 1 January 2014	1,165.1	48.2	295.9	155.9	2,372.8	4,037.9
Total comprehensive income for the year	–	0.8	–	2.2	408.2	411.2
Transactions with owners						
Changes in ownership interest in Subsidiaries						
- Partial disposal of a Subsidiary	–	–	–	(39.4)	49.5	10.1
- Issue of shares by Subsidiaries	–	–	–	316.1	(253.8)	62.3
- Additional investment in a Subsidiary	–	–	–	(0.1)	–	(0.1)
Share of effect on changes in group structure of an associate	–	–	–	–	2.1	2.1
Issuance cost of Perpetual Sukuk	–	–	–	–	(2.3)	(2.3)
Transfer during the year	–	–	45.8	–	(50.2)	(4.4)
Dividends (Note 12)	–	–	–	–	(294.8)	(294.8)
At 31 December 2014	1,165.1	49.0	341.7	434.7	2,231.5	4,222.0

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
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Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

33. RESERVES (CONT'D.)

Non-distributable reserves

The breakdown of the revaluation and fair value reserves is as follows:

	Group	
	2015	2014
	RM Million	RM Million
Revaluation reserve	41.6	41.6
Fair value reserve	12.6	7.4
	54.2	49.0

The revaluation reserve represents increases in the fair value of freehold land and buildings, net of tax, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

Fair value reserve represents the cumulative fair value changes, net of tax, of available for sale financial assets until they are disposed of or impaired.

The statutory and regulatory reserves are maintained by an associate in compliance with the provision of the Financial Services Act, 2012.

The other non-distributable reserves comprise mainly the Group's share of Subsidiaries' share premium arising from the issue of new shares to non-controlling interests.

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Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

34. BORROWINGS

	Group		Company	
	2015 RM Million	2014 RM Million	2015 RM Million	2014 RM Million
Non-current				
Term loans				
– Denominated in US Dollar	61.1	57.0	–	–
– Denominated in Indonesian Rupiah	80.4	61.0	–	–
– Denominated in Great Britain Pound	82.0	72.3	–	–
– Denominated in Malaysian Ringgit	1,068.4	1,124.8	–	–
	1,291.9	1,315.1	–	–
Bank guaranteed medium term notes	922.8	921.7	922.8	921.7
Asset-backed bonds	757.6	896.9	–	–
	2,972.3 (796.7)	3,133.7 (937.7)	922.8 (409.1)	921.7 (512.7)
	2,175.6	2,196.0	513.7	409.0
Current				
Overdrafts	59.6	31.7	27.9	15.2
Bankers' acceptances				
– Denominated in Indonesian Rupiah	4.3	–	–	–
– Denominated in Malaysian Ringgit	144.4	175.9	–	–
Revolving credits				
– Denominated in US Dollar	48.9	39.9	–	–
– Denominated in Malaysian Ringgit	4,804.4	3,699.5	1,405.0	1,130.0
Short term loans	796.7	937.7	409.1	512.7
	5,858.3	4,884.7	1,842.0	1,657.9
Total borrowings	8,033.9	7,080.7	2,355.7	2,066.9

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Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

34. BORROWINGS (CONT'D.)

The bank guaranteed medium term notes (MTN) comprise seven series with maturity dates ranging from 2 years to 5 years from the date of issue. The MTN which are repayable on maturity, have a long term rating of AAA(bg) and bear interest at the weighted average effective interest rate of 5.8% (2014: 5.8%) per annum. The MTN have been accounted for in the statement of financial position of the Group and of the Company as follows:

	Group/Company	
	2015	2014
	RM Million	RM Million
Nominal value	922.0	922.0
Accrued interest and transaction cost less payments and amortisation	0.8	(0.3)
Carrying amount	922.8	921.7

The asset-backed bonds (Bonds) comprise 3 classes (2014: 4 classes) of senior bonds which are rated AA2 and A1 and 3 classes of guaranteed bonds which are rated AAA(fg) and AA2(bg). The maturity dates of the Bonds range from 6 years to 7 years (2014: 3 years to 7 years) with the effective interest rate of 5.5% (2014: 5.3%) per annum. The senior bonds are secured by a debenture over the assets of the Subsidiary, a special purpose vehicle created for the Bonds issuance.

The Bonds have been accounted for in the statement of financial position of the Group as follows:

	Group	
	2015	2014
	RM Million	RM Million
Nominal value	900.0	900.0
Accrued interest and transaction cost less payments and amortisation	(2.4)	(3.1)
Redemption during the year	(140.0)	–
Carrying amount	757.6	896.9

A Subsidiary has a term loan of RM540.8 million (2014: RM563.4 million) which is repayable within 4 years commencing from 27 April 2015. This Subsidiary also has revolving credits of RM1,175.9 million (2014: RM904.8 million) which are secured by way of an assignment on contract proceeds.

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NOTES TO THE FINANCIAL STATEMENTS

34. BORROWINGS (CONT'D.)

A Subsidiary has a term loan of RM171.0 million (2014: RM199.5 million) which is repayable over 20 half yearly instalments. The term loan is secured by five aircraft of the Subsidiary, proceeds account and the said Subsidiary's present and future rights, title, benefit and interest in and under the lease agreement of those aircraft.

A Subsidiary has a term loan and revolving credit denominated in US Dollar equivalent to RM6.6 million (2014: RM12.5 million) and RM49.0 million (2014: RM40.0 million) respectively which are secured against the vessels owned by the Subsidiary.

A Subsidiary has a term loan denominated in Great Britain Pound equivalent to RM82.0 million (2014: RM72.3 million) which is secured against a property owned by the Subsidiary.

All the other borrowings are unsecured. Other information on financial risks of the borrowings are disclosed in Note 39.

The amount of borrowings obtained from the financial institutions which are Government-related entities amounted to RM5,494.1 million (2014: RM5,263.2 million).

35. PAYABLES

	Group		Company	
	2015	2014	2015	2014
	RM Million	RM Million	RM Million	RM Million
Non-current				
Deposit from tenants	31.4	26.7	–	–
Current				
Trade payables	1,228.3	1,253.5	–	–
Accrued interest	33.8	34.1	3.7	2.2
Accrued expenses	200.8	185.7	–	–
Deposits received	84.9	74.1	1.8	1.8
Retention sum	5.3	7.4	–	–
Other payables	243.0	246.4	7.6	10.3
Amount due to holding corporation	3.0	0.9	–	–
Amounts due to Subsidiaries	–	–	57.1	103.1
Amounts due to associates	29.6	3.6	–	–
Amounts due to joint ventures	64.7	6.1	–	–
Amounts due to other related companies	0.1	1.0	–	–
	1,893.5	1,812.8	70.2	117.4

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Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

35. PAYABLES (CONT'D.)

Trade payables

These amounts are non-interest bearing, with normal credit terms ranging from 30 to 90 days (2014: 30 to 90 days).

Amounts due to Subsidiaries

These amounts are unsecured, bear interest at a weighted average rate of 5.4% (2014: 4.1%) per annum and repayable on demand.

Amounts due to holding corporation, associates, joint ventures and other related companies

These are trade balances which are unsecured and interest free with repayment in accordance with normal trading terms.

36. OPERATING LEASE OBLIGATION

Group as a lessee

A Subsidiary has several non-cancellable operating lease agreements for the use of land and buildings. These leases have an average life of between 3 to 30 years with renewal option included in the contracts. In the financial year ended 31 December 1996, the Government of Malaysia and the Subsidiary finalised the lease agreement relating to the corporatisation of the Royal Malaysian Navy Dockyard, whereby the Subsidiary is granted a lease of 30 years from 1 September 1991 at a yearly rent of RM1 for the first five years, subject to revision thereafter.

The Group also has entered into other non-cancellable operating lease agreements for the use of land and buildings and equipment. These leases have an average lease period of between 1 to 5 years with renewal options included in the contracts.

The non-cancellable operating lease commitments arising from the above are as follows:

	Group	
	2015	2014
	RM Million	RM Million
Within 1 year	11.2	8.9
Later than 1 year but not later than 5 years	7.1	7.3
Later than 5 years	10.3	11.4
	28.6	27.6

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Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

36. OPERATING LEASE OBLIGATION (CONT'D.)

Group as a lessor

The Group entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between one and three years. All leases include a clause to enable upward revision of the rental charge upon renewal of the leases based on prevailing market conditions. Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM Million	RM Million	RM Million	RM Million
Within 1 year	80.7	69.4	5.9	6.2
Later than 1 year but not later than 5 years	65.0	90.5	4.5	6.6
	145.7	159.9	10.4	12.8

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NOTES TO THE FINANCIAL STATEMENTS

37. SEGMENTAL INFORMATION

For management purposes, the Group's business is organised based on the activities, products and services under the following six Divisions:

(a) Plantation Division

The Division is primarily involved in the planting of oil palm and processing of crude palm oil. In addition, the Division through its associate, is also involved in the research in oil palm tissue culture and genetics.

(b) Heavy Industries Division

The Division has its main thrust in the marine sector, both commercial and naval vessels. This Division's operations include shipbuilding, fabrication of offshore structures as well as the restoration and maintenance of vessels and defence related products. The Division is also involved in air transportation and flight services.

(c) Property Division

The Division is in the business of property development, constructing and leasing out of commercial and retail properties as well as the owning and operating of hotels. These two segments are managed and reported internally as one segment, as they are regarded by management to exhibit similar economic characteristics.

(d) Finance & Investment Division

The Division comprises the investing activity of the Group, in particular the Group's involvement in the commercial, Islamic and investment banking, stock broking as well as the life and general insurance business through an associate.

(e) Pharmaceutical Division

The Division is in the business of manufacturing, trading and marketing of pharmaceutical products, research and development of pharmaceutical products and the supply of medical and hospital equipment.

(f) Trading & Industrial Division

The Division is engaged in the owning and operating of the BHPetrol brand of retail petrol station network and the manufacture and trading of building materials. The Division also engages in engineering fabrication and trading of engineering equipment.

Transfer pricing between operating segments are on arm's length basis. Inter-segment revenue which represents rental charge of office premises and trading of the Group's manufactured goods are eliminated on consolidation. The Group practises central fund management where surplus funds within the Group are onlent, and the interest charges arising from such arrangements are eliminated in full.

The Group's revenue from one major customer arising from activities of Heavy Industries and Pharmaceutical Divisions is disclosed in Note 43 (a) and (b).

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NOTES TO THE FINANCIAL STATEMENTS

37. SEGMENTAL INFORMATION (CONT'D.)

	Plantation RM Million	Heavy Industries RM Million	Property RM Million	Finance & Investment RM Million	Pharma- ceutical RM Million	Trading & Industrial RM Million	Elimination RM Million	Total RM Million
2015								
Revenue								
Group total sales	615.2	1,422.3	665.2	196.5	2,189.3	3,595.3	(21.3)	8,662.5
Inter-segment sales	-	-	(16.2)	-	-	(5.1)	21.3	-
External sales	615.2	1,422.3	649.0	196.5	2,189.3	3,590.2	-	8,662.5
Results								
Segment result								
- External	60.2	(69.4)	144.7	(2.5)	118.1	61.7	-	312.8
Gain on disposal of plantation land	57.1	-	-	-	-	-	-	57.1
Interest income	14.5	6.1	10.7	69.9	1.1	1.9	(72.6)	31.6
Other investment result	-	(1.8)	67.9	12.5	-	(5.2)	-	73.4
Finance cost	(38.5)	(94.0)	(73.3)	(107.6)	(29.0)	(20.7)	72.6	(290.5)
Share of result of associates	1.8	-	(7.5)	71.9	-	-	-	66.2
Share of result of joint venture	-	22.3	(3.7)	-	-	-	-	18.6
Profit/(loss) before tax	95.1	(136.8)	138.8	44.2	90.2	37.7	-	269.2
Income tax expense								(129.8)
Profit for the year								139.4

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NOTES TO THE FINANCIAL STATEMENTS

37. SEGMENTAL INFORMATION (CONT'D.)

	Plantation RM Million	Heavy Industries RM Million	Property RM Million	Finance & Investment RM Million	Pharma- ceutical RM Million	Trading & Industrial RM Million	Elimination RM Million	Total RM Million
2014								
Revenue								
Group total sales	717.3	1,895.9	681.3	175.9	2,122.9	5,044.0	(29.1)	10,608.2
Inter-segment sales	-	-	(29.1)	-	-	-	29.1	-
External sales	717.3	1,895.9	652.2	175.9	2,122.9	5,044.0	-	10,608.2
Results								
Segment result								
- External	128.6	108.7	184.7	(2.2)	132.4	80.9	-	633.1
Interest income	11.3	3.6	11.8	69.4	1.3	6.3	(74.6)	29.1
Other investment results	-	(0.1)	80.6	7.2	-	8.4	-	96.1
Finance cost	(53.8)	(96.3)	(64.6)	(84.3)	(33.6)	(31.0)	74.6	(289.0)
Share of results of associates	3.7	-	(10.7)	120.3	-	-	-	113.3
Share of results of joint ventures	-	10.3	92.8	-	-	-	-	103.1
Profit before tax	89.8	26.2	294.6	110.4	100.1	64.6	-	685.7
Income tax expense								(152.4)
Profit for the year								533.3

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- (a) On 30 March 2011, Boustead Plantations Berhad (BPlant) and Boustead Pelita Kanowit Sdn Bhd (BPK) were named the 4th and 5th Defendants respectively in relation to a claim filed by 5 individuals suing on behalf of themselves and 163 other proprietors, occupiers and claimants of the Native Customary Rights lands (NCR) (Plaintiffs) situated in Sg Kelimut, Kanowit District, also known as Block D1 in Kanowit District, described as Kelimut Estate (NCR Lands) against Pelita Holdings Sdn Bhd (1st defendant), the Superintendent of Lands and Surveys, Sibul, Sarawak (2nd defendant) and the State Government of Sarawak (3rd defendant) for inter-alia, a declaration that the trust deed between the Plaintiffs and the 1st and 3rd Defendants are null and void, damages and costs.

On 30 April 2012, the Sibul High Court delivered its decision on the litigation, judging in favour of the Plaintiffs' claim and found Principal Deed dated 14 January 2002 executed between the 1st Defendant, the 3rd Defendant and the Plaintiffs in relation to the development of the NCR Lands is deemed null and void and the joint venture agreement dated 6 May 1998 between BPlant and the 1st Defendant as deemed null and void. In the same judgement, the Sibul High Court had dismissed BPlant's and BPK's counter claim against the Plaintiffs with costs. BPlant and BPK filed an appeal on 3 May 2012.

On 30 October 2012, the Sibul High Court granted BPlant's and BPK's application for Stay of Execution until after the full and final determination of their appeal. The Court of Appeal had on 6 August 2014, allowed the appeal by BPlant and other Defendants against the Plaintiffs and accordingly reverted the decision of the Sibul High Court dated 30 April 2012.

On 10 September 2015, the Federal Court heard the Plaintiffs' Notice of Appeal against the Court of Appeal's decision and delivered an unanimous decision to dismiss the Plaintiff's motion.

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NOTES TO THE FINANCIAL STATEMENTS

38. CONTINGENT LIABILITIES (CONT'D.)

- (b) On 4 September 2012, the Group's Subsidiary Boustead Naval Shipyard Sdn Bhd (BN Shipyard) was served with a Writ of Summons by Ingat Kawan (M) Sdn Bhd (Plaintiff). The Plaintiff is claiming against BN Shipyard for unspecified general damages, special damages of RM50 million, interest at 10% per annum on the said amount of RM50 million calculated from 7 September 2011 until full settlement, interest at 8% per annum on the said amount of RM50 million calculated from the date of filing the Writ of Summons until full settlement, costs and other reliefs that the Court deems fit, arising from an alleged breach of contract by BN Shipyard. On 11 September 2012, BN Shipyard had filed its defence and counterclaims and sought to add 5 parties as co-defendants in its counterclaims. On 30 November 2012, the Court dismissed the Plaintiff's objections to BN Shipyard's addition of the 5 co-defendants.

On 14 March 2013, the High Court allowed with cost BN Shipyard's application to strike out the Plaintiff's claims. Thus, on 1 April 2013, BN Shipyard withdrew its counterclaim against the Plaintiff, but with liberty to file afresh. On 22 March 2013, the Plaintiff filed a Notice of Appeal to the Court of Appeal. On 11 November 2013, the Court of Appeal allowed the Plaintiff's appeal and ordered the case to be tried at the High Court. The Court fixed the next case management on 21 March 2016 pending the availability of the Grounds of Judgement from the Court of Appeal.

The Group, upon consultation with the solicitors, is of the view that the Group has a good defence to the claim by the Plaintiff.

As regards to the defamation action by the same Plaintiff and another person, the High Court had, on 30 November 2012, allowed BN Shipyard's application to strike out the Plaintiff's claims without liberty to file afresh. In view of this, the Plaintiff's will not have any recourse to revive this defamation suit against BN Shipyard.

- (c) A customer of the Group's Subsidiary, Boustead Penang Shipyard Sdn Bhd (BPS) issued a notice of arbitration dated 7 December 2012 against BPS for alleged breach of contract, making a claim for USD4,935,000 together with interest and costs. BPS, in response, initiated a counterclaim against the customer for the sums of USD449,332 and RM9,535,994 together with interest and costs. The case is currently pending further directions from the Arbitration Tribunal on exchange of witness statements and expert witness statements. The discovery of document process is completed, with BPS's rights to further disclosure reserved. BPS is applying to amend its Defence and Counterclaim. The Arbitration Tribunal will fix further dates upon conclusion of this amendment process.
- (d) There is a claim by E*Healthline.com Inc. (EHL) against Modern Industrial Investment Holding Group Company Ltd (Modern) and the Group's Subsidiary, Pharmaniaga Berhad (Pharmaniaga), relating to a non-binding Memorandum of Collaboration (MOC) which has lapsed.

EHL's claims are contested by Modern and Pharmaniaga (collectively known as Parties) because subsequent to expiry of the MOC neither Parties have entered into any agreement and/or arrangement with EHL.

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Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

38. CONTINGENT LIABILITIES (CONT'D.)

(e) The amount of bank guarantees issued by the Group to third parties are as follows:

	Group	
	2015	2014
	RM Million	RM Million
Performance bonds in respect of contracts awarded to Subsidiaries		
– Government of Malaysia	641.2	635.7
– Other third parties	83.4	88.9
	724.6	724.6

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate, liquidity, credit, foreign exchange and market price risks. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders while minimising the potential adverse effects on the performance of the Group.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Executive Officer and Chief Financial Officer of the respective operating units. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use to hedge transaction exposure where appropriate and cost efficient. The Group and the Company do not apply hedge accounting.

Interest rate risk

The Group finances its operations through operating cash flows and borrowings which are principally denominated in Ringgit Malaysia. The Group's policy is to derive the desired interest rate profile through a mix of fixed and floating rate banking facilities.

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39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

The following tables set out the carrying amounts, the weighted average effective interest rate (WAEIR) as at the reporting date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

Group	Note	WAEIR %	1 year or less		1 to 2 years		2 to 5 years		More than 5 years		Total
			RM Million	RM Million	RM Million	RM Million	RM Million	RM Million	RM Million	RM Million	
At 31 December 2015											
Fixed rate											
Financial assets:											
Deposits	29	3.0	932.9	-	-	-	-	-	-	-	932.9
Financial liabilities:											
Term loans	34	5.9	(82.9)	(79.4)	-	-	-	-	-	-	(162.3)
Bank guaranteed medium term notes	34	5.8	(409.1)	(513.7)	-	-	-	-	-	-	(922.8)
Asset-backed bonds	34	5.5	-	-	(757.6)	-	-	-	-	-	(757.6)
Floating rate											
Financial assets:											
Amount due from associates	28	7.0	119.3	-	-	-	-	-	-	-	119.3
Amount due from joint ventures	28	6.0	10.2	-	-	-	-	-	-	-	10.2
Financial liabilities:											
Terms loans	34	5.1	(304.7)	(243.5)	(577.8)	(3.6)	-	-	-	-	(1,129.6)
Overdrafts	34	7.8	(59.6)	-	-	-	-	-	-	-	(59.6)
Revolving credits	34	5.0	(4,853.3)	-	-	-	-	-	-	-	(4,853.3)
Bankers' acceptances	34	3.9	(148.7)	-	-	-	-	-	-	-	(148.7)

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NOTES TO THE FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

	Note	WAEIR %	1 year or less RM Million	1 to 2 years RM Million	2 to 5 years RM Million	More than 5 years RM Million	Total RM Million
Group (cont'd.)							
At 31 December 2014							
Fixed rate							
Financial assets:							
Deposits	29	3.0	861.3	-	-	-	861.3
Financial liabilities:							
Term loans	34	5.9	(64.6)	(70.1)	(8.6)	-	(143.3)
Bank guaranteed							
medium term notes	34	5.8	(512.7)	(409.0)	-	-	(921.7)
Asset-backed bonds	34	5.3	(140.0)	-	(756.9)	-	(896.9)
Floating rate							
Financial assets:							
Amount due from associates	28	7.0	108.3	-	-	-	108.3
Financial liabilities:							
Terms loans	34	5.0	(220.4)	(228.1)	(619.8)	(103.5)	(1,171.8)
Overdrafts	34	7.9	(31.7)	-	-	-	(31.7)
Revolving credits	34	4.8	(3,739.4)	-	-	-	(3,739.4)
Bankers' acceptances	34	4.0	(175.9)	-	-	-	(175.9)

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NOTES TO THE FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Interest rate risk (cont'd.)

Company	Note	WAEIR %	1 year or less		1 to 2 years		2 to 5 years		Total RM Million
			RM Million		RM Million		RM Million		
At 31 December 2015									
Fixed rate									
Financial assets:									
Deposits	29	3.2	1.5	-	-	-	-	-	1.5
Financial liabilities:									
Bank guaranteed medium term notes	34	5.8	(409.1)	(513.7)	-	-	-	-	(922.8)
Floating rate									
Financial assets:									
Amounts due from Subsidiaries	28	6.4	1,002.1	-	-	-	-	-	1,002.1
Amount due from joint ventures	28	6.0	10.2	-	-	-	-	-	10.2
Financial liabilities:									
Overdrafts	34	8.1	(27.9)	-	-	-	-	-	(27.9)
Revolving credits	34	4.9	(1,405.0)	-	-	-	-	-	(1,405.0)
Amounts due to Subsidiaries	35	5.4	(57.1)	-	-	-	-	-	(57.1)

AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Interest rate risk (cont'd.)

	Note	WAEIR %	1 year or less RM Million	1 to 2 years RM Million	2 to 5 years RM Million	Total RM Million
Company (cont'd.)						
At 31 December 2014						
Fixed rate						
Financial assets:						
Deposits	29	3.2	1.4	-	-	1.4
Financial liabilities:						
Bank guaranteed medium term notes	34	5.8	(512.7)	(409.0)	-	(921.7)
Floating rate						
Financial assets:						
Amounts due from Subsidiaries	28	6.2	1,113.8	-	-	1,113.8
Financial liabilities:						
Overdrafts	34	8.0	(15.2)	-	-	(15.2)
Revolving credits	34	4.8	(1,130.0)	-	-	(1,130.0)
Amounts due to Subsidiaries	35	4.1	(103.1)	-	-	(103.1)

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NOTES TO THE FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Interest on borrowings that are subject to floating rates are contractually repriced within a year. Interest on financial instruments at fixed rates are fixed until the maturity of the instruments.

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM23.2 million and RM5.6 million higher/lower respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings and higher/lower interest income from floating rate fixed deposits. The assumed movement in basis points for interest rate sensitivity analysis is based on a prudent estimate of the current market environment.

Liquidity risk

The Group practises prudent liquidity risk management by maintaining availability of funding through adequate amount of committed credit facilities.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

		On demand or within 1 year	1 to 5 years	More than 5 years	Total
	Note	RM Million	RM Million	RM Million	RM Million
Group					
2015					
Borrowings	34	6,180.6	2,284.8	3.8	8,469.2
Trade and other payables	35	1,893.5	31.4	–	1,924.9
Dividend payable		62.0	–	–	62.0
Total undiscounted financial liabilities		8,136.1	2,316.2	3.8	10,456.1
2014					
Borrowings	34	5,128.3	2,152.5	108.8	7,389.6
Trade and other payables	35	1,812.8	26.7	–	1,839.5
Total undiscounted financial liabilities		6,941.1	2,179.2	108.8	9,229.1

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NOTES TO THE FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Liquidity risk (cont'd.)

	Note	On demand or within 1 year RM Million	1 to 5 years RM Million	Total RM Million
Company				
2015				
Borrowings	34	1,935.7	543.5	2,479.2
Trade and other payables	35	70.2	–	70.2
Dividend payable		62.0	–	62.0
Total undiscounted financial liabilities		2,067.9	543.5	2,611.4
2014				
Borrowings	34	1,743.5	432.3	2,175.8
Trade and other payables	35	117.4	–	117.4
Total undiscounted financial liabilities		1,860.9	432.3	2,293.2

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)****Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)****NOTES TO THE FINANCIAL STATEMENTS****39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)****Credit risk**

The Group seeks to invest cash assets safely and profitably. The Group also seeks to control credit risk by setting counterparty limits, obtaining bank guarantees where appropriate; and ensuring that sale of products and services are made to customers with an appropriate credit history, and monitoring customers' financial standing through periodic credit reviews and credit checks at point of sales. The Group considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

As at 31 December 2015, the Group has a significant concentration of credit risk in the form of outstanding balance due from the Government of Malaysia, representing approximately 20.3% (2014: 15.7%) of the Group's total net trade receivables.

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 28. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are entered into or placed with reputable financial institutions or companies with high credit ratings and no history of default.

Information regarding financial assets that are either past due or impaired is disclosed in Note 28.

Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal operating activities, both external and intra-Group where the currency denomination differs from the local currency, Ringgit Malaysia. The Group's policy is to minimise the exposure of overseas operating Subsidiaries/activities to transaction risks by matching local currency income against local currency cost. The currency giving rise to this risk is primarily US Dollar, Euro and Great Britain Pound. Foreign exchange exposures are kept to an acceptable level.

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NOTES TO THE FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Foreign currency risk (cont'd.)

The net unhedged financial assets and liabilities of the Group that are not denominated in their functional currency are as follows:

	Deposits, cash and bank balances RM Million	Receivables RM Million	Payables RM Million	Borrowings RM Million	Total RM Million
Group					
At 31 December 2015					
US Dollar	9.6	10.5	(65.9)	(110.1)	(155.9)
Euro	130.5	2.3	(51.8)	–	81.0
Great Britain Pound	1.7	95.0	(95.3)	(82.0)	(80.6)
Others	–	0.1	(0.3)	(0.1)	(0.3)
	141.8	107.9	(213.3)	(192.2)	(155.8)
At 31 December 2014					
US Dollar	0.9	13.5	(68.4)	(96.9)	(150.9)
Euro	29.0	–	(54.6)	–	(25.6)
Great Britain Pound	0.6	73.3	(82.7)	(72.3)	(81.1)
Others	–	–	(0.5)	–	(0.5)
	30.5	86.8	(206.2)	(169.2)	(258.1)

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NOTES TO THE FINANCIAL STATEMENTS

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in US Dollar, Euro and Great Britain Pound against the functional currency of the Group with all other variables held constant.

	Group	
	2015	2014
	RM Million	RM Million
(Decrease)/increase of Group's profit, net of tax		
US Dollar/RM		
– Strengthened by 5%	(5.8)	(5.7)
– Weakened by 5%	5.8	5.7
Euro/RM		
– Strengthened by 5%	3.0	(1.0)
– Weakened by 5%	(3.0)	1.0
Great Britain Pound/RM		
– Strengthened by 5%	(3.0)	(3.0)
– Weakened by 5%	3.0	3.0

Market price risk

The Group is exposed to equity price risk arising from its investment in quoted available-for-sale equity instruments. All of the Group's quoted equity instruments are listed on Bursa Malaysia. These instruments are classified as financial assets. At the reporting date, if the FTSE Bursa Malaysia KLCI had been 5% higher/lower, with all other variables held constant, the impact to the Group's other reserve in equity would be insignificant.

Financial instruments by category

	Group		Company	
	2015	2014	2015	2014
	RM Million	RM Million	RM Million	RM Million
Financial assets -				
loans and receivables				
Receivables	1,217.3	1,089.3	1,084.1	1,138.1
Deposit, cash and bank balances	1,338.1	1,157.9	65.9	5.9
Financial liabilities -				
liabilities at amortised cost				
Payables	1,924.9	1,839.5	70.2	117.4
Dividend payable	62.0	–	62.0	–
Borrowings	8,033.9	7,080.7	2,355.7	2,066.9

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NOTES TO THE FINANCIAL STATEMENTS

40. FAIR VALUE MEASUREMENTS

Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

Note

Trade and other receivables (current)	28
Amount due from holding corporation	28
Amounts due from Subsidiaries	28
Amounts due from associates	28
Amounts due from joint ventures	28
Amounts due from other related companies	28
Borrowings (current)	34
Trade and other payables (current)	35
Other payables (non-current)	35
Amounts due to holding corporation	35
Amounts due to Subsidiaries	35
Amounts due to associates	35
Amounts due to joint ventures	35
Amounts due to other related companies	35

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amount of the current portion of borrowings is a reasonable approximation of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements at the reporting date.

The fair values of amounts due from/to Subsidiaries, amounts due from/to associates and joint ventures and fixed rate bank borrowings are estimated by discounting the expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements at the reporting date.

The fair value of quoted equity instruments is determined directly by reference to their published market closing price at the reporting date.

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40. FAIR VALUE MEASUREMENTS (CONT'D.)

Determination of fair value (cont'd.)

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates.

Unquoted investments in Subsidiaries, associates and joint ventures are not carried at fair value due to the lack of quoted market price and the impracticality to estimate the fair value without incurring excessive cost.

Investment properties are measured at fair value using valuation reports prepared by independent professional valuers on an open market approach. The assumptions used in arriving at the investment properties' values take into consideration the property type, size, location, tenure, title restrictions and other relevant characteristics. Significant increase/(decrease) in estimated market value per square foot in isolation, would result in a significantly higher/(lower) fair value of the properties.

Fair value hierarchy

Presented below is the Group's and the Company's classified assets and liabilities carried at fair value analysed by fair value measurement hierarchy:

	Level 1	Level 2	Level 3	Total
	RM Million	RM Million	RM Million	RM Million
Group				
2015				
Assets				
Investments	33.1	-	-	33.1
Investment properties	-	-	1,460.6	1,460.6
Forward currency contracts	-	0.2	-	0.2
	33.1	0.2	1,460.6	1,493.9
2014				
Assets				
Investments	38.2	-	-	38.2
Investment properties	-	-	1,500.4	1,500.4
Forward currency contracts	-	0.3	-	0.3
	38.2	0.3	1,500.4	1,538.9

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40. FAIR VALUE MEASUREMENTS (CONT'D.)

Fair value hierarchy (cont'd.)

	Level 1	Level 2	Level 3	Total
	RM Million	RM Million	RM Million	RM Million
Company				
2015				
Assets				
Investments	5.2	–	–	5.2
Investment properties	–	–	100.8	100.8
	5.2	–	100.8	106.0
2014				
Assets				
Investments	5.6	–	–	5.6
Investment properties	–	–	87.9	87.9
	5.6	–	87.9	93.5

The Group and the Company do not have any financial liabilities measured at Level 3 hierarchy.

Derivatives

	2015		2014	
	Contract/ notional amount RM Million	Fair value of derivatives RM Million	Contract/ notional amount RM Million	Fair value of derivatives RM Million
Group				
Current				
Derivative assets (Note 28)				
Forward currency contracts	116.9	0.2	145.5	0.3

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NOTES TO THE FINANCIAL STATEMENTS

40. FAIR VALUE MEASUREMENTS (CONT'D.)

Derivatives (cont'd.)

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for period consistent with currency transaction exposure and fair value changes exposure. The Group does not apply hedge accounting.

Forward currency contracts are used to hedge the Group's purchases denominated in US Dollar for which firm commitments existed at the reporting date.

As disclosed in Note 6 to the financial statements, the Group recognised a gain of RM34.6 million (2014: RM0.2 million) arising from the fair value changes in derivatives. The fair value changes are attributable to changes in foreign exchange spot, foreign exchange forward rates and interest rate. The methods and assumptions applied in determining the fair values of derivatives are disclosed above.

Borrowings

	2015		2014	
	Carrying amount RM Million	Fair value of borrowings RM Million	Carrying amount RM Million	Fair value of borrowings RM Million
Group				
Non-current borrowings (Note 34)				
Term loans	904.3	904.3	1,030.1	1,030.1
Bank guaranteed medium term notes	513.7	502.3	409.0	398.5
Asset-backed bonds	757.6	752.0	756.9	755.5
	2,175.6	2,158.6	2,196.0	2,184.1
Company				
Non-current borrowings (Note 34)				
Bank guaranteed medium term notes	513.7	502.3	409.0	398.5

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NOTES TO THE FINANCIAL STATEMENTS

41. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is derived by dividing the amount of borrowings (Note 34) over total equity. At the reporting date, the Group's gearing ratio calculated by dividing the amount of borrowings (Note 34) over the aggregate of the equity held by shareholders and non-controlling interests is 1.09 times (2014: 0.94 times). The Group's policy is to keep gearing within manageable levels.

With respect to banking facilities that the Group has with certain financial institutions, the Group is committed to ensure that the maximum gearing ratio limit of 1.5 times is complied with at all times.

42. COMMITMENTS

	Group		Company	
	2015	2014	2015	2014
	RM Million	RM Million	RM Million	RM Million
Authorised and contracted				
Capital expenditure	258.5	280.4	–	1.6
Proposed acquisition of a Subsidiary	–	4.0	–	4.0
Share of joint venture's capital commitment in relation to investment properties	326.1	384.1	–	–
	584.6	668.5	–	5.6
Authorised but not contracted				
Capital expenditure	784.9	486.5	4.8	0.7
Proposed acquisition of a Subsidiary	3.5	–	–	–
	788.4	486.5	4.8	0.7

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Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS****43. SIGNIFICANT RELATED PARTY DISCLOSURES**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence.

Related parties may be individuals or other entities. Related parties of the Group include:

- direct and indirect Subsidiaries;
- holding corporation, Lembaga Tabung Angkatan Tentera (LTAT) and its subsidiaries, direct and indirect associates;
- direct and indirect associates and joint ventures;
- key management personnel which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly; and
- firms in which Directors have a substantial interest, namely MAA Arkitek and Azzat & Izzat, being firms in which the Company's Directors Dato' Ghazali Mohd Ali and Datuk Azzat Kamaludin respectively have a substantial interest.

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NOTES TO THE FINANCIAL STATEMENTS

43. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM Million	RM Million	RM Million	RM Million
Associates and joint ventures				
Agricultural research and advisory services paid	13.9	11.1	–	–
Insurance premium paid	24.1	23.1	–	–
Rental income on office premises	20.4	19.2	–	–
Sales of goods	0.2	0.1	–	–
Professional fees paid	1.5	2.4	1.4	2.2
Insurance commission received	3.8	3.3	–	–
Rendering of services	62.8	63.3	–	–
Provision of project management services	0.5	–	–	–
Rental expense				
– Hotel	12.4	–	–	–
– Office premises	0.7	–	–	–
Holding corporation				
Provision of project management services	1.2	0.5	–	–
Subsidiaries of holding corporation				
Sales of goods	43.6	42.7	–	–
Provision of project management services	–	0.5	–	–
Rental expense				
– Hotel	–	12.4	–	–
– Office premises	–	0.7	–	–
Provision of construction works	–	0.4	–	–
Firms in which Directors have a substantial interest				
Legal and professional fees paid	9.7	7.6	–	–
Government-related financial institutions				
Interest income	13.0	9.5	0.4	1.1
Finance cost	288.6	251.5	80.4	75.7

The Directors are of the opinion that the above transactions are in the normal course of business and at terms mutually agreed between parties.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

43. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

The remuneration of key management personnel during the financial year is as follows:

	Group		Company	
	2015	2014	2015	2014
	RM Million	RM Million	RM Million	RM Million
Directors				
Fees	1.2	1.2	0.5	0.4
Remuneration	4.6	4.2	3.0	2.9
Defined contribution plans	0.7	0.6	0.4	0.4
Meeting allowances	0.1	0.2	–	–
Estimated monetary value of benefits-in-kind	0.7	0.3	0.6	0.1
	7.3	6.5	4.5	3.8
Other key management personnel				
Short term employee benefits	51.5	45.7	6.4	5.6
Defined contribution plans	6.4	5.5	1.0	0.8
	57.9	51.2	7.4	6.4
Total paid to key management personnel	65.2	57.7	11.9	10.2

The Group is a Government-related entity by virtue of its relationship with Lembaga Tabung Angkatan Tentera, the ultimate holding corporation of the Group.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

43. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

The significant transactions with the Government of Malaysia are as follows:

- (a) On 7 September 2012, a Subsidiary received a letter of award from the Ministry of Defence (MINDEF) to supply and deliver spare parts, maintenance services and training for the 23rd frigate squadron of the Royal Malaysian Navy at a contract value of RM70 million for a period of 3 years from the date of acceptance of the award. The aggregate revenue recognised for the year ended 31 December 2015 amounted to RM16 million (2014: RM13 million).

On 16 December 2011, the Subsidiary received a letter of award from MINDEF to design, construct, equip, install, commission, integrate, test and trials and deliver 6 units of 'Second Generation Patrol Vessels Littoral Combat Ship (Frigate Class)' (LCS) at a contract value of RM9 billion. The aggregate revenue recognised under the letter of award for the year ended 31 December 2015 amounted to RM861 million (2014: RM999 million).

On 2 December 2009, the Subsidiary signed a contract with MINDEF to provide Service Life Extension Programme for Kasturi Class Corvettes (KD Kasturi and KD Lekir) a contract sum of RM704 million. During the year, no revenue was recognised from the contract (2014: RM132 million).

- (b) On 16 March 2011, a Subsidiary entered into a Concession Agreement with the Government of Malaysia represented by the Ministry of Health Malaysia (MOH) for a period of ten years expiring on 30 November 2019 for the right and authority to purchase, store, supply and distribute the Approved Products (drugs and non-drugs approved by MOH) to the Public Sector Customers such as government hospital, health office, health clinic, dental clinic or any health institution or other similar facility within Malaysia which is operated and controlled by MOH and as determined by MOH from time to time. The aggregate revenue recognised for the year amounted to RM1,584 million (2014: RM1,618 million).

44. SIGNIFICANT AND SUBSEQUENT EVENTS

- (a) During the year, the Company completed the RM1.2 billion Junior Islamic Medium Term Note Programme, upon issuance of the final tranche of Junior Sukuk Musharakah (Perpetual Sukuk) with a nominal value of RM66.0 million in April 2015.
- (b) On 6 August 2014, the Company entered into a conditional shares sale agreement (SSA) with the shareholders (Vendors) of PFC Engineering Sdn Bhd (PFCE) in relation to the acquisition of 8,000,000 ordinary shares of RM1.00 each representing 80% of the issued and paid up share capital of PFCE for a cash consideration of RM20 million.

On 15 March 2015, the Company and the Vendors mutually agreed not to further extend the period to fulfil the Conditions Precedent of the SSA. Accordingly, the SSA in relation to the Acquisition is deemed rescinded, terminated and completely discharged pursuant to the terms of the SSA.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

44. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

- (c) On 6 March 2015, the Company announced its intention to subscribe for 60,000,000 new ordinary shares of RM1.00 each (Irat Shares) representing 50% of the issued and paid-up share capital of Irat Properties Sdn Bhd (Irat) for a cash consideration of RM127.8 million or RM2.13 per share. The Proposed Subscription (First Subscription) was duly completed on 14 April 2015.

In addition to the First Subscription, the Company had on 14 April 2015 subscribed for an additional 33,333,333 new Irat Shares at the issue price of RM2.13 per share, for a cash consideration of RM71.0 million (Second Subscription).

Subsequent to the First Subscription and the Second Subscription, the Company had on 28 April 2015 further subscribed for 24,037,559 new Irat Shares at the issue price of RM2.13 per share, for a cash consideration of RM51.2 million.

- (d) CIMB Islamic Trustee Berhad (CIMB Trustee), acting solely in the capacity of trustee for Boustead Plantations Berhad (BPB) and its wholly owned Subsidiary, Boustead Sungai Manar Sdn Bhd collectively entered into the following sales and purchase agreements (SPA) with various parties for disposals of 351.7 hectares (Ha) of freehold lands in Mukim Kulai, District of Kulaijaya, State of Johor for cash consideration of RM203.9 million:
- (i) disposal of 56.3 Ha to Seng Hong Quarry Sdn Bhd (SHQ) for cash consideration of RM29.1 million on 20 May 2015;
 - (ii) disposal of 31.9 Ha to Bentara Gemilang Industries Sdn Bhd (BGI) for cash consideration of RM19.9 million on 19 May 2015;
 - (iii) disposal of 57.0 Ha to Sanggul Suria Sdn Bhd (SSSB) for cash consideration of RM12.3 million on 15 June 2015;
 - (iv) disposal of 102.1 Ha to Hanson Quarry Products (Segamat) Sdn Bhd (HQP) for cash consideration of RM81.9 million on 15 June 2015; and
 - (v) disposal of 104.4 Ha to YTL Cement Berhad (YTL) for cash consideration of RM60.7 million on 8 September 2015.

The disposals to SHQ and BGI were completed on 17 June 2015 and a gain on disposal of RM39.5 million was recognised during the current financial year. The disposal of 33.3 Ha to YTL was completed on 23 September 2015 and a gain on disposal of RM17.6 million was recognised in the year under review.

Deposit amounting to RM22.0 million have been received in respect of disposal to SSSB, HQP and YTL. As at the date of this report, the conditions precedent in respect of these SPAs have yet to be met.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

44. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

- (e) On 28 August 2015, the Group's Subsidiary Pharmaniaga Berhad entered into a conditional share purchase agreement (Share SPA) with Dato' Dr Kattayat Mohandas A/L C P Narayana (Vendor) for the acquisition of 1,400,000 ordinary shares of RM1.00 each representing 70% of the total issued and paid up shares capital in Bio-Collagen Technologies Sdn Bhd (BCTSB) for a cash consideration of RM3.5 million.

The completion of the proposed acquisition of BCTSB is pending fulfilment of conditions precedent by the Vendor.

- (f) On 17 December 2015, the Group's Subsidiary Johan Ceramics Berhad (JCB) had entered into a conditional sale and purchase agreement (SPA) with Kim Hin Ceramic (Seremban) Sdn Bhd (Purchaser) for the proposed disposal of Property and Assets (including Trademark assignment) of JCB for a cash consideration of RM28.0 million. Approval of the shareholders of JCB was duly obtained at an extraordinary general meeting held on 4 February 2016.

The proposed disposal which is expected to complete in the first quarter of 2016 is subject to the approvals of the shareholders of the Purchaser, and other relevant authorities.

- (g) On 23 December 2015, wholly owned Subsidiaries of Boustead Heavy Industries Corporation Berhad namely BHIC Marine Carriers Sdn Bhd, BHIC Marine Ventures Sdn Bhd and BHIC Marine Transport Sdn Bhd entered into Memoranda of Agreement with Jasa Merin (Labuan) PLC for sale of the three chemical tankers, MT CHULAN 1, MT CHULAN 2 and MT CHULAN 3. The proposed disposal of these chemical tankers for the aggregate cash consideration of USD17.1 million is expected to complete during the first quarter of 2016.

- (h) On 29 December 2015, Bakti Wira Development Sdn Bhd (BWSB), a wholly-owned Subsidiary of the Group, entered into a conditional share sale agreement with Cascara Sdn Bhd (Cascara) for the proposed disposal of BWSB's entire 30% stake in Jendela Hikmat Sdn Bhd (JHSB) comprising 12,600,000 ordinary shares of RM1.00 each in JHSB for a cash consideration of RM180.0 million (Proposed Disposal).

Concurrent with the Proposed Disposal, Lembaga Tabung Angkatan Tentera (LTAT), the Company's parent company, had on 29 December 2015 executed a share sale agreement with Cascara for the disposal of its 30% equity interest in JHSB for a cash consideration of RM180.0 million (LTAT Disposal).

The Proposed Disposal and the LTAT Disposal are inter-conditional upon each other. In this connection, the completion of the Group's Proposed Disposal is not subject to the completion of the LTAT Disposal and vice-versa.

The Proposed Disposal is subject to the approval of the Company's shareholders at an extraordinary general meeting to be convened.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

44. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D.)

- (i) On 18 January 2016, the Company announced its intention to undertake the following proposals:
 - (i) Proposed Rights Issue of up to 413,671,222 ordinary shares of RM0.50 each (Right Shares), on the basis of 2 Right Shares for every 5 existing shares held on the entitlement date to be determined later.
 - (ii) Proposed Bonus Issue of ordinary shares of RM0.50 each (Bonus Shares), on the basis of 2 Bonus Shares for every 5 existing shares held after the completion of the Proposed Rights Issue.
 - (iii) Proposed increase of authorised share capital to RM2 billion comprising 4 billion ordinary shares of RM0.50 each.

The above proposals which are expected to complete during the third quarter of 2016 are subject to the approvals of Bursa Securities and the Company's shareholders at an extraordinary general meeting to be convened.

45. ACQUISITION OF SUBSIDIARY

The fair value of the assets acquired and liabilities assumed upon the acquisition of PT Errita Pharma in the previous year are as follows:

	Group
	2014
	RM Million
Net assets acquired:	
Property, plant and equipment (Note 13)	(14.7)
Prepaid land lease payments (Note 17)	(1.5)
Intangible assets (Note 24)	(67.7)
Current assets	(5.2)
Other current liabilities	1.1
Deferred tax liabilities (Note 19)	5.6
Non-controlling interest	8.4
Purchase consideration	(74.0)
Deposit paid during the previous year	4.5
Cash and cash equivalents acquired	0.3
Net cash outflow on acquisition	(69.2)

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

46. DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained earnings of the Group and of the Company into realised and unrealised profit, pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements are as follows:

	Group		Company	
	2015	2014	2015	2014
	RM Million	RM Million	RM Million	RM Million
Total retained earnings of the Company and Subsidiaries				
– Realised	2,191.2	2,679.4	1.2	111.2
– Unrealised	441.9	367.2	42.8	30.5
	2,633.1	3,046.6	44.0	141.7
Total share of retained earnings of associates and joint ventures				
– Realised	813.5	761.6	–	–
– Unrealised	183.8	173.9	–	–
	997.3	935.5	–	–
	3,630.4	3,982.1	44.0	141.7
Consolidation adjustments	(1,649.1)	(1,750.6)	–	–
	1,981.3	2,231.5	44.0	141.7

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

BOUSTEAD GROUP

			Group interest	
Name of company*	Principal activities	Paid-up capital	% 2015	% 2014
As at 31 December 2015				
SUBSIDIARIES				
Boustead Properties Berhad	Investment holding and property investment	RM255,199,031	100	100
Boustead Plantations Berhad	Investment holding and oil palm cultivation	RM800,000,000	57	57
Pharmaniaga Berhad**	Investment holding	RM129,441,366	56	56
Boustead Heavy Industries Corporation Berhad	Investment holding	RM248,457,612	65	65
Boustead Naval Shipyard Sdn Bhd	Construction, repair and maintenance of naval and merchant ships	RM130,000,003	82	82
Boustead Petroleum Marketing Sdn Bhd**	Marketing of petroleum products	RM229,967,000	42	42
UAC Berhad	Manufacture of fibre cement products and property investment	RM1,000,000	100	100
Boustead Segaria Sdn Bhd	Investment holding	RM18,000,520	100	100
Boustead Credit Sdn Bhd	Hire purchase and lease financing	RM15,000,000	100	100
Boustead Engineering Sdn Bhd	Engineering equipment and chemicals distributor	RM8,000,000	100	100
Boustead Global Trade Network Sdn Bhd	Insurance agent	RM3,000,000	100	100
Boustead Weld Quay Sdn Bhd	Property investment and hotel operations	RM100,000,000	100	100
Boustead Travel Services Sdn Bhd	Travel agent	RM5,500,000	100	100
Boustead Management Services Sdn Bhd	Management services	RM3,000,000	100	100
Boustead Information Technology Sdn Bhd	Computer services	RM1,000,000	100	100
Boustead Construction Sdn Bhd	Project management	RM1,000,000	100	100
Mutiara Rini Sdn Bhd	Property developer	RM75,000,000	100	100
U.K. Realty Sdn Bhd	Property developer	RM40,000,000	100	100
Boustead Balau Sdn Bhd	Property developer	RM30,000,000	100	100

APPENDIX IV

AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

BOUSTEAD GROUP

Name of company*	Principal activities	Paid-up capital	Group interest	
			% 2015	% 2014
As at 31 December 2015				
SUBSIDIARIES (CONT'D.)				
Boustead Curve Sdn Bhd	Property investment	RM150,000,000	100	100
Damansara Entertainment Centre Sdn Bhd	Property investment	RM60,000,000	100	100
Boustead Hotels & Resorts Sdn Bhd	Hotel operations	RM75,000,000	100	100
Boustead Realty Sdn Bhd	Property investment	RM100,000,000	100	100
Boustead Weld Court Sdn Bhd	Property investment	RM20,000,000	100	100
Nam Seng Bee Hoon Sdn Bhd	Property investment	RM20,000,000	100	100
Mecuro Properties Sdn Bhd	Property investment	RM2	100	100
Boustead Shipping Agencies Sdn Bhd	Shipping agent	RM5,000,000	100	100
AB Shipping Sdn Bhd	Shipbroker	RM45,000	100	100
Boustead Cruise Centre Sdn Bhd	Provision of port facilities and services to cruise and navy vessels	RM50,000,000	100	100
Boustead Hyde Park Ltd ^a	Hotel operations	–	100	100
Boustead Building Materials Sdn Bhd	Building products distributor and project management	RM50,000,000	100	100
Boustead DCP Sdn Bhd	Manufacture of chilled water	RM12,000,000	100	100
Bakti Wira Development Sdn Bhd	Investment holding	RM75,000	100	100
Boustead Sissons Paints Sdn Bhd	Paint manufacturer	RM22,663,000	100	100
Cargo Freight Shipping Sdn Bhd	Shipping agent	RM186,000	100	100
Midas Mayang Sdn Bhd	Property investment	RM10,000,000	80	80
The University of Nottingham in Malaysia Sdn Bhd	Operation of a university	RM154,960,000	66	66
Astacanggih Sdn Bhd	Investment holding	RM20,000,000	80	80
Boustead Rimba Nilai Sdn Bhd	Cultivation and processing of oil palm	RM100,000,000	57	57
Boustead Emastulin Sdn Bhd	Cultivation and processing of oil palm	RM17,000,000	57	57

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

BOUSTEAD GROUP

Name of company*	Principal activities	Paid-up capital	Group interest	
			% 2015	% 2014
As at 31 December 2015				
SUBSIDIARIES (CONT'D.)				
Boustead Eldred Sdn Bhd	Oil palm cultivation	RM15,000,000	57	57
Boustead Trunkline Sdn Bhd	Oil palm cultivation	RM7,000,000	57	57
Boustead Gradient Sdn Bhd	Cultivation and processing of oil palm	RM3,000,000	57	57
Boustead Estates Agency Sdn Bhd	Plantation management and engineering consultancy	RM1,050,000	57	57
Boustead Sungai Manar Sdn Bhd	Property investment	RM4,500,000	57	57
Boustead Telok Sengat Sdn Bhd	Cultivation and processing of oil palm	RM9,184,000	57	57
Boustead Solandra Sdn Bhd	Oil palm cultivation	RM200,000	57	57
Boustead Sedili Sdn Bhd	Oil palm cultivation	RM6,150,000	40	40
Boustead Pelita Kanowit Oil Mill Sdn Bhd	Processing of oil palm	RM30,000,000	34	34
Boustead Pelita Kanowit Sdn Bhd	Cultivation of oil palm	RM34,560,000	34	34
Boustead Pelita Tinjar Sdn Bhd	Cultivation and processing of oil palm	RM48,000,000	34	34
Pharmaniaga Manufacturing Berhad**	Manufacture of pharmaceutical products	RM10,000,000	56	56
Pharmaniaga Logistics Sdn Bhd**	Procurement and distribution of pharmaceutical and medical products	RM40,000,000	56	56
Pharmaniaga Marketing Sdn Bhd**	Marketing of pharmaceutical products	RM3,000,000	56	56
Pharmaniaga LifeScience Sdn Bhd**	Manufacture of pharmaceutical products	RM75,000,000	56	56
Pharmaniaga Research Centre Sdn Bhd**	Pharmaceutical research & development	RM100,000	56	56
Pharmaniaga Biomedical Sdn Bhd**	Supply & installation of medical and hospital equipment	RM8,000,000	56	56

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

BOUSTEAD GROUP

Name of company*	Principal activities	Paid-up capital	Group interest	
			% 2015	% 2014
As at 31 December 2015				
SUBSIDIARIES (CONT'D.)				
Idaman Pharma Manufacturing Sdn Bhd**	Manufacture of pharmaceutical products	RM25,000,000	56	56
Pharmaniaga Pristine Sdn Bhd**	Retail pharmaceutical	RM20,000,050	56	56
Pharmaniaga International Corporation Sdn Bhd**	Investment holding	RM12,000,000	56	56
PT Errita Pharma**+	Manufacture and sale of pharmaceutical products in Indonesia	Rp95,832,000,000	42	42
PT Millennium Pharmacon International Tbk**+	Distribution of pharmaceutical & diagnostic products and food supplements	Rp72,800,000,000	31	31
PT Mega Pharmaniaga**+	Trading and marketing of pharmaceutical and medical products in Indonesia	Rp11,372,400,000	53	53
UAC Steel Systems Sdn Bhd	Manufacture, sale and installation of steel roof truss systems	RM1,860,000	100	100
Boustead Penang Shipyard Sdn Bhd	Heavy engineering construction, ship repair and shipbuilding	RM350,000,000	65	65
Perstim Industries Sdn Bhd	Investment holding	RM51,155,724	65	65
BHIC Marine Carrier Sdn Bhd	Provision of engineering services for oil and gas industry	RM3,000,000	65	65
Dominion Defence & Industries Sdn Bhd	Supply and services of marine and defence related products	RM1,000,000	65	65
BHIC Defence Techservices Sdn Bhd	Provision of maintenance and services for defence related products	RM1,000,000	65	65
BHIC Defence Technologies Sdn Bhd	Investment holding	RM36,579,282	65	65

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

BOUSTEAD GROUP

			Group interest	
			% 2015	% 2014
Name of company*	Principal activities	Paid-up capital		
As at 31 December 2015				
SUBSIDIARIES (CONT'D.)				
Naval and Defence Communication System Sdn Bhd	Provision for maintenance and services of telecommunication systems	RM100,000	65	65
BHIC Navaltch Sdn Bhd	In-service support for the maintenance, services and supply of spare parts for vessels	RM1,000,000	65	65
BHIC Electronics and Technologies Sdn Bhd	Provision of maintenance and services for defence weapons and related products	RM2,329,897	65	65
BHIC Allied Defence Technology Sdn Bhd	Supply of electronics and system technology to defence related industry	RM510,000	65	65
BHIC Trading Sdn Bhd	Property Investment	RM8,000,002	65	65
BHIC Submarine Engineering Services Sdn Bhd (formerly known as Integrated Navigation and Defence Systems Sdn Bhd)	Provision of maintenance and service of submarines	RM500,000	65	65
Boustead Langkawi Shipyard Sdn Bhd	Construction, repair and maintenance of boats and yachts	RM100,000,000	82	82
Boustead Petroleum Sdn Bhd	Investment holding	RM118,329,300	60	60
MHS Aviation Berhad	Provision of air transportation, flight support, engineering and technical services	RM20,000,000	51	51
MHS Assets Sdn Bhd	Leasing of aircraft	RM10,000,000	51	51
Boustead Atlas Hall Sdn Bhd	Oil and gas engineering agency	RM3,265,306	51	51
Boustead Idaman Sdn Bhd	Dormant	RM13,000,000	100	100
Johan Ceramics Berhad	Ceased operation	RM84,898,510	98	98
Bounty Crop Sdn Bhd	Ceased operation	RM70,200,000	57	57
Boustead Advisory and Consultancy Services Sdn Bhd	Ceased operation	RM500,002	57	57

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

BOUSTEAD GROUP

Name of company*	Principal activities	Paid-up capital	Group interest	
			% 2015	% 2014
As at 31 December 2015				
ASSOCIATES				
Pavilion Entertainment Centre (M) Sdn Bhd	Property development	RM3,000,000	50	50
Drew Ameroid (Malaysia) Sdn Bhd	Industrial chemicals distributor	RM20,000	50	50
Boustead Wah Seong Sdn Bhd	Investment holding	RM1,000,000	50	50
Wah Seong Boustead Co Ltd^	Consumer and building products distributor	Kyat2,760,000	50	50
Kao (Malaysia) Sdn Bhd	Toiletries, household products distributor	RM16,000,000	45	45
Applied Agricultural Resources Sdn Bhd	Agricultural research and advisory services	RM500,000	29	29
Cadbury Confectionery Malaysia Sdn Bhd	Chocolate and sugar confectionery manufacturer	RM8,185,000	25	25
Affin Holdings Berhad	Financial services group	RM1,942,948,547	21	21
Jendela Hikmat Sdn Bhd	Property development	RM42,000,000	30	30
Rakan Riang Sdn Bhd	Operating education and entertainment facilities	RM30,600,000	20	20
Rakan Riang Pte Ltd#	Operating education and entertainment facilities	S\$24,000,000	20	20

**AUDITED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2015
TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**

Boustead Holdings Berhad (3871-H) (Incorporated in Malaysia)

BOUSTEAD GROUP

Name of company*	Principal activities	Paid-up capital	Group interest	
			% 2015	% 2014
As at 31 December 2015				
JOINT VENTURES				
Irat Properties Sdn Bhd	Property investment and operator of automated traffic enforcement system	RM184,741,784	50	–
Boustead Ikano Sdn Bhd	Property investment	RM400,000,000	50	50
BHIC MSM Sdn Bhd	Provision for maintenance and repair of MTU products	RM1,000,000	39	39
Boustead DCNS Naval Corporation Sdn Bhd	Vessel maintenance	RM10,000,000	39	39
Contraves Advanced Devices Sdn Bhd	Manufacture of electronic products	RM5,000,000	33	33
BYO Marine Sdn Bhd	Construction of vessels	RM100	33	33
BHIC Bofors Asia Sdn Bhd	Providing, supplying and servicing BOFORS weapons system	RM1,000,000	33	33
BHIC AeroServices Sdn Bhd	Maintenance, repair and overhaul of rotary and fixed wing aircraft	RM2,000,000	33	33

* Incorporated in Malaysia unless otherwise indicated

** Subsidiaries not audited by Ernst & Young

+ Incorporated in Indonesia

^ Incorporated in Myanmar

Incorporated in Singapore

& Incorporated in British Virgin Island

DIRECTORS' REPORT



Boustead Holdings Berhad 3871-H
(A member of LTAT Group)

Date: **13 MAY 2016**

Registered Office:

28th Floor, Menara Boustead
69 Jalan Raja Chulan
50200 Kuala Lumpur

To: The Shareholders of Boustead Holdings Berhad ("BHB" or "Company")

Dear Sir / Madam,

On behalf of the Board of Directors of BHB ("**Board**"), we wish to report that, after making due enquiries in relation to the Company and its subsidiary companies ("**Group**") during the period between 31 December 2015 (being the date on which the last audited financial statements have been made up), and the date hereof, being a date not earlier than fourteen (14) days before the issue date of this Abridged Prospectus:

- (i) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;
- (ii) in the opinion of the Board, no circumstances have arisen since the last audited financial statements of the Group which have adversely affected the trading or the value of the assets of the Group;
- (iii) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) save as disclosed in this Abridged Prospectus, there are no other contingent liabilities which have arisen by reason of any guarantees or indemnities given by the Group;
- (v) there have been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums in relation to any borrowings of the Group since the last audited financial statements of the Group; and
- (vi) save as disclosed in this Abridged Prospectus, there have been no material change in the published reserves or any unusual factor affecting the profits of the Group since the last audited financial statements of the Group.

Yours faithfully,

For and on behalf of the Board of
BOUSTEAD HOLDINGS BERHAD

GEN. TAN SRI DATO' MOHD GHAZALI CHE MAT (R)
Independent Non-Executive Chairman

"A TRADITION OF STRENGTH AND STABILITY. A VISION OF GROWTH AND EXCELLENCE"

28th Floor, Menara Boustead, 69, Jalan Raja Chulan, 50200 Kuala Lumpur. P.O. Box 11011, 50732 Kuala Lumpur.
Tel: 03-2141 9044 (24 Lines) Fax: 03-2144 3016, 03-2141 9750 Website: www.boustead.com.my

ADDITIONAL INFORMATION

1. SHARE CAPITAL

- (i) Save for the Rights Shares and the Bonus Shares to be issued pursuant to the Bonus Issue, no securities shall be allotted or issued on the basis of this Abridged Prospectus later than 12 months after the date of the issuance of this Abridged Prospectus.
- (ii) As at the date of this Abridged Prospectus, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only 1 class of shares in our company, namely ordinary shares of RM0.50 each, all of which rank *pari passu* with one another.
- (iii) All the Rights Shares and the Bonus Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing issued and paid-up ordinary share capital, save and except that such shares will not be entitled to any dividend, rights, allotment and/or other distribution unless the allotment and issuance of such shares were made on or paid prior to entitlement date of such dividend, rights, allotment and/or other distribution.
- (iv) As at the date of this Abridged Prospectus, save for the Entitled Shareholders who will be provisionally allotted with the Rights Shares under the Rights Issue, which is the subject of this Abridged Prospectus, no person has been or is entitled to be given an option to subscribe for any securities, shares or debentures in our Company or our subsidiaries.
- (v) Save for the Rights Shares and the Bonus Shares, none of our securities have been issued or are proposed to be issued either as fully or partly paid-up otherwise than in cash within the 12 months immediately preceding the date of this Abridged Prospectus.

2. ARTICLES OF ASSOCIATION

The provisions in our Company's Articles of Association in relation to the remuneration of our Directors are as follows:

"Article 98

The fees of the Directors shall from time to time be determined by an ordinary resolution of the Company in general meeting but the remuneration of the executive directors shall from time to time be determined by the Board. The fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting when notice of the proposed increase has been given in the notice convening the meeting. The fees payable to non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover and be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director holding office for part only for a year shall be entitled to a proportionate part of a full year's remuneration. The remuneration payable to executive Directors shall not include a commission on or percentage of turnover. Any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration."

"Article 99

The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Board or of committees of the Board or general meetings or otherwise howsoever in connection with the business of the Company."

ADDITIONAL INFORMATION (CONT'D)

"Article 100

The Directors may grant special remuneration to any Director who (on request by the Directors) is willing to perform or render any special duties or services outside his ordinary duties as a Director or to go or reside away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors. Such special remuneration may be paid to such Director in addition to or in substitution for his ordinary remuneration as a Directors and may be paid by way of fixed sum or otherwise as may be arranged Provided Always that such special remuneration shall not be by a commission on or percentage of profits or turnover."

"Article 127

The remuneration of the Managing Director shall be subject to the terms of any agreement entered into in any particular case may be by way of salary or commission or participation in profits or otherwise or by any or all these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of his appointment that he shall receive, pension, gratuity or other benefits upon his retirement."

3. MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years preceding the date of this Abridged Prospectus:

- (i) Sale and purchase agreement dated 23 July 2014 between BMSB (currently known as Boustead Cruise Centre Sdn Bhd) and Glenn Management Sdn Bhd for the acquisition of 3 parcels of land with a combined land area of 25.22 acres, all situated in Mukim and District of Klang, State of Selangor Darul Ehsan, for a total cash consideration of RM62.3 million. The transaction was completed on 24 October 2014.
- (ii) Sale and purchase agreement dated 23 July 2014 between BMSB and Glamorous Trendy Sdn Bhd for the acquisition of a parcel of land with a land area of 6.21 acres, situated in Mukim and District of Klang, State of Selangor Darul Ehsan, for a total cash consideration of RM10.8 million. The transaction was completed on 24 October 2014.
- (iii) Sale and purchase agreement dated 23 July 2014 between BMSB and Port Klang Cruise Centre Sdn Bhd (receiver and manager appointed) for the acquisition of 2 parcels of lands with a combined land area of 11.82 acres, situated in Mukim and District of Klang, State of Selangor Darul Ehsan, for a total cash consideration of RM164.3 million. The transaction was completed on 24 October 2014.
- (iv) Sale and purchase agreement dated 23 July 2014 between BMSB and Glenn Defense Marine (Asia) Sdn Bhd (receiver and manager appointed) for the acquisition of 3 parcels of lands with a combined land area of 26.62 acres, situated in Mukim and District of Klang, State of Selangor Darul Ehsan, for a total cash consideration of RM72.5 million. The transaction was completed on 24 October 2014.
- (v) Sale and purchase agreement dated 24 July 2014 between BHB and Pastel Estate Limited for the acquisition by BHB of a freehold property known as Hyde Park Hotel 23-26 Leinster Square London W2 4NE for a cash consideration of GBP25.5 million (equivalent to RM139.0 million based on exchange rate of GBP1:RM5.45). The transaction was completed on 16 September 2014.

ADDITIONAL INFORMATION (CONT'D)

- (vi) Shareholders' agreement dated 13 November 2015 entered by BHB and LTAT with IPSB pursuant to the following:
 - (a) first subscription of 60,000,000 new ordinary shares on RM1.00 each in IPSB by BHB for a cash consideration of RM127.8 million on 14 April 2015;
 - (b) second subscription of 33,333,333 new ordinary shares in IPSB at the issue price of RM2.13 each by BHB for a cash consideration of RM71.0 million on 14 April 2015; and
 - (c) third subscription of 24,037,559 new ordinary shares in IPSB at the issue price of of RM2.13 each by BHB for a cash consideration of RM51.2 million on 28 April 2015.
- (vii) Conditional share sale agreement dated 29 December 2015 entered into between Bakti Wira Development Sdn Bhd and Cascara Sdn Bhd for the disposal of its 30% equity interest held in Jendela Hikmat Sdn Bhd for a cash consideration of RM180.0 million.
- (viii) Memorandum of agreement dated 23 December 2015 (as amended by Addendum No.1 dated 26 February 2016 and Addendum No. 2 dated 28 April 2016) between Jasa Merin (Labuan) PLC and BHIC Marine Carriers Sdn Bhd for the sale of a vessel known as Chulan 1 for a cash consideration of USD5.7 million (equivalent to RM23.5 million based on the exchange rate of USD1:RM4.1295).
- (ix) Memorandum of agreement dated 23 December 2015 (as amended by Addendum No.1 dated 26 February 2016 and Addendum No. 2 dated 28 April 2016) between Jasa Merin (Labuan) PLC and BHIC Marine Ventures Sdn Bhd for the sale of a vessel known as Chulan 2 for a cash consideration of USD5.7 million (equivalent to RM23.5 million based on the exchange rate of USD1:RM4.1295).
- (x) Memorandum of agreement dated 23 December 2015 (as amended by Addendum No.1 dated 26 February 2016 and Addendum No. 2 dated 28 April 2016) between Jasa Merin (Labuan) PLC and BHIC Marine Transport Sdn Bhd for the sale of a vessel known as Chulan 3 for a cash consideration of USD5.7 million (equivalent to RM23.5 million based on the exchange rate of USD1:RM4.1295).
- (xi) Sale and purchase agreement dated 15 June 2015 between BSM and Hanson Quarry Products (Segamat) Sdn Bhd for the disposal of 5 parcels of freehold land and a part of a parcel of freehold land all located in Kulai, Johor Darul Takzim for a cash consideration RM81.9 million.
- (xii) Sale and purchase agreement dated 8 September 2015 between CIMB Islamic Trustee Berhad (acting solely in the capacity as a trustee for BPB) and YTL Cement for the disposal of 3 parcels of land all located in Kulai, Johor Darul Takzim for a cash consideration RM30.1 million.
- (xiii) Sale and purchase agreement dated 8 September 2015 between BSM and YTL Cement for the disposal of 2 parcels of land all located in Kulai, Johor Darul Takzim for a cash consideration of RM19.7 million.
- (xiv) Sale and purchase agreement dated 8 September 2015 between BSM and YTL Cement for the disposal of part of a parcel of land located in Kulai, Johor Darul Takzim for a cash consideration of RM10.9 million.

ADDITIONAL INFORMATION (CONT'D)**4. MATERIAL LITIGATION**

Save as disclosed below, neither our Company nor our Group is engaged in any other material litigation, claims or arbitration, either as plaintiff or defendant, nor is our Board aware of any other proceedings, pending or threatened, against our Group or of any fact likely to give rise to any proceedings which might, materially and adversely affect the financial position or business of our Group 2 years preceding the date of this Abridged Prospectus.

Ipoh High Court Suit No. 22NCVC-193-08-2012
Ingat Kawan (M) Sdn Bhd (“Ingat Kawan” or “Plaintiff”) v BNS

BNS, a subsidiary of our Company had, on 4 September 2012, been served with a Writ of Summons by one Ingat Kawan. The Writ of Summons was filed in the Ipoh High Court on 10 August 2012.

Under the said Writ of Summons, Ingat Kawan is claiming against BNS for unspecified general damages, special damages of RM50.0 million, interest at 10% per annum on the said amount of RM50.0 million calculated from 7 September 2011 until full settlement, interest at 8% per annum on the said amount of RM50.0 million calculated from the date of filing of the Writ of Summons until full settlement, costs and other relief that the Court deems fit, for an alleged breach by BNS of a contract for removal of underground cables at BNS's shipyard in Lumut, Perak Darul Ridzuan.

BNS does not recognise the validity of the alleged contract. The staff members that were involved in the alleged contract have either been dismissed or left the company. BNS has also lodged a police report with regards to the incident.

BNS had on 11 September 2012 filed the Memorandum of Appearance and on 4 October 2012 BNS filed its Statement of Defence. BNS had also on the same date filed a counter-claim against Ingat Kawan and 5 former BNS staff for:

- (i) the Court's declaration that the contract is invalid; and
- (ii) the Plaintiff to provide an account of the stolen cable if the Plaintiff has sold the cable; or
- (iii) general damages; and
- (iv) exemplary damages; and
- (v) aggravated damages; and
- (vi) interest of 5% per annum of the amount in (iii), (iv) and (v) above from 5 September 2011 until full settlement; and
- (vii) costs; and
- (viii) other reliefs that the Court deems fit.

BNS's claims against its 5 former staff are for breach of fiduciary duties, fraud and acting against the law.

The High Court had, on 30 November 2012, dismissed Ingat Kawan's objections to BNS's addition of 5 co-defendants in BNS counter-claims.

On 14 March 2013, the High Court allowed BNS' application to strike out Ingat Kawan's claim. Ingat Kawan appealed to the Court of Appeal against this decision, and on 11 November 2013, the Appellate Court allowed the appeal and ordered the case to be tried at the High Court. However, until to-date, the High Court has not fixed a date for the trial.

ADDITIONAL INFORMATION (CONT'D)

On 10 December 2013, BNS filed an application for leave to appeal to the Federal Court against the 11 November 2013 decision of the Court of Appeal. Hearing of this leave application has been adjourned pending the issuance of the grounds of judgment by the Court of Appeal. On 30 March 2016, the Court of Appeal issued the grounds of judgment and has allowed the appeal and the case to proceed to trial. Pursuant to this, the Federal Court fixed the matter for case management on 6 May 2016 and has fixed on 13 July 2016 for hearing.

As regards the defamation action by Ingat Kawan and another person, the High Court had on, 30 November 2012, allowed BNS's application to strike out the claim without liberty to file afresh. In view of this, Ingat Kawan will not have any recourse to revive this defamation suit against BNS.

The Board, in consultation with the solicitor is of the view that BNS has a good case in this action.

5. GENERAL

- (i) None of our Directors have any existing or proposed service contracts with our Company or our subsidiaries, excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within 12 months of the date of this Abridged Prospectus.
- (ii) Save as disclosed in this Abridged Prospectus and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:
 - (a) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure of our Group;
 - (c) unusual or infrequent events or transactions or significant economic changes which materially affect the amount of reported income from operations;
 - (d) known trends or uncertainties that have had or that our Group reasonably expects to have a material favourable or unfavourable impact on our Group's revenue or operating income; and
 - (e) fluctuations in our Group's revenue; and
 - (f) material information, including special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our Group's profits.

6. CONSENTS

The written consents of our Principal Adviser, Principal Bankers, Share Registrar for the Rights Issue and Solicitors for the Rights Issue to the inclusion in this Abridged Prospectus of their names in the form and context in which they appear have been given before the issuance of this Abridged Prospectus and have not subsequently been withdrawn.

ADDITIONAL INFORMATION (CONT'D)

The written consent of our Auditors and Reporting Accountants to the inclusion in this Abridged Prospectus of their names and letters relating to the audited financial statements of our Group for the FYE 31 December 2015 together with the Auditors' report and the pro forma consolidated statements of financial position of BHB as at 31 December 2015 together with the Reporting Accountants' report, in the form and context in which they appear have been given prior to the issuance of this Abridged Prospectus and have not subsequently been withdrawn.

7. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies of them are available for inspection during normal business hours at our registered office at 28th Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200, Kuala Lumpur from Mondays to Fridays (except public holidays) from a period of 12 months from the date of issuance of this Abridged Prospectus:

- (i) M&A of our Company;
- (ii) the material contracts referred to in Section 3 of this Appendix;
- (iii) the pro forma consolidated statements of financial position of BHB as at 31 December 2015 together with the Reporting Accountants' report as set out in Appendix III of this Abridged Prospectus;
- (iv) the relevant cause papers in respect of the material litigation referred to in Section 4 of this Appendix;
- (v) the consent letters referred to in Section 6 of this Appendix;
- (vi) the Directors' report as set out in Appendix V of this Abridged Prospectus;
- (vii) the audited financial statements of our Group for the past 2 FYE 31 December 2014 and 31 December 2015; and
- (viii) the letters in relation to the Entitlement Undertakings as referred to in Section 8 of this Abridged Prospectus.

8. RESPONSIBILITY STATEMENT

Our Board has seen and approved this Abridged Prospectus together with the accompanying documents. Our Board collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make any statement in this Abridged Prospectus together with the accompanying documents false or misleading.

Affin Hwang IB, being the Principal Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue.