

**Boustead Holdings Berhad (3871-H)****UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

<b>For the quarter ended 30 June 2016</b> <b>(All figures are stated in RM million)</b>	<b>Current Period</b>		<b>Cumulative Period</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>	<b>2,069.0</b>	2,207.6	<b>3,925.7</b>	4,099.9
Operating cost	<b>(1,976.2)</b>	(2,124.1)	<b>(3,781.3)</b>	(3,897.0)
Profit from operations	<b>92.8</b>	83.5	<b>144.4</b>	202.9
Gain on disposal of plantation land	<b>83.2</b>	39.1	<b>117.8</b>	39.1
Interest income	<b>10.6</b>	8.9	<b>21.2</b>	15.2
Other investment results	<b>198.7</b>	0.5	<b>198.9</b>	0.9
Finance cost	<b>(77.8)</b>	(75.3)	<b>(158.7)</b>	(142.7)
Share of results of associates	<b>20.3</b>	20.1	<b>47.8</b>	24.7
Share of results of joint ventures	<b>(5.3)</b>	6.5	<b>(12.6)</b>	12.7
<b>Profit before taxation</b>	<b>322.5</b>	83.3	<b>358.8</b>	152.8
Taxation	<b>(21.1)</b>	(32.5)	<b>(47.9)</b>	(58.9)
<b>Profit for the period</b>	<b>301.4</b>	50.8	<b>310.9</b>	93.9
<i>Profit for the period attributable to:</i>				
Shareholders of the Company	<b>225.8</b>	2.9	<b>204.3</b>	3.0
Holder of Perpetual Sukuk	<b>18.3</b>	18.2	<b>36.5</b>	35.4
Non-controlling interests	<b>57.3</b>	29.7	<b>70.1</b>	55.5
<b>Profit for the period</b>	<b>301.4</b>	50.8	<b>310.9</b>	93.9
<b>Earnings per share - sen</b>				
Basic/diluted	<b>13.52</b>	0.18	<b>12.34</b>	0.18

The condensed consolidated income statement should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2015.

## Boustead Holdings Berhad (3871-H)

### UNAUDITED CONDENSED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

For the quarter ended 30 June 2016 (All figures are stated in RM million)	Current Period		Cumulative Period	
	2016	2015	2016	2015
<b>Profit for the period</b>	<b>301.4</b>	50.8	<b>310.9</b>	93.9
Other comprehensive income/(loss)				
<i>Items that may be reclassified to profit or loss</i>				
Currency translation difference in respect of foreign operations	<b>5.2</b>	1.3	<b>(2.7)</b>	2.6
Net gain on available for sale investments				
- fair value changes	<b>(2.1)</b>	(1.9)	<b>(0.8)</b>	(1.0)
Share of OCI of investments accounted for using the equity method	<b>3.2</b>	(9.3)	<b>17.8</b>	4.8
<b>Total comprehensive income for the period</b>	<b>307.7</b>	40.9	<b>325.2</b>	100.3
Attributable to:				
Shareholders of the Company	<b>229.0</b>	(8.0)	<b>220.3</b>	7.7
Holders of Perpetual Sukuk	<b>18.3</b>	18.2	<b>36.5</b>	35.4
Non-controlling interests	<b>60.4</b>	30.7	<b>68.4</b>	57.2
<b>Total comprehensive income for the period</b>	<b>307.7</b>	40.9	<b>325.2</b>	100.3

The unaudited condensed statement of consolidated comprehensive Income should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2015.

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

<b>As at 30 June 2016</b>	<b>Unaudited As at 30 June 2016</b>	<b>Audited As at 31 December 2015</b>
<b>(All figures are stated in RM million)</b>		
<b>ASSETS</b>		
<b>Non current assets</b>		
Property, plant and equipment	5,000.4	5,035.0
Biological assets	1,287.3	1,261.4
Investment properties	1,567.2	1,543.8
Development properties	632.1	638.9
Prepaid land lease payments	60.4	61.6
Long term prepayment	178.9	170.3
Deferred tax assets	65.3	50.1
Associates	1,928.9	1,843.5
Joint ventures	608.3	621.1
Available for sale investments	32.3	33.1
Intangible assets	1,390.6	1,406.3
	<b>12,751.7</b>	<b>12,665.1</b>
<b>Current assets</b>		
Inventories	817.1	812.8
Property development in progress	93.9	99.1
Due from customers on contracts	1,387.3	1,216.1
Receivables	1,594.9	1,382.6
Deposits, cash and bank balance	985.8	1,338.1
Assets of a disposal group classified as held for sale	-	105.8
	<b>4,879.0</b>	<b>4,954.5</b>
<b>TOTAL ASSETS</b>	<b>17,630.7</b>	<b>17,619.6</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to shareholders of the Company</b>		
Share capital	723.9	517.1
Perpetual Sukuk	1,207.4	1,207.7
Reserves	4,995.9	4,025.5
<b>Shareholders' equity</b>	<b>6,927.2</b>	<b>5,750.3</b>
<b>Non-controlling interests</b>	<b>1,608.5</b>	<b>1,607.5</b>
Total equity	<b>8,535.7</b>	<b>7,357.8</b>
<b>Non current liabilities</b>		
Borrowings	2,258.4	2,175.6
Other payable	30.1	31.4
Deferred tax liabilities	109.6	105.7
	<b>2,398.1</b>	<b>2,312.7</b>
<b>Current liabilities</b>		
Borrowings	4,709.6	5,858.3
Trade and other payables	1,822.6	1,893.5
Due to customer on contracts	74.3	116.0
Taxation	38.7	19.3
Dividend payable	51.7	62.0
	<b>6,696.9</b>	<b>7,949.1</b>
<b>Total liabilities</b>	<b>9,095.0</b>	<b>10,261.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>17,630.7</b>	<b>17,619.6</b>

The condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2015.

**Boustead Holdings Berhad (3871-H)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the financial period ended 30 June 2016	Attributable to shareholders of the Company									
	Share Capital	Perpetual Sukuk	*Share Premium	*Revaluation & Fair Value Reserve	*Statutory Reserve	*Other Reserves	Retained Profit	Total	Non-Controlling Interests	Total Equity
As at 1 January 2016	517.1	1,207.7	1,165.1	54.2	387.3	437.6	1,981.3	5,750.3	1,607.5	7,357.8
Total comprehensive income for the period	-	36.5	-	29.6	-	(13.6)	204.3	256.8	68.4	325.2
<b>Transactions with owners</b>										
Share capital										
- Right issue	206.8	-	848.0	-	-	-	-	1,054.8	-	1,054.8
Perpetual Sukuk										
- Distribution	-	(36.8)	-	-	-	-	-	(36.8)	-	(36.8)
Changes in ownership interests in Subsidiaries										
- Acquisition of a Subsidiary	-	-	-	-	-	-	-	-	0.1	0.1
- Additional investment in a Subsidiary	-	-	-	-	-	-	(4.8)	(4.8)	(7.1)	(11.9)
Transfers during the period	-	-	-	-	(8.2)	-	8.2	-	-	-
Dividends	-	-	-	-	-	-	(93.1)	(93.1)	(60.4)	(153.5)
<b>Balance at 30 June 2016</b>	<b>723.9</b>	<b>1,207.4</b>	<b>2,013.1</b>	<b>83.8</b>	<b>379.1</b>	<b>424.0</b>	<b>2,095.9</b>	<b>6,927.2</b>	<b>1,608.5</b>	<b>8,535.7</b>
As at 1 January 2015	517.1	1,140.7	1,165.1	49.0	341.7	434.7	2,231.5	5,879.8	1,693.5	7,573.3
Total comprehensive income for the period	-	35.4	-	2.6	-	2.1	3.0	43.1	57.2	100.3
<b>Transactions with owners</b>										
Perpetual Sukuk										
- Issuance	-	66.0	-	-	-	-	(0.7)	65.3	-	65.3
- Distribution	-	(34.8)	-	-	-	-	-	(34.8)	-	(34.8)
Transfers during the period	-	-	-	-	(11.0)	-	11.0	-	-	-
Dividends	-	-	-	-	-	-	(103.4)	(103.4)	(55.6)	(159.0)
<b>Balance at 30 June 2015</b>	<b>517.1</b>	<b>1,207.3</b>	<b>1,165.1</b>	<b>51.6</b>	<b>330.7</b>	<b>436.8</b>	<b>2,141.4</b>	<b>5,850.0</b>	<b>1,695.1</b>	<b>7,545.1</b>

**NOTES**

\* Denotes non distributable reserves.

All figures are stated in RM million. The condensed consolidated statements of changes in equity should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2015.

**Boustead Holdings Berhad (3871-H)****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS****For the quarter ended 30 June 2016**

<b>(All figures are stated in RM million)</b>	<b>2016</b>	<b>2015</b>
<b>Operating activities</b>		
Receipts from customers	3,827.2	3,733.9
Cash paid to suppliers and employees	(3,783.8)	(3,944.6)
	43.4	(210.7)
Income taxes paid less refund	(36.5)	(51.0)
Net cash used in operating activities	6.9	(261.7)
<b>Investing activities</b>		
Biology assets and property plant & equipment purchased	(135.2)	(164.3)
Purchase and development of Investment property & development property	(62.7)	(58.4)
Contribution to a joint venture's capital expenditure	(75.3)	-
Purchase of intangible assets	(15.9)	(18.9)
Disposal of property plant & equipment and biological assets	147.2	57.7
Acquisition of a Subsidiary, net of cash acquired	(3.5)	-
Additional investment in a Subsidiary	(11.9)	-
Disposal of an associate	167.2	-
Acquisition of a joint venture	-	(250.0)
Others	42.9	12.1
Net cash from/(used in) investing activities	52.8	(421.8)
<b>Financing activities</b>		
Transactions with owners	951.4	(103.4)
Transactions with holders of Perpetual Sukuk	(36.8)	30.5
New loans	116.3	54.5
Loans repayment	(301.5)	(126.7)
Other borrowings	(817.0)	833.4
Interest paid	(218.9)	(173.5)
Dividends paid to non-controlling interests	(60.4)	(55.6)
Net cash (used in)/from financing activities	(366.9)	459.2
Net decrease in cash and cash equivalents	(307.2)	(224.3)
Foreign currency translation difference	0.3	(0.5)
Cash and cash equivalent at beginning of period	1,278.5	1,126.2
<b>Cash and cash equivalent at end of period</b>	<b>971.6</b>	<b>901.4</b>
<b>Analysis of cash and cash equivalents</b>		
Deposits, cash and bank balances	985.8	955.8
Overdrafts	(14.2)	(54.4)
<b>Cash and cash equivalent at end of period</b>	<b>971.6</b>	<b>901.4</b>

The Condensed Consolidated Cash Flow Statement is unaudited, and should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2015.

## **Boustead Holdings Berhad (3871-H)**

### **Notes to the interim financial report for the quarter ended 30 June 2016**

#### **Part A - Explanatory Notes Pursuant to FRS 134**

##### **1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in compliance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2015. All figures are stated in RM million, unless otherwise stated.

##### **2. Accounting Policies**

###### **(i) Adoption of FRSs, Amendments to FRSs and IC Interpretations**

On 1 January 2016, the Group adopted the following amended FRS:-

- Amendment to FRS 5 Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to FRSs 2012 – 2014 Cycle)
- Amendments to FRS 7 Financial Instruments Disclosures (Annual Improvements to FRSs 2012 – 2014 Cycle)
- Amendment to FRS 119 Employee Benefits (Annual Improvements to FRSs 2012 – 2014 Cycle)
- Amendment 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 Investment 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

Adoption of the above amendments did not have a material effect on the financial statements of the Group.

###### **(ii) Standards Issued but not yet Effective**

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

###### **Effective for annual period beginning on or after 1 January 2018**

- FRS 9 Financial Instruments (2014)

###### **(iii) 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). 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.

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 customers, and provide a more structured approach in measuring and recognising revenue. Under this standard, revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to customer. The new standard will supersede all current revenue recognition requirements under FRS Framework. Either a full retrospective application or a modified retrospective application is required upon adoption on 1 January 2018.



## 8. Segmental Information (Cont'd.)

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

RM million	Plantation	Heavy Industries	Property	Finance & Investment	Pharmaceutical	Trading & Industrial	Elim'n	Total
<b>2015</b>								
<b>Revenue</b>								
Group total sales	291.7	594.9	328.8	93.6	984.8	1,818.0	(11.9)	4,099.9
Inter-segment sales	-	-	(8.3)	-	-	(3.6)	11.9	-
External sales	291.7	594.9	320.5	93.6	984.8	1,814.4	-	4,099.9
<b>Result</b>								
Segment result								
- external	32.4	(0.5)	59.1	(0.1)	68.1	43.9	-	202.9
Gain on disposal of plantation land	39.1	-	-	-	-	-	-	39.1
Finance cost	(19.1)	(47.1)	(35.5)	(48.8)	(17.2)	(10.6)	35.6	(142.7)
Interest income	7.0	3.6	4.8	33.8	0.5	1.1	(35.6)	15.2
Other investment result	-	-	-	0.1	-	0.8	-	0.9
Share of result of associates	1.8	-	(10.1)	33.0	-	-	-	24.7
Share of result of joint ventures	-	13.6	(0.9)	-	-	-	-	12.7
<b>Profit before taxation</b>	61.2	(30.4)	17.4	18.0	51.4	35.2	-	152.8
Taxation								(58.9)
<b>Profit after taxation</b>								93.9

## 9. Debts and Equity Securities

During the current quarter, the Company issued 413,671,221 new BHB shares of RM0.50 each on the basis of 2 Rights shares for every 5 existing shares held at an issue price of RM2.55 per Right shares. The Company's issued and paid up capital was then increased to RM723.9 million comprising 1,447,849,274 ordinary shares of RM0.50 each.

The Company's issued and paid up share capital was further increased to RM1,013.5 million comprising 2,026,987,997 ordinary shares of RM0.50 each, upon Bonus Issue of 579,138,723 ordinary shares of RM0.50 each which were listed on Bursa Malaysia on 15 July 2016.

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

## 10. Carrying Amount of Revalued Assets

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

## 11. Subsequent Events

There were no subsequent events as at 24 August 2016 that will materially affect the financial statements of the financial period under review.

## 12. Changes in Group Composition

- (i) During the 1<sup>st</sup> quarter, the Group's effective interest in PT Errita Pharma was increased from 42% to 48%.
- (ii) Pursuant to Note 22 (ii), Bio-Collagen Technologies Sdn Bhd became a Subsidiary of the Group during the quarter with an effective interest of 39.5%.
- (iii) Pursuant to Note 22 (v), Jendela Hikmat Sdn Bhd has ceased to become our associate during the quarter.

### 13. Changes in Contingent Liabilities and Contingent Assets

The status of the contingent liabilities disclosed in the FY2015 annual financial statements remains unchanged as at 24 August 2016. No other contingent liability has arisen since the financial year end.

### 14. Commitments

The Group has the following commitments as at 30 June 2016:

	<b>Authorised but not contracted RM million</b>	<b>Authorised and contracted RM million</b>
Capital expenditure	658.1	331.4
Share of joint venture's capital commitment	5.6	175.1
	663.7	506.5

### 15. Financial Risk Management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2015.

### 16. Intangible Assets

<b>RM' million</b>	<b>Goodwill</b>	<b>Concession right</b>	<b>Pharmacy manufacturing licence and patents</b>	<b>Rights to supply</b>	<b>Total</b>
<b>Cost</b>					
At 1 January 2016	1,236.1	75.0	21.8	177.2	1,510.1
Acquisition of Subsidiary	3.3	-	0.1	-	3.4
Additions	-	-	-	15.9	15.9
Derecognition of goodwill upon disposal of an Associate	(9.7)	-	-	-	(9.7)
Foreign exchange fluctuation	(1.1)	-	(0.5)	-	(1.6)
At 30 June 2016	1,228.6	75.0	21.4	193.1	1,518.1
<b>Accumulated amortisation and impairment</b>					
At 1 January 2016	7.4	41.3	4.8	50.3	103.8
Amortisation	-	4.3	1.3	18.2	23.8
Foreign exchange fluctuation	-	-	(0.1)	-	(0.1)
At 30 June 2016	7.4	45.6	6.0	68.5	127.5
<b>Net carrying amount</b>					
At 30 June 2016	1,221.2	29.4	15.4	124.6	1,390.6
At 31 December 2015	1,228.7	33.7	17.0	126.9	1,406.3

On 23 May 2016, the Group completed the acquisition of Bio-Collagen Technologies Sdn Bhd (Bio-Collagen). As of the date of this report, management has yet to finalise the purchase price allocation (PPA) for the business combination, as required by FRS 3 - Business Combination. The excess of cost of business over the Group's interest in the fair value of identifiable net assets acquired arising from the business combination has been derived only on a provisional basis.

Based on the preliminary assessment, the goodwill on acquisition is estimated at RM3.3 million. Management has 12 months from the date of completion of the acquisition to complete the PPA and the initial accounting for the transaction. The results of the PPA exercise will determine the final value of goodwill arising from the acquisition of Bio-Collagen. Upon finalisation of the PPA, the Group will recognise any adjustments to the provisional values of the excess of the cost of business over the Group's interest in the fair value of identifiable net assets acquired from the business combination.

## Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia

### 17. Performance Review

For the 2<sup>nd</sup> quarter, the Group recorded an unaudited profit before tax of RM322.5 million, a significant improvement over last year's corresponding period's pre-tax profit of RM83.3 million mainly due to the gains on disposal of Jendela Hikmat and plantation land. Accordingly, the Group's profit after tax was also higher at RM301.4 million (2015: RM50.8 million). Cumulatively, the Group's pre-tax profit rose to RM358.8 million, comparing favourably against last year's corresponding period of RM152.8 million. Meanwhile, the Group's profit after tax of RM310.9 million was also higher from last year's corresponding period of RM93.9 million.

For the half-year period, the Group registered revenue of RM3.9 billion, down 4% from that recorded during the corresponding period last year. Plantation Division's revenue was 7% higher mainly due to better palm products prices. Pharmaceutical Division's revenue was up by 11% on the back of an increase in demand from Government hospitals under both concession and non-concession businesses as well as better contribution from Indonesian operations. On the other hand, Heavy Industries Division's revenue for the half-year period was 13% below last year's corresponding period mainly due to weaker turnover from air transportation segment. Meanwhile, Property Division's revenue fell 17% on lower progress billings. Trading & Industrial Division's turnover was 9% short of the previous year, mainly due to weaker fuel price.

Plantation Division closed the cumulative period with a pre-tax profit of RM144.8 million (2015: RM61.2 million) mainly due to higher gain on disposal of land of RM117.8 million (2015: RM39.1 million) and better palm products prices. For the half-year period, CPO registered an average price of RM2,424 per MT, representing an increase of RM218 or 10% against last year's corresponding period's average of RM2,206 per MT. PK achieved an average price of RM2,120 per MT, up by RM527 or 33% against RM1,593 per MT recorded for the same period last year. Cumulative FFB crop totalling 398,418 MT was 17% below last year's corresponding period's crop of 480,853 MT. The shortfall in FFB production was mainly due to extreme dry weather resulting from the El-Nino phenomenon, land disputes in Sarawak and shortage of skilled harvesters for tall palms. Oil extraction rate and kernel extraction rate for the half-year period was marginally lower at 21.4% (2015: 21.7%) and 4.4% (2015: 4.6%) respectively.

Property Division's pre-tax profit for the six-month period improved tremendously to RM200.5 million (2015: RM17.4 million), after registering a RM198.3 million gain on disposal of an associate, Jendela Hikmat. At the operating level, profit was lower at RM43.9 million (2015: RM59.1 million) on hotel segment's sluggish performance and unrealised forex loss. On the other hand, Pharmaceutical Division closed the half-year period with a lower pre-tax profit of RM37.9 million, as compared to RM51.4 million recorded in the corresponding period's last year. This was mainly due to the increase in amortisation of Pharmacy Information System cost and higher finance cost.

For the six-month period, Finance & Investment Division registered a higher pre-tax profit of RM24.6 million (2015: RM18.0 million) on improved contribution from Affin Group, which recorded a lower allowance for loan impairment. Trading & Industrial Division also ended the half-year period with a better pre-tax profit of RM50.6 million (2015: RM35.2 million) on better contribution from UAC Berhad and Boustead Petroleum Marketing as well as gain on disposal of assets by Johan Ceramics Berhad.

Heavy Industries Division closed the cumulative period with a higher deficit of RM99.6 million (2015: RM30.4 million) on weaker performance from all operating units. For the half-year period, Boustead Naval Shipyard recorded a higher deficit mainly due to downward revision of margin for LCS project, additional cost to completion for the restoration of KD Perantau as well as lack of new ship repair and shipbuilding projects. For the period under review, MHS Aviation incurred a loss of RM18.3 million (2015: surplus of RM9.0 million) as the bottom line was affected by the slowdown in oil & gas industry and suspension of operation for H225 aircraft in Kerteh.

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

The Group's pre-tax profit of RM322.5 million for the current quarter was very much higher than the preceding quarter's pre-tax profit of RM36.3 million on the back of gain on disposal of Jendela Hikmat and higher profit from the disposal of plantation land.

Plantation Division's pre-tax profit for the current quarter was better at RM100.4 million (Preceding quarter: RM44.4 million) mainly due to higher gain from the disposal of land of RM83.2 million (Preceding quarter: RM34.6 million). Average CPO price realised for the current quarter of RM2,567 per MT was RM300 (or 13%) higher than preceding quarter's price of RM2,267 per MT. The current quarter's average PK price was also better at RM2,321 (Preceding quarter: RM1,907) per MT. The FFB production for the current quarter of 213,213 MT was also higher by 15% from the preceding quarter.

For the current quarter, Property Division recorded a commendable pre-tax profit of RM189.2 million (Preceding quarter: RM11.3 million), attributable mainly to the gain on disposal of Jendela Hikmat. Nevertheless, this was partly negated by the unrealised forex loss and weaker performance from hotel segment and associated companies.

## 18. Material Changes in Quarterly Results Compared to The Results of the Immediate Preceding Quarter (Cont'd.)

Pharmaceutical Division's profit for the current quarter was lower at RM16.4 million (Preceding quarter: RM21.5 million) mainly due to lower orders from Government hospitals under concession business as well as higher amortisation of Pharmacy Information System cost.

Trading & Industrial Division closed the current period with an improved pre-tax profit of RM31.7 million (Preceding quarter: RM18.9 million) on the back of stockholding gain and higher sales volume recorded by Boustead Petroleum Marketing. Finance & Investment Division's profit for the current quarter dipped slightly to RM11.4 million (Preceding quarter: RM13.2 million) as the improved performance from Affin Group was negated by the higher share of deficit in a joint venture.

In the 2<sup>nd</sup> quarter, Heavy Industries Division incurred a lower loss of RM26.6 million (Preceding quarter: RM73.0 million) mainly due to positive contribution from Boustead Heavy Industries Corporation as well as reduction in deficit for Boustead Naval Shipyard. Nevertheless, MHS Aviation posted a higher deficit mainly due to lower revenue resulted from the suspension of operation for H225 aircraft in Kerteh.

## 19. Prospects

The remainder of the year is expected to be challenging, both globally and domestically, due mainly to uncertainties surrounding global economy, direction of energy prices, Brexit impact and other geopolitical risks. On the domestic front, weak commodity prices and slower domestic consumption may impede growth. Nevertheless, the prospect remains positive as the Malaysian economy is well supported by the underlying strong economic fundamentals, sound financial system, accommodative monetary policy as well as the implementation of various government initiatives. The diversified nature of the Group's business in six segments of the Malaysia economy would augur well for the Group.

Plantation Division's prospects for the 2<sup>nd</sup> half of 2016 will be much driven by CPO prices and crop production. Nevertheless, the Division expects to achieve reasonable prices for CPO and some improvements in crop production, which is likely to be moderated by unresolved conflicts in certain Sarawak estates. The CPO price reached a peak in the 1<sup>st</sup> quarter of 2016 but could not sustain the momentum because of sluggish demand from importing countries coupled with the prospects of recovery in crop production after El Nino and increase in palm oil inventory. While the likelihood and impact of the oncoming La Nina is uncertain, concerns over the weak global economy, low crude oil prices and competition from soybean and other oilseeds remain. However, based on the latest report, depleting reserves in China and India coupled with lower than expected inventories in Malaysia and Indonesia should be favourable to the market.

We are optimistic that Pharmaceutical Division is well-positioned to capitalise on opportunities in the growing healthcare sector, both domestically and internationally. The Division remains focused on building up its core businesses, in tandem with continuously enhancing operating efficiency in order to strengthen its bottom line.

Progress billings from the ongoing and upcoming housing projects will contribute positively to the Property Division's bottomline. The Division's portfolio of well located investment properties will generate good rentals as well as appreciation in value over time. Meanwhile, the Division's hotel activities are expected to achieve satisfactory performance going forward but will continue to face challenges of occupancies and rates. The LCS project and defence related maintenance, repair and overhaul activities will contribute to Heavy Industries Division's performance going forward. Finance & Investment Division's earnings will largely be driven by our associate, Affin Holdings.

## 20. Notes on Variance in Actual Profit and Shortfall in Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and non-controlling interests and shortfall in profit guarantee are not applicable.

## 21. Taxation

	<b>Current Quarter</b>	<b>Cumulative Quarter</b>
	<b>2016</b>	<b>2016</b>
	<b>RM million</b>	<b>RM million</b>
Malaysian taxation based on profit for the period:		
- Current	30.1	59.8
- Deferred	(7.6)	(10.6)
	22.5	49.2
Over provision of prior years	(1.4)	(1.3)
	<u>21.1</u>	<u>47.9</u>

The Group's effective rate for the current and cumulative quarter is lower than the statutory tax rate as certain income is taxable based on RPGT rate of tax, while certain expenses are non-deductible for tax purposes and non-availability of group relief for certain Subsidiaries.

## 22. Corporate Proposals - Status

### (a) Status of Corporate Proposal

- (i) CIMB Islamic Trustee Berhad, acting solely in the capacity of trustee for Boustead Plantations Berhad and its wholly owned Subsidiary, Boustead Sungai Manar Sdn Bhd collectively entered into the following sales and purchase agreements 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:
- Disposal of 56.3 Ha to Seng Hong Quarry Sdn Bhd for cash consideration of RM29.1 million on 20 May 2015. This disposal was duly completed on 17 June 2015.
  - Disposal of 31.9 Ha to Bentara Gemilang Industries Sdn Bhd for cash consideration of RM19.9 million on 19 May 2015. This disposal was duly completed on 17 June 2015.
  - Disposal of 57.0 Ha to Sanggul Suria Sdn Bhd for cash consideration of RM12.3 million on 15 June 2015. The disposal was duly completed on 30 June 2016.
  - Disposal of 102.1 Ha to Hanson Quarry Products (Segamat) Sdn Bhd for cash consideration of RM81.9 million on 15 June 2015. The disposal was duly completed on 30 June 2016.
  - Disposal of 104.4 Ha to YTL Cement Berhad for cash consideration of RM60.7 million on 8 September 2015. This disposal was duly completed on 31 March 2016.
- (ii) On 28 August 2015, the Group's Subsidiary, Pharmaniaga Berhad, entered into a conditional Share Purchase Agreement with Dato' Dr Kattayat Mohandas A/L C P Narayana for the acquisition of 1,400,000 ordinary shares of RM1.00 each in Bio-Collagen Technologies Sdn Bhd (Bio-Collagen) representing 70% of the total issued and paid up shares capital of Bio-Collagen for a total cash consideration of RM3.5 million. The acquisition was duly completed on 23 May 2016.
- (iii) On 17 December 2015, the Group's Subsidiary, Johan Ceramics Berhad (JCB), entered into conditional sale & purchase agreement with Kim Hin Ceramic (Seremban) Sdn Bhd for the proposed disposal of property and assets (including trademark assignment) of JCB for a cash consideration of RM28.0 million. The disposal was completed on 6 April 2016.
- (iv) On 23 December 2015, wholly owned Subsidiaries of Boustead Heavy Industries 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 disposal of these chemical tankers for the aggregate cash consideration of USD17.1 million was completed on 6 May 2016.
- (v) On 29 December 2015, Bakti Wira Sdn Bhd (BWSB), a wholly-owned Subsidiary of the Group, entered into a conditional share sale agreement with Cascara Sdn Bhd 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. The disposal was completed on 30 May 2016.
- (vi) On 4 April 2016, the Company's authorised share capital has increased to RM2 billion comprising 4 billion ordinary shares of RM0.50 each. The company further undertook the followings initiatives:-
- Rights Issue of 413,671,222 ordinary shares of RM0.50 each (Right Shares) at an issue price of RM2.55 per share, on the basis of 2 Right Shares for every 5 existing shares. The Right Issue which raised fresh capital to equity of RM1.05 billion was duly completed on 23 June 2016.
  - Bonus Issue of 579,138,723 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. The Bonus issue was duly completed on 15 July 2016.

There were no other corporate proposals announced or pending completion as at 24 August 2016.

### (b) Status on Utilisation of Proceeds from Rights Issue as at 31 July 2016

(In RM Million)	Proposed	Actual	Time Frame	Deviation		Explanation
	Utilisation	Utilisation		Amount	%	
Repayment of bank borrowings	486.0	278.0	Within 12 months	208.0	43%	To be utilised
Property development activities	507.0	7.0	Within 24 months	500.0	99%	To be utilised
Working capital	60.8	25.4	Within 12 months	35.4	58%	To be utilised
Right issue expenses	1.0	1.0	Within 6 months	-		
	<u>1,054.8</u>	<u>311.4</u>		<u>743.4</u>		

### 23. Changes in Material Litigations

- (i) In respect of the litigation referred to in Note 38 (b) of 2015 Annual Report, the Federal Court had, at a hearing on 13 July 2016, granted Boustead Naval Shipyard Sdn Bhd (BN Shipyard) a leave to appeal to the Federal Court against the Court of Appeal's decision on 11 November 2013 that the case be tried at High Court. The Federal Court also allowed six (6) leave questions and ordered that cost be in the cause, and the deposit paid by BN Shipyard be refunded. The parties now await the Federal Court to fix hearing date(s) for the appeal proper.
- (ii) In respect of the litigation referred to in Note 38 (c) of 2015 Annual Report, the Tribunal had on 26 May 2016 allowed Boustead Penang Shipyard's Revised Application to amend its Defence and Counterclaim. The Amended Defence and Counterclaim was served to the customer on 30 June 2016. In turn, the customer was directed by the Tribunal to serve their Amended Reply and Defence to Counterclaim by 16 July 2016. However, both parties mutually agreed to extend until the week beginning 8 August 2016 for the customer to serve this document.

As at 24 August 2016, there were no other changes in material litigation, including the status of pending material litigation since the date of the last annual statement of financial position as at 31 December 2015.

### 24. Earnings Per Share - Basic/diluted

	Current Period		Cumulative Period	
	2016	2015	2016	2015
Net profit for the period (RM million)	225.8	2.9	204.3	3.0
Weighted average number of ordinary shares in issue (million)	1,670.1	1,640.4	1,655.3	1,640.4
Basic/diluted earnings per share (sen)	13.52	0.18	12.34	0.18

### 25. Group Borrowings and Debt Securities

Total group borrowings as at 30 June 2016 are as follows:-

	30.6.2016	31.12.2015
	RM million	RM million
Non-current:		
Term loans		
- Denominated in US Dollar	51.1	61.1
- Denominated in Great Britain Pound	71.2	82.0
- Denominated in Indonesian Rupiah	90.8	80.4
- Denominated in RM	885.8	1,068.4
	1,098.9	1,291.9
Asset-backed bonds	757.9	757.6
Bank guaranteed medium term notes	912.0	922.8
	2,768.8	2,972.3
Less: repayable in 1 year	510.4	796.7
	2,258.4	2,175.6
Current:		
Bank overdrafts	14.2	59.6
Bankers' acceptances		
- Denominated in Indonesian Rupiah	8.9	4.3
- Denominated in RM	252.1	144.4
Revolving credits		
- Denominated in US Dollar	-	48.9
- Denominated in RM	3,924.0	4,804.4
Short term loans	510.4	796.7
	4,709.6	5,858.3
Total borrowings	6,968.0	8,033.9

**26. Retained Earnings**

	<b>30.6.2016</b>	<b>31.12.2015</b>
	<b>RM million</b>	<b>RM million</b>
Total retained earnings of Boustead Holdings Berhad and its Subsidiaries		
Realised	<b>2,188.2</b>	2,191.2
Unrealised	<b>454.9</b>	441.9
	<b>2,643.1</b>	2,633.1
Total share of retained earnings of associates and joint ventures		
Realised	<b>901.7</b>	813.5
Unrealised	<b>177.0</b>	183.8
	<b>3,721.8</b>	3,630.4
Consolidation adjustments	<b>(1,625.9)</b>	(1,649.1)
Total retained earnings of the Group as per consolidated accounts	<b>2,095.9</b>	1,981.3

**27. Additional Disclosures**

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

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM million</b>	<b>RM million</b>	<b>RM million</b>	<b>RM million</b>
Depreciation and amortisation	<b>79.9</b>	76.8	<b>158.4</b>	153.4
Provision for and write off of receivables	<b>2.6</b>	0.8	<b>3.7</b>	1.7
Provision for and write off of inventories	<b>0.4</b>	0.7	<b>2.2</b>	1.1
Impairment of property plant and equipment	-	(0.1)	-	-
Gain on sale of quoted and unquoted investments	-	-	-	(0.1)
Gain on disposal of properties	<b>(92.4)</b>	(39.1)	<b>(132.9)</b>	(39.1)
Loss/(gain) on disposal of other property, plant and equipment	<b>4.6</b>	(0.7)	<b>4.2</b>	(2.3)
Gain on disposal of an associate	<b>(198.3)</b>	-	<b>(198.3)</b>	-
Stockholding gain	<b>(8.2)</b>	(3.5)	<b>(3.1)</b>	(2.4)
Foreign exchange loss/(gain)	<b>17.5</b>	6.8	<b>(0.3)</b>	17.2
Net fair value (gain)/loss on derivatives	<b>(3.7)</b>	(4.7)	<b>5.9</b>	(14.1)

**28. Plantation Statistics**

	<b>Cumulative Period</b>	
	<b>2016</b>	<b>2015</b>
<b>(a) Crop production (MT)</b>		
FFB	<b>398,418</b>	480,853
<b>(b) Average selling prices (RM per MT)</b>		
FFB	<b>545</b>	473
Crude Palm oil (CPO)	<b>2,424</b>	2,206
Palm kernel (PK)	<b>2,120</b>	1,593
<b>(c) Planted areas (hectares)</b>		
	<b>As at</b>	<b>As at</b>
	<b>30.6.2016</b>	<b>31.12.2015</b>
Oil palm - immature	<b>7,104</b>	6,622
- young mature	<b>11,645</b>	12,387
- prime mature	<b>34,407</b>	33,533
- past prime	<b>12,234</b>	13,138
	<b>65,390</b>	65,680