

Boustead Holdings Berhad 196001000193 (3871-H)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 30 September 2021	Current Period		Cumulative Period	
(All figures are stated in RM million)	2021	2020	2021	2020
Revenue	3,680.3	1,890.8	8,345.2	5,651.0
Operating cost	(3,379.6)	(1,821.1)	(7,807.3)	(5,534.0)
Results from operations	300.7	69.7	537.9	117.0
Gain on disposal of properties	-	-	97.7	-
Other investment results	-	0.1	2.1	0.1
Share of results of associates	35.4	13.6	75.8	58.3
Share of results of joint ventures	(9.7)	(7.9)	(21.4)	(26.2)
Profit before interest, taxation and zakat	326.4	75.5	692.1	149.2
Finance cost	(92.6)	(95.6)	(266.4)	(292.8)
Interest income	6.1	5.8	16.7	18.6
Profit/(loss) before taxation and zakat	239.9	(14.3)	442.4	(125.0)
Taxation	(82.0)	(19.6)	(153.3)	(50.6)
Zakat	(10.6)	(1.1)	(11.8)	(1.1)
Profit/(loss) for the period	147.3	(35.0)	277.3	(176.7)
Attributable to:				
Shareholders of the Company	55.7	(51.8)	91.5	(198.6)
Holder of Perpetual Sukuk	14.6	13.0	42.1	37.5
Non-controlling interests	77.0	3.8	143.7	(15.6)
Profit/(loss) for the period	147.3	(35.0)	277.3	(176.7)
Earnings/(loss) per share - sen				
Basic/diluted	2.75	(2.56)	4.51	(9.80)

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2020.

Boustead Holdings Berhad 196001000193 (3871-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2021	Current Period		Cumulative Period	
(All figures are stated in RM million)	2021	2020	2021	2020
Profit/(loss) for the period	147.3	(35.0)	277.3	(176.7)
Other comprehensive income/(loss)				
<i>Items that may be reclassified to profit or loss in subsequent periods (net of tax)</i>				
Foreign currency translation	4.9	(9.4)	0.8	(5.0)
Share of OCI of investments accounted for using the equity method	(14.4)	17.2	(68.0)	5.1
	(9.5)	7.8	(67.2)	0.1
<i>Items that will not be reclassified to profit or loss in subsequent periods (net of tax)</i>				
Net gain/(loss) on equity investment designated at fair value through OCI				
- Fair value changes	0.1	(0.3)	(0.2)	(1.8)
- Disposals	-	0.5	-	0.5
	0.1	0.2	(0.2)	(1.3)
Total comprehensive income/(loss) for the period, net of tax	137.9	(27.0)	209.9	(177.9)
Attributable to:				
Shareholders of the Company	44.1	(39.3)	22.4	(197.1)
Holder of Perpetual Sukuk	14.6	13.0	42.1	37.5
Non-controlling interests	79.2	(0.7)	145.4	(18.3)
Total comprehensive income/(loss) for the period, net of tax	137.9	(27.0)	209.9	(177.9)

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2020.

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

As at 30 September 2021	As at 30 September 2021	As at 31 December 2020
(All figures are stated in RM million)		
ASSETS		
Non current assets		
Property, plant and equipment	4,107.6	4,457.8
Investment properties	1,291.9	1,404.9
Right-of-use assets	2,255.8	2,289.4
Deferred tax assets	43.7	37.0
Associates	2,133.5	2,125.0
Joint ventures	342.6	483.9
Investments	5.1	5.8
Intangible assets	342.9	343.0
Inventories	793.4	916.3
Receivables	284.6	244.2
	11,601.1	12,307.3
Current assets		
Biological assets	49.4	25.0
Inventories	1,668.6	963.9
Contract assets and contract cost assets	1,095.2	1,057.2
Receivables	1,242.9	829.7
Deposits, cash and bank balances	763.4	496.4
Assets classified as held for sale	384.2	322.6
	5,203.7	3,694.8
TOTAL ASSETS	16,804.8	16,002.1
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	2,735.7	2,735.7
Reserves	442.7	381.5
Shareholders' equity	3,178.4	3,117.2
Perpetual Sukuk	623.9	609.3
Non-controlling interests	1,496.8	1,392.4
Total equity	5,299.1	5,118.9
Non current liabilities		
Borrowings	3,225.4	2,962.3
Payables	21.5	20.9
Lease liabilities	57.3	54.7
Deferred tax liabilities	329.4	325.7
	3,633.6	3,363.6
Current liabilities		
Borrowings	3,998.2	4,621.6
Payables	3,323.1	2,807.3
Contract liabilities	207.8	51.2
Lease liabilities	7.0	21.3
Taxation	115.9	18.2
Liabilities classified as held for sale	220.1	-
	7,872.1	7,519.6
Total liabilities	11,505.7	10,883.2
TOTAL EQUITY AND LIABILITIES	16,804.8	16,002.1

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2020.

Boustead Holdings Berhad 196001000193 (3871-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 30 September 2021	Attributable to shareholders of the Company						Perpetual Sukuk	Non-Controlling Interests	Total Equity
	Share Capital	*Fair Value Reserve of Financial Assets at FVOCI	*Regulatory Reserve	*Other Reserves	Retained Earnings	Total			
As at 1 January 2021	2,735.7	53.2	153.8	434.7	(260.2)	3,117.2	609.3	1,392.4	5,118.9
Currency translation difference in respect of foreign operations	-	-	-	(0.9)	-	(0.9)	-	1.7	0.8
Net (loss)/gain on equity investment designated at fair value through OCI									
- fair value changes	-	(0.2)	-	-	-	(0.2)	-	-	(0.2)
- transfer upon disposal	-	1.0	-	-	(1.0)	-	-	-	-
Share of OCI investments accounted for using equity method	-	(68.4)	-	0.4	-	(68.0)	-	-	(68.0)
Total other comprehensive (loss)/income for the period	-	(67.6)	-	(0.5)	(1.0)	(69.1)	-	1.7	(67.4)
Profit for the period	-	-	-	-	91.5	91.5	42.1	143.7	277.3
Total comprehensive (loss)/income for the period	-	(67.6)	-	(0.5)	90.5	22.4	42.1	145.4	209.9
Perpetual Sukuk									
- Distribution	-	-	-	-	-	-	(27.5)	-	(27.5)
Changes in ownership interests in subsidiaries									
- Partial disposal of shares in a subsidiary	-	-	-	(2.4)	41.7	39.3	-	11.3	50.6
- Share options granted by a subsidiary	-	-	-	-	0.8	0.8	-	(0.3)	0.5
- Additional investment in subsidiaries	-	-	-	-	(1.3)	(1.3)	-	1.3	-
Transfer during the period									
- Regulatory reserve of an associate	-	-	(9.1)	-	9.1	-	-	-	-
Dividends	-	-	-	-	-	-	-	(53.3)	(53.3)
Balance at 30 September 2021	2,735.7	(14.4)	144.7	431.8	(119.4)	3,178.4	623.9	1,496.8	5,299.1

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

For the financial period ended 30 September 2020	Attributable to shareholders of the Company						Perpetual Sukuk	Non-Controlling Interests	Total Equity
	Share Capital	*Fair Value Reserve of Financial Assets at FVOCI	*Regulatory Reserve	*Other Reserves	Retained Earnings	Total			
As at 1 January 2020	2,735.7	51.3	143.6	435.1	363.7	3,729.4	608.9	1,349.8	5,688.1
Currency translation difference in respect of foreign operations	-	-	-	(2.3)	-	(2.3)	-	(2.7)	(5.0)
Net (loss)/gain on equity investment designated at fair value through OCI									
- fair value changes	-	(1.8)	-	-	-	(1.8)	-	-	(1.8)
- disposal	-	0.5	-	-	-	0.5	-	-	0.5
- transfer upon disposal	-	(0.9)	-	-	0.9	-	-	-	-
Share of OCI investments accounted for using equity method	-	3.6	-	1.5	-	5.1	-	-	5.1
Total other comprehensive income/(loss) for the period	-	1.4	-	(0.8)	0.9	1.5	-	(2.7)	(1.2)
(Loss)/profit for the period	-	-	-	-	(198.6)	(198.6)	37.5	(15.6)	(176.7)
Total comprehensive income/(loss) for the period	-	1.4	-	(0.8)	(197.7)	(197.1)	37.5	(18.3)	(177.9)
Perpetual Sukuk									
- Distribution	-	-	-	-	-	-	(24.3)	-	(24.3)
Changes in ownership interests in subsidiaries									
- Share options granted by a subsidiary	-	-	-	-	1.7	1.7	-	(1.0)	0.7
Transfer during the period									
- Regulatory reserve of an associate	-	-	(60.0)	-	60.0	-	-	-	-
Dividends	-	-	-	-	-	-	-	(10.4)	(10.4)
Balance at 30 September 2020	2,735.7	52.7	83.6	434.3	227.7	3,534.0	622.1	1,320.1	5,476.2

NOTES

* Denotes non distributable reserves.

All figures are stated in RM million. The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2020.

Boustead Holdings Berhad 196001000193 (3871-H)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS****For the period ended 30 September 2021**

(All figures are stated in RM million)	2021	2020
Operating activities		
Receipts from customers	8,121.6	3,604.5
Cash paid to suppliers and employees	(7,412.6)	(3,357.2)
	709.0	247.3
Income taxes paid less refund	(153.2)	(18.2)
Net cash generated from operating activities	555.8	229.1
Investing activities		
Purchase of property, plant and equipment	(75.6)	(72.2)
Purchase of right-of-use assets	(11.9)	(9.9)
Purchase of intangible assets	(1.0)	(2.6)
Purchase and development of property development	(35.4)	(46.1)
Proceeds from the sale of an investment property	134.1	-
Proceeds from the sale of property, plant and equipment	7.0	0.4
Deposit received	51.6	-
Disposal of assets classified as held for sale	143.0	-
Dividends received - others	0.7	1.6
Proceeds from disposal of a subsidiary	225.9	-
Proceeds from partial disposal of shares in a subsidiary	50.5	-
Disposal of quoted shares	0.4	4.1
Interest received - others	16.7	18.6
Subsequent expenditure on investment properties	(3.2)	(1.1)
Net cash generated from/(used in) investing activities	502.8	(107.2)
Financing activities		
Transactions with owners	-	-
Transactions with holders of Perpetual Sukuk	(27.5)	(24.3)
New loans	-	4.3
Loans repayment	(342.4)	(199.8)
Net (repayment)/withdrawal of revolving credits and bankers' acceptances	(44.2)	29.8
Interest paid	(267.8)	(296.7)
Repayment of lease liabilities	(6.6)	(3.5)
Dividend paid - others	(53.3)	(10.4)
Net cash used in financing activities	(741.8)	(500.6)
Net increase/(decrease) in cash and cash equivalent	316.8	(378.7)
Foreign currency translation difference	0.3	(0.1)
Cash and cash equivalent at beginning of period	441.0	894.8
Cash and cash equivalent at end of period	758.1	516.0
Analysis of cash and cash equivalents		
Deposits, cash and bank balances	763.4	531.2
Overdrafts	(43.8)	(15.2)
Cash and bank balance classified as assets held for sale	38.5	-
Cash and cash equivalent at end of period	758.1	516.0

The Condensed Consolidated Statement of Cash Flows is unaudited, and should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2020.

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 September 2021****Part A - Explanatory Notes Pursuant to MFRS 134****1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in compliance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2020. All figures are stated in RM million, unless otherwise stated.

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

On 1 January 2021, the Group adopted the following new and amended MFRS:

	Effective for annual periods beginning on or after
Amendment to MFRS 16 – COVID-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7, MFRS 4 and MFRS 16 – Interest Rate Benchmark Reform (Phase 2)	1 January 2021

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

Standards Issued but not yet Effective

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

	Effective for annual periods beginning on or after
Amendment to MFRS 16 – COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3 – Business Combinations (Reference to the Conceptual Framework)	1 January 2022
Amendments to MFRS 116 – Property, Plant and Equipment (Proceeds before Intended Use)	1 January 2022
Amendments to MFRS 137 – Onerous Contract (Cost of Fulfilling a Contract)	1 January 2022
MFRS 17 – Insurance Contracts	1 January 2023
Amendments to MFRS 17 – Insurance Contracts	1 January 2023
Amendments to MFRS 101 – Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101 – Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 – Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS128 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

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Notes to the interim financial report for the period ended 30 September 2021

3. Auditors' Report on Preceding Annual Financial Statements

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

4. Comments about Seasonal or Cyclical Factors

The Plantation Division's operating result is influenced by both CPO prices and FFB crop production. The cropping pattern for oil palms is influenced by weather conditions. FFB production normally starts with a trough at the beginning of the year and thereafter increases gradually to reach a peak during the second half of the year.

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

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

6. Change in Estimates

Other than as disclosed in the audited financial statement for year ended 31 December 2020, there were no other material changes in estimates of amounts reported in the prior interim periods of the current financial year or the previous financial year.

7. Dividends

For the current quarter, the Directors did not declare any dividend (2020: Nil) in respect of the financial year ended 31 December 2021.

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Notes to the interim financial report for the period ended 30 September 2021

8. Segmental Information

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

RM million	Property & Industrial	Plantation	Heavy Industries	Pharma- ceutical	Trading, Finance & Investment	Elim'n	Total
For the period ended 30 September 2021							
Revenue							
Group total sales	363.4	708.5	282.7	4,103.3	2,901.9	(14.6)	8,345.2
Inter-segment sales	(14.6)	-	-	-	-	14.6	-
External sales	348.8	708.5	282.7	4,103.3	2,901.9	-	8,345.2
Operating cost	(335.3)	(466.4)	(272.2)	(3,926.4)	(2,807.0)	-	(7,807.3)
Results from operations	13.5	242.1	10.5	176.9	94.9	-	537.9
Gain on disposal of properties	97.7	-	-	-	-	-	97.7
Other investment results	(1.4)	-	-	-	3.5	-	2.1
Share of results of associates	1.5	2.6	-	-	71.7	-	75.8
Share of results of joint ventures	(22.4)	-	1.0	-	-	-	(21.4)
Profit before interest, taxation and zakat	88.9	244.7	11.5	176.9	170.1	-	692.1
Finance cost	(81.1)	(37.6)	(60.0)	(29.8)	(146.5)	88.6	(266.4)
Interest income	13.7	0.5	0.1	1.0	90.0	(88.6)	16.7
Profit/(Loss) before taxation and zakat	21.5	207.6	(48.4)	148.1	113.6	-	442.4
Taxation and zakat							(165.1)
Profit for the period							277.3
Other Information							
Depreciation and amortisation	(17.0)	(96.6)	(9.2)	(25.0)	(70.6)	-	(218.4)
Profit/(Loss) on disposal							
- Other assets	2.7	(0.1)	0.1	-	3.3	-	6.0
Other non-cash (expense)/income*	(4.0)	0.8	8.5	(38.0)	(8.6)	-	(41.3)

Boustead Holdings Berhad 196001000193 (3871-H)

Notes to the interim financial report for the period ended 30 September 2021

8. Segmental Information (Cont'd.)

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

RM million	Property & Industrial Plantation	Heavy Industries	Pharma- ceutical	Trading, Finance & Investment	Elim'n	Total	
For the period ended 30 September 2020							
Revenue							
Group total sales	413.1	535.4	234.3	2,090.5	2,394.1	(16.4)	5,651.0
Inter-segment sales	(16.4)	-	-	-	-	16.4	-
External sales	396.7	535.4	234.3	2,090.5	2,394.1	-	5,651.0
Operating cost	(393.0)	(458.5)	(251.9)	(2,012.8)	(2,417.8)	-	(5,534.0)
Results from operations	3.7	76.9	(17.6)	77.7	(23.7)	-	117.0
Other investment result	0.1	-	-	-	-	-	0.1
Share of results of associates	(0.9)	3.7	-	-	55.5	-	58.3
Share of results of joint ventures	(26.1)	-	(0.1)	-	-	-	(26.2)
(Loss)/profit before interest, taxation and zakat	(23.2)	80.6	(17.7)	77.7	31.8	-	149.2
Finance cost	(71.2)	(47.5)	(72.0)	(33.4)	(175.8)	107.1	(292.8)
Interest income	11.2	0.5	0.9	0.4	112.7	(107.1)	18.6
(Loss)/profit before taxation and zakat	(83.2)	33.6	(88.8)	44.7	(31.3)	-	(125.0)
Taxation and zakat							(51.7)
Loss for the period							(176.7)
Other Information							
Depreciation and amortisation	(27.0)	(99.3)	(14.6)	(23.2)	(78.4)	-	(242.5)
(Loss)/Profit on disposal							
- Other assets	(8.1)	-	-	-	0.2	-	(7.9)
Other non-cash income/(expense)*	5.1	-	(7.6)	(10.3)	(8.3)	-	(21.1)

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

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

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Notes to the interim financial report for the period ended 30 September 2021

8. Segmental Information (Cont'd.)

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

RM million	Property & Industrial	Plantation	Heavy Industries	Pharma- ceutical	Trading, Finance & Investment	Elim'n	Total
For the period ended 30 September 2021							
Sale of produce	-	707.9	-	-	-	-	707.9
Sale of petroleum products	-	-	-	-	2,764.2	-	2,764.2
Sale of pharmaceutical products	-	-	-	4,103.3	-	-	4,103.3
Sale of building materials	166.3	-	-	-	-	-	166.3
Shipbuilding and repair	-	-	279.9	-	-	-	279.9
Sale of development properties	85.3	-	-	-	-	-	85.3
Hotel operations	29.8	-	-	-	-	-	29.8
Tuition fees	-	-	-	-	121.8	-	121.8
Others	0.5	0.6	0.2	-	15.5	-	16.8
Revenue from contracts with customers	281.9	708.5	280.1	4,103.3	2,901.5	-	8,275.3
Rental income	66.9	-	2.6	-	0.4	-	69.9
Total revenue	348.8	708.5	282.7	4,103.3	2,901.9	-	8,345.2

Timing of Revenue Recognition

Goods/services transferred:

- At a point in time	209.1	707.9	0.5	4,103.3	2,779.7	-	7,800.5
- Over time	72.8	0.6	279.6	-	121.8	-	474.8
	281.9	708.5	280.1	4,103.3	2,901.5	-	8,275.3

RM million	Property & Industrial	Plantation	Heavy Industries	Pharma- ceutical	Trading, Finance & Investment	Elim'n	Total
For the period ended 30 September 2020							
Sale of produce	-	534.8	-	-	-	-	534.8
Sale of petroleum products	-	-	-	-	2,252.7	-	2,252.7
Sale of pharmaceutical products	-	-	-	2,090.5	-	-	2,090.5
Sale of building materials	167.7	-	-	-	-	-	167.7
Shipbuilding and repair	-	-	231.5	-	-	-	231.5
Sale of development properties	106.2	-	-	-	-	-	106.2
Hotel operations	46.8	-	-	-	-	-	46.8
Tuition fees	-	-	-	-	119.1	-	119.1
Others	-	0.6	0.3	-	21.8	-	22.7
Revenue from contracts with customers	320.7	535.4	231.8	2,090.5	2,393.6	-	5,572.0
Rental income	76.0	-	2.5	-	0.5	-	79.0
Total revenue	396.7	535.4	234.3	2,090.5	2,394.1	-	5,651.0

Timing of Revenue Recognition

Goods/services transferred:

- At a point in time	243.1	534.8	1.9	2,089.9	2,274.5	-	5,144.2
- Over time	77.6	0.6	229.9	0.6	119.1	-	427.8
	320.7	535.4	231.8	2,090.5	2,393.6	-	5,572.0

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 September 2021****9. Debts and Equity Securities**

During the period, the Company paid RM150 million Sukuk Murabahah which forms part of the RM2.35 billion of Islamic medium term notes issued.

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

10. Carrying Amount of Revalued Assets

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

11. Subsequent Events

There were no subsequent events as at 29 November 2021 that will materially affect the financial statements of the financial period under review.

12. Changes in Group Composition

There were no other changes in the composition of the Group during the period under review except for:

- (i) by Pharmaniaga Group, the acquisition of a total 20,000 ordinary shares of Paradigm Industry Sdn Bhd (PISB) for a purchase consideration of RM1.00 representing the remaining 20% of the total issued and paid-up capital of PISB. Upon acquisition, PISB is effectively 100% owned subsidiary of Pharmaniaga Group.
- (ii) by Pharmaniaga Group, the acquisition of a total 600,000 ordinary shares of Bio-Collagen Technologies Sdn Bhd (BCT) for a purchase consideration of RM1.00 representing the remaining 30% of the total issued and paid-up capital of BCT. Upon acquisition, BCT is effectively 100% owned subsidiary of Pharmaniaga Group.
- (iii) the disposal of a total of 33,480,000 ordinary shares of Pharmaniaga Berhad by the Company during the period. Upon disposal, the shareholding of the Company in Pharmaniaga Berhad has reduced from 56% to 52%.
- (iv) on 23 September 2021, the Group completed the disposal of its entire equity interest in Boustead Cruise Centre Sdn Bhd or a total of 369,712,894 ordinary shares of RM1.00 each for a cash consideration of RM230 million.

13. Changes in Contingent Liabilities and Contingent Assets

In respect of the contingent liabilities referred to in Note 35 (a) of 2020 Annual Report on the provision of Liquidated Damages (LD) by a joint venture company under Boustead Heavy Industries Corporation Berhad, Boustead DCNS Naval Corporation Sdn Bhd (BDNC), as at 30 September 2021, the total provision of LD after offsetting against billings issued by BDNC was RM74.8 million.

The status of the other contingent liabilities as disclosed in the FY2020 annual financial statements remains unchanged as at 29 November 2021. No other contingent liability has arisen since the financial year end.

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 September 2021****14. Commitments**

The Group has the following commitments as at 30 September 2021:

	Authorised but not contracted RM million	Authorised and contracted RM million
Capital expenditure	<u>228.3</u>	<u>158.2</u>

15. Financial Risk Management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2020.

16. Intangible Assets

RM million	Goodwill	Concession rights	Rights to supply	Others	Total
Cost					
At 1 January 2021	269.0	75.0	342.8	86.7	773.5
Additions	-	-	-	2.5	2.5
Transfer from property, plant and equipment	-	-	-	0.6	0.6
Transfer to assets classified as held for sale	(1.6)	-	-	-	(1.6)
Written off	-	-	-	(1.2)	(1.2)
Foreign exchange fluctuation	2.6	-	-	0.5	3.1
At 30 September 2021	<u>270.0</u>	<u>75.0</u>	<u>342.8</u>	<u>89.1</u>	<u>776.9</u>
Accumulated amortisation and impairment					
At 1 January 2021	-	75.0	342.8	12.7	430.5
Amortisation	-	-	-	3.0	3.0
Foreign exchange fluctuation	-	-	-	0.5	0.5
At 30 September 2021	<u>-</u>	<u>75.0</u>	<u>342.8</u>	<u>16.2</u>	<u>434.0</u>
Net carrying amount					
At 30 September 2021	270.0	-	-	72.9	342.9
At 31 December 2020	<u>269.0</u>	<u>-</u>	<u>-</u>	<u>74.0</u>	<u>343.0</u>

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

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 September 2021****Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia****17. Performance Review****Results for Current Quarter**

For the quarter ended 30 September 2021 (All figures are stated in RM million)	Current Period		+ / (-)
	2021	2020	%
Revenue	3,680.3	1,890.8	95%
Operating cost:			
- Depreciation and amortisation	(70.0)	(82.4)	15%
- Other operating cost	(3,309.6)	(1,738.7)	-90%
Results from operations	300.7	69.7	331%
Other investment results	-	0.1	-100%
Share of results of associates and joint ventures	25.7	5.7	351%
Profit before interest, tax and zakat	326.4	75.5	332%
Net finance cost	(86.5)	(89.8)	4%
Profit/(loss) before taxation and zakat	239.9	(14.3)	1778%
Taxation and zakat	(92.6)	(20.7)	-347%
Profit/(loss) for the period	147.3	(35.0)	521%
Profit/(loss) attributable to shareholders of the Company	55.7	(51.8)	208%
EBITDA	370.7	152.1	144%

For the 3rd quarter ended 30 September 2021 (3QFY21), the Group posted a profit before taxation and zakat (PBT) of RM239.9 million as compared with last year's corresponding quarter's (3QFY20) loss before taxation and zakat (LBT) of RM14.3 million. The improvement in result was driven by better contributions from most of the divisions within the Group. The profit was also supported by higher share of results from associates. Meanwhile, the profit after taxation and zakat for 3QFY21 stood at RM147.3 million (3QFY20: loss after taxation and zakat of RM35.0 million). After taking into account the allocation to non-controlling interests and perpetual sukuk holders, the Group posted a net profit of RM55.7 million (3QFY20: net loss of RM51.8 million).

In 3QFY21, the Group's earnings before interest, tax, depreciation and amortisation (EBITDA) surged to RM370.7 million from RM152.1 million in 3QFY20 attributable to better results from operations.

Boustead Holdings Berhad 196001000193 (3871-H)

Notes to the interim financial report for the period ended 30 September 2021

17. Performance Review (Cont'd.)

Results for Cumulative Period

For the period ended 30 September 2021 (All figures are stated in RM million)	Cumulative Period		+ / (-)
	2021	2020	%
Revenue:			
Property & Industrial Plantation	348.8	396.7	-12%
Heavy Industries	708.5	535.4	32%
Pharmaceutical	282.7	234.3	21%
Trading, Finance & Investment	4,103.3	2,090.5	96%
	2,901.9	2,394.1	21%
	8,345.2	5,651.0	48%
Operating cost:			
- Depreciation and amortisation	(218.4)	(242.5)	10%
- Other operating cost	(7,588.9)	(5,291.5)	-43%
Results from operations	537.9	117.0	360%
Gain on disposal of properties	97.7	-	100%
Other investment results	2.1	0.1	2000%
Share of results of associates and joint ventures	54.4	32.1	69%
Profit before interest, tax and zakat	692.1	149.2	364%
Net finance cost	(249.7)	(274.2)	9%
Profit/(loss) before taxation and zakat:			
Property & Industrial Plantation	21.5	(83.2)	126%
Heavy Industries	207.6	33.6	518%
Pharmaceutical	(48.4)	(88.8)	45%
Trading, Finance & Investment	148.1	44.7	231%
	113.6	(31.3)	463%
	442.4	(125.0)	454%
Taxation and zakat	(165.1)	(51.7)	-219%
Profit/(loss) for the period	277.3	(176.7)	257%
Profit/(loss) attributable to shareholders of the Company	91.5	(198.6)	146%
EBITDA	854.0	359.5	138%

For the cumulative period ended 30 September 2021 (9MFY21), the Group achieved a turnaround with a PBT of RM442.4 million as compared with LBT of RM125.0 million in last year's corresponding period (9MFY20). All divisions, particularly Plantation, Pharmaceutical and Trading, Finance & Investment delivered stronger performance in 9MFY21. The bottom line was also bolstered by one-off gains on disposal of a hotel, Royale Chulan Bukit Bintang (RCBB) and an investment property of RM84.6 million and RM13.1 million respectively. After taxation and zakat, the Group registered a profit of RM277.3 million (9MFY20: loss after taxation and zakat of RM176.7 million). After taking into account the allocation to non-controlling interests and perpetual sukuk holders, the Group posted a net profit of RM91.5 million (9MFY20: net loss of RM198.6 million).

For 9MFY21, the Group rebounded with a stronger operational performance by attaining a two-fold jump in the earnings before interest, tax, depreciation and amortisation to RM854.0 million (9MFY20: RM359.5 million).

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 September 2021****17. Performance Review (Cont'd.)****Results for Cumulative Period (Cont'd.)****Revenue by Division**

The Group's revenue for 9MFY21 rose to RM8.3 billion, an increase of 48%, from RM5.7 billion recorded last year. An analysis of the revenue of each Division is as follows:

- (i) During the period, **Property & Industrial Division** registered a revenue of RM348.8 million, lower by 12% from RM396.7 million recorded in 9MFY20. Revenue from property development segment dropped due to lower progress billing for our project at Mutiara Rini, Johor and One Cochrane Residences. For 9MFY21, property investment's segment revenue was affected by lower occupancy and rental rate at our malls and the hotel segment also faced lower occupancy rate.
- (ii) For 9MFY21, the **Plantation Division** recorded a higher revenue of RM708.5 million (9MFY20: revenue of RM535.4 million), an increase by 32%, on the back of higher palm product prices.

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

	Cumulative Period		Variance	
	2021	2020		
Average selling prices	RM per MT	RM per MT	RM per MT	%
Crude palm oil (CPO)	4,072	2,637	1,435	54%
Palm kernel (PK)	2,572	1,496	1,076	72%
Palm product production	MT	MT	MT	%
CPO	159,801	182,452	(22,651)	-12%
PK	30,956	37,207	(6,251)	-17%

- (iii) The **Heavy Industries Division** posted a higher revenue of RM282.7 million (9MFY20: revenue of RM234.3 million) primarily due to the improved revenue from Littoral Mission Ship (LMS) project.
- (iv) During the period, the **Pharmaceutical Division** achieved a two-fold surge in revenue to RM4.1 billion from RM2.1 billion in 9MFY20 mainly due to strong demand from across the Division's concession, non-concession and Indonesian businesses, with sales of Sinovac COVID-19 Vaccine to MOH and private sector as a key driver.
- (v) For 9MFY21, the **Trading, Finance & Investment Division** registered a higher revenue of RM2.9 billion, an increase of 21% from a year ago mainly driven by revenue from Boustead Petroleum Marketing (BPM) on higher average fuel prices.

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 September 2021****17. Performance Review (Cont'd.)****Results for Cumulative Period (Cont'd.)****PBT/LBT by Division**

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

(i) Property & Industrial Division

During the period, Property & Industrial Division posted a PBT of RM21.5 million (9MFY20: LBT of RM83.2 million) mainly due to the recognition of one-off gains on disposal of RCBB and an investment property, as mentioned above. At the operational level, the hotel segment incurred losses as the room and F&B revenues were still affected by the movement restrictions imposed due to the pandemic. The bottom line was also hit by the decreased contribution from property development segment due to lower progress billing from our projects at Mutiara Rini, Johor and One Cochrane Residences. Meanwhile, the property investment segment incurred reduced losses attributable to lower share of losses from a joint venture.

On the other hand, the industrial segment closed the period with a better result as compared to 9MFY20 due to higher construction demand and export sales.

(ii) Plantation Division

For 9MFY21, the Plantation Division registered a substantially higher PBT of RM207.6 million (9MFY20: PBT of RM33.6 million) boosted by remarkably better palm products prices. However, FFB production for the period of 675,143 MT was lower by 10% from 753,864 MT recorded a year ago. The oil extraction rate for the period was at par with last year at 21.1%, however the kernel extraction rate for the period was lower at 4.1% (9MFY20: 4.3%).

(iii) Heavy Industries Division

The Heavy Industries Division closed the period with a lower LBT of RM48.4 million (9MFY20: LBT of RM88.8 million) mainly due to better contribution from LMS project.

(iv) Pharmaceutical Division

The Pharmaceutical Division also recorded a significantly higher PBT of RM148.1 million (9MFY20: PBT of RM44.7 million) mainly attributable to the increased revenue, driven by the sales from COVID-19 vaccine as mentioned above.

(v) Trading, Finance & Investment Division

For 9MFY21, the Trading, Finance & Investment Division achieved a turnaround with a PBT of RM113.6 million compared favourably against a LBT of RM31.3 million in 9MFY20. The profits were driven by stockholding gain (9MFY20: stockholding loss) by BPM on the back of higher average fuel prices.

For the period, the contribution by our associate Affin Bank Berhad was better attributable to improved net interest income, Islamic Banking income, net fee and commission income, lower modification loss and allowance for impairment losses. Nevertheless, the results of our tourism-related businesses were still affected by the movement restrictions nationwide.

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 September 2021****17. Performance Review (Cont'd.)****Statement of Financial Position**

As at 30 September 2021, the Group's inventories have increased due to the higher inventories for COVID-19 vaccines. Subsequently, the Group's payables have also increased mainly due to the purchase of the inventories. In addition, the Group's receivables have increased due to the timing different in collection from customers, mainly the government. On the other hand, the Group's property, plant and equipment has decreased mainly due to a classification of property, plant and equipment as held for sale in relation to the proposed disposal of The University of Nottingham in Malaysia Sdn Bhd.

Statement of Cash Flows

For 9MFY21, the Group recorded a higher cash inflow from operation of RM555.8 million (9MFY20: cash inflow of RM229.1 million) mainly due to higher cash received from customers. The Group also recorded cash inflow from investing activities of RM502.8 million (9MFY20: cash outflow of RM107.2 million) mainly due to proceeds received from disposal of properties and a subsidiary amounting to RM503.0 million. Meanwhile, the Group recorded a higher cash outflow from financing activities of RM741.8 million (9MFY20: cash outflow of RM500.6 million) mainly due to higher net repayment of borrowings.

Boustead Holdings Berhad 196001000193 (3871-H)

Notes to the interim financial report for the period ended 30 September 2021

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

For the period ended 30 September 2021	Current Period	Immediate Preceding Period	+ / (-)
(All figures are stated in RM million)	30.9.2021	30.06.2021	%
Revenue:			
Property & Industrial	106.3	113.5	-6%
Plantation	293.8	242.8	21%
Heavy Industries	125.0	96.4	30%
Pharmaceutical	2,132.7	1,177.1	81%
Trading, Finance & Investment	1,022.5	948.4	8%
	3,680.3	2,578.2	43%
Operating cost:			
- Depreciation and amortisation	(70.0)	(72.7)	4%
- Other operating cost	(3,309.6)	(2,382.2)	-39%
Results from operations	300.7	123.3	144%
Gain on disposal of properties	-	13.1	-100%
Other investment results	-	2.1	-100%
Share of result of associates and joint ventures	25.7	25.2	2%
Profit before interest, taxation and zakat	326.4	163.7	99%
Net finance cost	(86.5)	(82.5)	-5%
(Loss)/profit before taxation and zakat:			
Property & Industrial	(19.0)	(22.5)	16%
Plantation	124.3	64.0	94%
Heavy Industries	(5.7)	(4.4)	-30%
Pharmaceutical	96.8	21.3	354%
Trading, Finance & Investment	43.5	22.8	91%
	239.9	81.2	195%
Taxation and zakat	(92.6)	(38.6)	-140%
Profit for the period	147.3	42.6	246%
Profit/(loss) attributable to shareholders of the Company	55.7	(7.3)	863%
EBITDA	370.7	209.1	77%

For 3QFY21, the Group posted a higher PBT of RM239.9 million as compared with RM81.2 million in the preceding quarter (2QFY21) driven by strong performance, particularly from the Plantation and Pharmaceutical Divisions. Profit after taxation and zakat for 3QFY21 stood at RM147.3 million (2QFY21: profit after taxation and zakat of RM42.6 million) and net profit stood at RM55.7 million (2QFY21: net loss of RM7.3 million).

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 September 2021****18. Material Changes in Quarterly Results Compared to The Results of the Immediate Preceding Quarter (Cont'd.)**

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

(i) Property & Industrial Division

For 3QFY21, Property & Industrial Division recorded a lower LBT of RM19.0 million (2QFY21: LBT of RM22.5 million) attributable to higher revenue from Industrial segment.

(ii) Plantation Division

During the quarter, the Plantation Division posted a commendably higher PBT of RM124.3 million (2QFY21: PBT of RM64.0 million) mainly due to higher FFB production and selling prices. The FFB production of 263,276 MT was higher than the 2QFY21 of 231,702 MT. The average CPO price hit an all-time high at RM4,331 per MT in 3QFY21, an increase of RM317 compared to 2QFY21 of RM4,014 per MT.

(iii) Heavy Industries Division

For 3QFY21, the Heavy Industries Division recorded a higher LBT of RM5.7 million (2QFY21: LBT of RM4.4 million) mainly due to lower contribution from MRO activities.

(iv) Pharmaceutical Division

For the current quarter, the Pharmaceutical Division registered a higher PBT of RM96.8 million (2QFY21: PBT of RM21.3 million) attributable to higher revenue during the quarter from the sales of COVID-19 vaccine to the government and private sector.

(v) Trading, Finance & Investment Division

For 3QFY21, the Trading, Finance & Investment Division registered a higher PBT of RM43.5 million (2QFY21: PBT of RM22.8 million) primarily due to higher stockholding gain from BPM and better share of results from Affin Bank Berhad.

Boustead Holdings Berhad 196001000193 (3871-H)

Notes to the interim financial report for the period ended 30 September 2021

19. Prospects

In line with the relaxation of the movement restrictions and with the 90% vaccination rate among Malaysia's adult population achieved, the Malaysia's economy remains on a recovery path. As the economic activity normalises, the Group is expecting a positive contribution from all its five divisions for the rest of 2021 despite uncertainty surrounding the emergence of new COVID-19 variants of concern. Driven by the Reinventing Boustead strategy, the Group will remain steadfast in its efforts to strengthen the operational and financial position of the Group. Under this strategy, the Group aims to accelerate value creation with performance improvement programmes, tap into new revenue sources, rationalise non-strategic assets and venture into the technology sector and digital services.

Plantation Division

The Division's prospects are largely influenced by the selling prices and crop production. Palm oil prices soared to record high this year owing to speculation on unforeseen production losses and multi-year low inventories. Crude mineral oil appreciated again in September and provided some support to palm oil prices. Chinese soybean crushers had suspended or slowed down their activities due to ongoing power outages. As a result, Chinese buyers are rushing to book palm oil shipments to make up for a potential shortage in soybean oil.

Palm oil production fell short of expectations in recent months. Among factors hindering yield recovery are the timing of fertiliser applications, labour shortage and temporary halt of operations due to COVID-19 cases. The crop production will also be affected by weather uncertainties with the possibility of La Nina returning in the last quarter of the year. This could lead to heavy rains and flooding in the oil palm growing areas in South East Asia.

Despite the challenges, the post-pandemic outlook for the palm oil industry in Malaysia remains bright, backed by balanced supply and demand as well as an expected recovery from labour shortages next year. The Division has identified opportunities within the scope of mechanisation and recruitment of local workers which are among the key ingredients within the Reinventing Boustead strategy. The Division will also continue its effort to improve performance through implementation of various yield and productivity enhancement initiatives as well as cost management programmes.

Pharmaceutical Division

The Division's prospects remain promising by leveraging the robust opportunities offered by the growing healthcare sector to meet Malaysia's healthcare needs. For the National COVID-19 Immunisation Programme (NIP), the Division contributed 20.4 million doses of Sinovac COVID-19 vaccine and approximately 2 million doses to the private market. On 17 November 2021, Drug Control Authority has given the conditional approval for Sinovac COVID-19 vaccine to be used as booster shot. With about 11 million Sinovac COVID-19 vaccine recipients in the country, the Division is prepared to supply 10 million doses of booster shot to Ministry of Health (MOH) and the private market.

Since the demand for the vaccine is expected to continue, the Division's high-tech plant, Pharmaniaga LifeScience Sdn Bhd will continue to manufacture Sinovac COVID-19 vaccine beyond 2022. Strengthening the role in vaccine development, the Division is currently involved in the Sinovac Global Clinical Trial for children aged 3-11 years, led by Sinovac Life Sciences Co Ltd. in collaboration with MOH and Clinical Research Malaysia. The study to evaluate efficacy and safety in young children has started in November and the interim efficacy results are expected to be ready in early 2022.

As for the concession of logistics and distribution business, the Division will continue to carry out its duties and responsibilities as MOH's logistic partner until 30 November 2024. A series of discussions and negotiations for the renewal of the concession has been carried out and the outcome is very positive. The Division has an excellent track record of meeting the stringent concession service standards imposed by MOH, further strengthened by its proven record in managing and delivering the large volume of Sinovac COVID-19 vaccine 4.5 months ahead of schedule. Thus, the Division is optimistic that MOH will continue to choose Pharmaniaga as its partner to manage the logistics and distribution of pharmaceutical products to its almost 2,000 facilities nationwide.

The Division is also setting up an insulin manufacturing plant to meet the needs to treat non-communicable diseases, complementing the Division's strong market presence in the cardiovascular and basic diabetic range, expected to be ready in 2025. The health supplements segment continues to grow as the Division increases its portfolio of products in this area by embarking into aggressive branding and marketing strategies. Plans are also underway to remodel and re-strategise the Division's logistic and distribution, as well as manufacturing arms in Indonesia. All these efforts, strategies and initiatives, as well as encouraging signs of economic recovery in Malaysia and globally, placed the Division on the right footing and direction for better results in the coming quarters.

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 September 2021****19. Prospects (Cont'd)****Property & Industrial Division**

The property development sector will continue to capitalise on various incentives ranging from stimulus offered by the government such as extended Home Ownership Campaign, lower interest rate and exemption of Real Property Gains Tax, in encouraging home ownership. However, the difficulty in getting financing during this period may dampen this effort. While our property investment segment expects a steady stream of rental income from lettable assets and spaces, the oversupply market scenario may result in lower rental rates and competition for quality tenant will become more intense. The operations of the malls are also highly dependent on the government policy on the movement restrictions as well as the strict Standard Operating Procedures.

Hotel segment is expected to continue facing challenges in occupancy rate and F&B income. However, when the travel restrictions are fully lifted, we hope that the hotel business can recover in tandem with the travel demands.

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

Heavy Industries Division

The Division will continue to rely on defence-related shipbuilding and ship repair activities to contribute to its earnings. Under shipbuilding activity, the LMS project is progressing well with the delivery of LMS3 in October 2021 and LMS4 expected to be done also in the 4th quarter of FY2021. With regards to LCS project, the Ministry of Defence (MINDEF) has made an announcement on 7 May 2021 that Boustead Naval Shipyard (BNS) will continue with the LCS project with conditions to be complied with by BNS. The Group is currently in discussion with MINDEF and various government agencies on the details and mechanisms to resume the LCS project.

Under the maintenance, repair and overhaul (MRO) activity, the extension of contracts with Malaysian Maritime Enforcement Agency on the maintenance of helicopters and Royal Malaysian Navy on the maintenance of submarines is expected to contribute positively to the Division's bottom line.

The Heavy Industries Division will also continue to explore the aerospace sector with Airbus Defence and Space to expand the Division's business to undertake rotary-wing and military fixed-wing MRO, as well as venturing into the commercial helicopter segment.

Trading, Finance & Investment

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

The contribution from BPM will be influenced by the effect of movement in fuel price and sales volume. BPM will continue its expansion plan with construction of new service stations to sustain the business.

With the relaxation of movement restrictions, Affin Bank is anticipating a stronger loan growth for the rest of the year together with an improvement in its fee income as customers start to increase their business and banking activities.

Meanwhile, the performance of tourism-related service remains in a challenging situation due to the slow recovery in the travel demand.

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 September 2021****20. Notes on Variance in Actual Profit and Shortfall in Profit Guarantee**

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

21. Taxation

	Current Quarter 2021 RM million	Cumulative Period 2021 RM million
Malaysian taxation based on profit for the period:		
- Current	126.5	224.8
- Deferred	(44.4)	(70.4)
	82.1	154.4
Over provision of prior years	(0.1)	(1.1)
	82.0	153.3

The Group's effective rate for the current quarter and cumulative period is higher than statutory tax rate as 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) Disposal of Royale Chulan Bukit Bintang**

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

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

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

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

The Disposal was completed on 22 February 2021. The Purchaser had on 22 February 2021 (Vacant Possession Date) settled RM157.6 million. However, for item (b) above, out of this amount, RM12.76 million (after deducting the amount refunded to the Purchaser in consideration of the Purchaser completing the remaining rectification works as provided in the SPA maximum of RM3.0 million) is held by the Solicitors as stakeholders. This will be released upon fulfilment of certain conditions precedent.

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 September 2021****22. Corporate Proposals - Status (Cont'd.)****(a) Status of Corporate Proposal (Cont'd.)****(ii) Disposal of Boustead Cruise Centre Sdn Bhd**

On 19 March 2021, Boustead Holdings Berhad (BHB) has entered into a conditional share sale agreement (SSA) with Westports Holdings Berhad and Klang Port Management Sdn Bhd (collectively as Purchasers) for a disposal of the entire equity interest in Boustead Cruise Centre Sdn Bhd or a total of 369,712,894 ordinary shares of RM1.00 each for a cash consideration of RM230 million (Sale Consideration) subject to the terms and conditions as stipulated in the SSA (Disposal).

The Disposal was completed on 23 September 2021.

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

In 2020, Mutiara Rini Sdn Bhd (MRSB), a wholly-owned subsidiary of Boustead Properties Berhad, which in turn is a wholly-owned subsidiary of the Company, had entered into a sales and purchase agreement with Binastra Synergy Sdn Bhd (the Purchaser) for a disposal of freehold land measuring approximately 11,188 square meters which was held under GRN 76763, Lot 20005, Seksyen 90, Kuala Lumpur for a total consideration of RM130.0 million (Disposal).

The Disposal was completed on 14 June 2021.

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

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

The Disposal Consideration will be paid by SRPSB in the following manner:

- a) Payment of RM46.7 million, being 20% of the Disposal Consideration, the breakdown as follows:
 1. payment of RM0.9 million of initial deposit which was paid by SRPSB to MRSB prior to the execution of the SPA;
 2. payment of RM3.8 million, being 2% of the Disposal Consideration amounting to RM4.7 million less the initial deposit, which was paid by SRPSB upon its acceptance of letter of offer issued by MRSB dated 13 April 2021; and
 3. payment of RM42.0 million, being 18% of the Disposal Consideration, which was paid by SRPSB upon execution of the SPA.
- b) Payment of RM186.7 million, being 80% of the Disposal Consideration (Balance Disposal Consideration) on or by the expiry of 1 month following the conditional approval is deemed fulfilled pursuant to the terms of the SPA (Unconditional Date), or 6 months from the date of the SPA, whichever is the later but no later than 19 October 2021 or any other period as may be agreed in writing between the parties. SRPSB had on 13 September 2021 paid RM90.0 million.
- c) Notwithstanding the non-fulfilment of the conditions precedent, SRPSB agreed to pay the Balance Disposal Consideration to MRSB's solicitors as stakeholders by 19 October 2021 in exchange for the original title and other documents necessary to affect the presentation of the MOT. The Balance Disposal Consideration shall be placed in an interest-bearing account and all interest accrued until the Unconditional Date shall belong to SRPSB and in consideration, SRPSB shall be at liberty to lodge a lienholder's caveat on the land at its own cost. On the Unconditional Date, MRSB's solicitors are authorised to release the Balance Disposal Consideration to MRSB.

The Proposed Disposal is expected to be completed by the 4th quarter of 2021.

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 September 2021****22. Corporate Proposals - Status (Cont'd.)****(a) Status of Corporate Proposal (Cont'd.)****(v) Proposed Disposal of The University of Nottingham in Malaysia Sdn Bhd**

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

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

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

On 15 November 2021, BHB and the Purchaser have mutually agreed to extend the date by which the Conditions Precedent set out in the SSA are required to be fulfilled or obtained or waived in accordance to the terms and conditions of the SSA (Cut-Off Date) from 16 November 2021 to 16 February 2022. Save and except for the mutual extension of the Cut-Off Date, all other terms and conditions of the SSA remain unchanged.

Subject to the fulfilment of all Conditions Precedent, the Proposed Disposal is expected to be completed by the 1st quarter of 2022.

(vi) Proposed Disposal of freehold land by Boustead Plantations Berhad

On 28 September 2021, CIMB Islamic Trustee Berhad, acting solely as trustee for Boustead Plantations Berhad (BPB) entered into a sale and purchase agreement with SIPP Power Sdn Bhd for the proposed disposal of 5 parcels of freehold land held under GRN 229629 Lot 3564, HSD 64784 PTD 109021, HSD 64789 PTD 109026, HSD 64796 PTD 109033 and HSD 64797 PTD 109034 all within Mukim of Kulai, District of Kulai, Johor measuring 663.98 hectares for a total cash consideration of RM428.8 million (Proposed Disposal). BPB had received a deposit amounting RM42.9 million.

The Proposed Disposal had been approved by the Estate Land Board on 9 November 2021 and pending the approval of the Economic Planning Unit. The Proposed Disposal is expected to be completed in the 1st quarter of 2022.

(vii) Proposed Lease of land by Boustead Plantations Berhad

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

There were no other corporate proposals announced or pending completion as at 29 November 2021.

(b) Status on Utilisation of Proceeds from Issue of IMTNs as at 29 November 2021

(In RM Million)	Proposed Utilisation	Actual Utilisation	Time Frame
Refinancing of existing borrowings/ financing	1,962.4	1,962.4	Not applicable
Funding of reserve account and expenses of IMTN programme	44.4	44.4	Not applicable
Funding of working capital	343.2	343.2	Not applicable
	2,350.0	2,350.0	

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Notes to the interim financial report for the period ended 30 September 2021

23. Changes in Material Litigations

- (i) In respect of the litigation referred to in Note 35 (b) of 2020 Annual Report, Re: Deepak Jaikishan a/l Jaikishan Rewachand (Plaintiff) - v- Boustead Holdings Berhad (BHB) and Bakti Wira Development Sdn Bhd (BWSB) (Defendants), the updates are as follows:

1. Main case

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

The Plaintiff had on 3 November 2021, filed for leave to appeal to the Federal Court against the decision of the Court of Appeal on 8 October 2021. The Federal Court has not fixed a hearing date for this leave application.

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

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

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

On 29 July 2021, the Plaintiff filed for leave to appeal to the Federal Court against the Court of Appeal's decision on 30 June 2021.

On 24 November 2021, the Federal Court dismissed this leave application with costs of RM30,000.00 to be paid by the Plaintiff to BHB and BWSB.

- (ii) In respect of the litigation referred to in Note 35 (c) of 2020 Annual Report, Re: Deepak Jaikishan a/l Jaikishan Rewachand (Plaintiff) -v- Boustead Holdings Berhad, Bakti Wira Development Sdn Bhd and Cebur Megah Development Sdn Bhd (Defendants), the updates are as follows:

The earlier date of hearing of appeal on 29 July 2021 was postponed to 23 August 2021 due to the change of Plaintiff's lawyer. On 21 August 2021, the Plaintiff filed a motion for leave to abridge the time for filing the Appeal Record.

The Court of Appeal had on 23 August 2021, decided as follows:

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

On 22 September 2021, the Plaintiff filed for leave to appeal to the Federal Court against the decision by the Court of Appeal on 23 August 2021. The Federal Court fixed 10 February 2022 for hearing of this leave application.

- (iii) In respect of the litigation referred to in Note 35 (d) of 2020 Annual Report, Re: MTU Services (Malaysia) Sdn Bhd (MSM) (Plaintiff) - v- Boustead Naval Shipyard Sdn Bhd (BNS) (Defendant), the updates are as follows:-

On 11 June 2021, during the case management, BNS submitted that it has been granted a Restraining Order in relation to its Application for the Scheme of Arrangement. As the Restraining Order is effective until 1 September 2021 (and currently extended until 1 December 2021), the case management was postponed to 7 December 2021.

As at 29 November 2021, 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 2020.

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 September 2021****24. Earnings/(Loss) Per Share - Basic/diluted**

	Current Period		Cumulative Period	
	2021	2020	2021	2020
Net profit/(loss) for the period (RM million)	55.7	(51.8)	91.5	(198.6)
Weighted average number of ordinary shares in issue (million)	2,027.0	2,027.0	2,027.0	2,027.0
Basic/diluted earnings/(loss) per share (sen)	2.75	(2.56)	4.51	(9.80)

25. Group Borrowings and Debt Securities

Total borrowings as at 30 September 2021 are as follows:-

	30.9.2021 RM million	31.12.2020 RM million	30.9.2020 RM million
Non-current:			
Term loans			
- Denominated in RM	739.7	893.8	799.1
- Denominated in Great Britain Pound	45.5	47.5	46.2
	785.2	941.3	845.3
Islamic medium term notes	2,193.9	2,342.2	2,446.6
Revolving credits	577.6	270.0	410.0
	3,556.7	3,553.5	3,701.9
Less: repayable in 1 year	331.3	591.2	423.0
	3,225.4	2,962.3	3,278.9
Current:			
Bank overdrafts	43.8	55.4	15.2
Bankers' acceptances			
- Denominated in RM	439.2	380.4	655.6
- Denominated in Indonesian Rupiah	196.7	123.4	144.6
Islamic medium term notes	150.0	299.9	149.9
Revolving credits	2,987.2	3,471.2	3,187.1
Short term loans	181.3	291.3	273.1
	3,998.2	4,621.6	4,425.5
Total borrowings	7,223.6	7,583.9	7,704.4

As at 30 September 2021, the Group's borrowing has decreased as compared with 31 December 2020 mainly due to repayment of borrowings.

During the financial period, the weighted average interest rate of borrowings is 4.9% (FY2020: 5.0%) per annum. The proportion of debt based on fixed and floating interest rate is 30% (FY2020: 31%) and 70% (FY2020: 69%) respectively.

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 September 2021****25. Group Borrowings and Debt Securities (Cont'd.)**

The Islamic medium term notes (IMTN) comprise:-

- i) 2 tranches of RM500 million Sukuk Murabahah, which were issued in 2017, with maturity 7 years from the date of issue and carry profit rate of 5.9% per annum
- ii) 1 tranche of RM150 million Sukuk Murabahah, which was issued in 2018, with maturity 3 years from the date of issue and carries profit rate of 5.7% per annum
- iii) 1 tranche of RM200 million Sukuk Murabahah, which was issued in 2018, with maturity 7 years from the date of issue and carries profit rate of 6.2% per annum
- iv) 1 tranche of RM200 million Sukuk Murabahah, which was issued in 2019, with maturity 7 years from the date of issue and carries profit rate of 6.2% per annum
- v) 1 tranche of RM650 million Sukuk Murabahah, which was issued in 2019, with maturity 5 years from the date of issue and carries profit rate of 6.5% per annum

A subsidiary has a term loan of RM23.8 million (FY2020: RM28.6 million) and revolving credits of RM675.4 million (2020: RM675.4 million) which are secured by way of an assignment on contract proceeds.

A subsidiary has a term loan of RM2.7 million (FY2020: RM3.6 million) which is secured against an investment property owned by the subsidiary.

A subsidiary has a term loan of RM9.5 million (FY2020: RM14.6 million) which is secured against the subsidiary's hire purchase contracts.

A subsidiary has a term loan denominated in Great Britain Pound equivalent to RM45.5 million (FY2020: RM47.5 million) which is secured against a property owned by the subsidiary.

All the other borrowings are unsecured.

The amount of borrowings denominated in foreign currencies:

(All figures are stated in million)

	<u>30.9.2021</u>	<u>31.12.2020</u>	<u>30.9.2020</u>
Denominated in Great Britain Pound	8.1	8.7	8.7
Denominated in Indonesian Rupiah	687,762	431,469	518,280
Exchange rate:			
- Great Britain Pound	5.64	5.49	5.34
- Indonesian Rupiah	0.0286	0.0286	0.0279

Boustead Holdings Berhad 196001000193 (3871-H)**Notes to the interim financial report for the period ended 30 September 2021****26. Additional Disclosures**

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

	Current Quarter		Cumulative Quarter	
	2021 RM million	2020 RM million	2021 RM million	2020 RM million
Depreciation and amortisation	70.0	82.4	218.4	242.5
Provision for /(reversal of provision for) expected credit losses	2.2	(3.7)	11.2	(4.7)
Provision for and write off of inventories	2.1	3.0	14.6	10.7
Gain on disposal of an investment property	-	-	(13.1)	-
(Gain)/loss on disposal of other property, plant and equipment	(2.5)	8.3	(90.5)	7.9
Foreign exchange (gain)/loss	(8.4)	2.6	(5.0)	22.6
Net fair value (gain)/loss on derivatives	(0.2)	6.0	(1.3)	(2.7)

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

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

In 2019, the Minister of Defence at that time made a statement in the Parliament on the delay in delivering the LCS. It was announced that BNS has requested a variation order to complete the project. Subsequently, series of discussions and negotiations were held between GOM and BNS. Based on the progress of these deliberations, as at 31 December 2020, the Group is of the view that a satisfactory resolution will be reached with GOM. Accordingly, no provisions have been made to the accounts for the LCS project.

On 3 March 2021, the Group had submitted a formal proposal on the way forward in relation to the building and maintenance of the LCS. Subsequently, on 5 May 2021, the LCS project was discussed and deliberated in the cabinet meeting. Based on the press announcement made by Ministry of Defence (MINDEF) on 7 May 2021, GOM has agreed that the Group will resume and continue with the LCS project with conditions to be complied by the Group. It was mentioned that the GOM's decision has taken into consideration the interest of employees, vendors, suppliers, LTAT's beneficiaries and bankers.

Given the nature of the project, the Group is actively in discussion with MINDEF and various government agencies on the details and mechanisms to resume the LCS project.

Based on the recent developments as mentioned above, we believed no further provisions are required to be made for onerous contract and/or liquidated ascertained damages on the LCS project.

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Notes to the interim financial report for the period ended 30 September 2021

27. Other Disclosures (Cont'd.)

b) Plantation Statistics

		Cumulative Period	
		2021	2020
(i) Crop production and yield			
FFB (MT)		675,143	753,864
FFB (MT/ha)		9.7	11.3
Crude palm oil (CPO) production (MT)		159,801	182,452
Palm kernel (PK) production (MT)		30,956	37,207
(ii) Average selling prices (RM per MT)			
FFB		887	519
CPO		4,072	2,637
PK		2,572	1,496
(iii) Oil extraction rate (%)			
CPO		21.1	21.1
PK		4.1	4.3
(iv) Planted areas (hectares)			
		As at	As at
		30.9.2021	31.12.2020
Oil palm	- immature	4,235	6,647
	- young mature	12,824	12,223
	- prime mature	20,220	21,672
	- past prime	36,175	32,952
		73,454	73,494