

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

For the quarter ended 30 September 2015	Current Period		Cumulative Period	
(All figures are stated in RM million)	2015	2014	2015	2014
Revenue	2,120.3	2,694.3	6,220.2	7,782.3
Operating cost	(2,020.8)	(2,570.2)	(5,917.8)	(7,344.8)
Profit from operations	99.5	124.1	302.4	437.5
Gain on disposal of plantation land	18.1	-	57.2	-
Interest income	8.8	9.0	24.0	20.2
Other investment results	0.2	0.2	1.1	1.6
Finance cost	(78.3)	(73.8)	(221.0)	(214.2)
Share of results of associates & joint ventures	18.4	26.6	55.8	84.2
Profit before taxation	66.7	86.1	219.5	329.3
Taxation	(20.4)	(35.9)	(79.3)	(120.0)
Profit for the period	46.3	50.2	140.2	209.3
<i>Profit for the period attributable to:</i>				
Shareholders of the Company	6.0	18.2	9.0	109.2
Holders of Perpetual Sukuk	18.6	15.5	54.0	36.5
Non-controlling interests	21.7	16.5	77.2	63.6
Profit for the period	46.3	50.2	140.2	209.3
Earnings per share - sen				
Basic	0.58	1.76	0.87	10.56

The condensed consolidated income statement should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2014.

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

For the quarter ended 30 September 2015	Current Period		Cumulative Period	
(All figures are stated in RM million)	2015	2014	2015	2014
Profit for the period	46.3	50.2	140.2	209.3
Other comprehensive income/(loss)				
<i>Items that may be reclassified to profit or loss</i>				
Currency translation difference in respect of foreign operations	7.3	(4.1)	9.9	(0.6)
Net gain/(loss) on available for sale investments				
- fair value changes	(4.3)	(0.6)	(5.3)	(0.6)
- transfer to profit or loss on disposal	-	-	-	(0.5)
Share of OCI of investments accounted for using the equity method	(24.2)	2.6	(19.4)	6.2
Total comprehensive income for the period	25.1	48.1	125.4	213.8
Attributable to:				
Shareholders of the Company	(19.6)	20.4	(11.9)	114.4
Holders of Perpetual Sukuk	18.6	15.5	54.0	36.5
Non-controlling interests	26.1	12.2	83.3	62.9
Total comprehensive income for the period	25.1	48.1	125.4	213.8

The unaudited condensed statement of consolidated comprehensive Income should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2014.

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

	Unaudited As at 30 September 2015	Audited As at 31 December 2014
As at 30 September 2015		
(All figures are stated in RM million)		
ASSETS		
Non current assets		
Property, plant and equipment	5,033.6	5,003.3
Biological assets	1,261.5	1,261.2
Investment properties	1,554.2	1,534.2
Development properties	546.3	501.5
Prepaid land lease payments	60.0	62.6
Long term prepayment	156.9	153.7
Deferred tax assets	68.4	53.3
Associates	1,807.9	1,789.6
Joint ventures	615.9	363.0
Available for sale investments	32.8	38.3
Intangible assets	1,390.4	1,376.3
	12,527.9	12,137.0
Current assets		
Inventories	729.7	689.8
Property development in progress	145.3	163.7
Due from customers on contracts	1,586.8	1,312.8
Receivables	1,487.0	1,219.1
Deposits, cash and bank balance	961.0	1,157.9
	4,909.8	4,543.3
TOTAL ASSETS	17,437.7	16,680.3
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	517.1	517.1
Perpetual Sukuk	1,219.7	1,140.7
Reserves	4,054.3	4,222.0
Shareholders' equity	5,791.1	5,879.8
Non-controlling interests	1,672.3	1,693.5
Total equity	7,463.4	7,573.3
Non current liabilities		
Borrowings	2,356.2	2,196.0
Other payable	30.7	26.7
Deferred tax liabilities	107.2	90.3
	2,494.1	2,313.0
Current liabilities		
Borrowings	5,598.9	4,884.7
Trade and other payables	1,812.6	1,812.8
Due to customer on contracts	59.0	70.4
Taxation	9.7	26.1
	7,480.2	6,794.0
Total liabilities	9,974.3	9,107.0
TOTAL EQUITY AND LIABILITIES	17,437.7	16,680.3

The condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2014.

Boustead Holdings Berhad (3871-H)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 30 September 2015	Attributable to shareholders of the Company								Non-Controlling Interests	Total Equity
	Share Capital	Perpetual Sukuk	*Share Premium	*Revaluation & Fair Value Reserve	*Statutory Reserve	*Other Reserves	Retained Profit	Total		
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	-	54.0	-	(28.4)	-	7.5	9.0	42.1	83.3	125.4
Transactions with owners										
Perpetual Sukuk										
- Issuance	-	66.0	-	-	-	-	(0.7)	65.3	-	65.3
- Distribution	-	(41.0)	-	-	-	-	-	(41.0)	-	(41.0)
Transfers during the period	-	-	-	-	22.3	-	(22.3)	-	-	-
Dividends	-	-	-	-	-	-	(155.1)	(155.1)	(104.5)	(259.6)
Balance at 30 September 2015	517.1	1,219.7	1,165.1	20.6	364.0	442.2	2,062.4	5,791.1	1,672.3	7,463.4
As at 1 January 2014	517.1	678.6	1,165.1	48.2	295.9	155.9	2,372.8	5,233.6	691.6	5,925.2
Total comprehensive income for the period	-	36.5	-	5.6	-	(0.4)	109.2	150.9	62.9	213.8
Changes in ownership interests in Subsidiaries										
- Partial disposal of a Subsidiary	-	-	-	-	-	(39.5)	49.7	10.2	148.5	158.7
- Issue of shares by Subsidiaries	-	-	-	-	-	315.2	(253.0)	62.2	850.3	912.5
- Acquisition of a Subsidiary	-	-	-	-	-	-	-	-	5.0	5.0
Transactions with owners										
Perpetual Sukuk										
- Issuance	-	401.0	-	-	-	-	(2.3)	398.7	-	398.7
- Distribution	-	(20.8)	-	-	-	-	-	(20.8)	-	(20.8)
Transfers during the period	-	-	-	-	9.1	-	(9.1)	-	-	-
Dividends	-	-	-	-	-	-	(232.8)	(232.8)	(36.5)	(269.3)
Balance at 30 September 2014	517.1	1,095.3	1,165.1	53.8	305.0	431.2	2,034.5	5,602.0	1,721.8	7,323.8

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 2014.

Boustead Holdings Berhad (3871-H)**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS****For the quarter ended 30 September 2015**

(All figures are stated in RM million)	2015	2014
Operating activities		
Receipts from customers	5,947.7	6,855.3
Cash paid to suppliers and employees	(5,917.5)	(6,341.1)
	30.2	514.2
Income taxes paid less refund	(66.0)	(99.9)
Net cash (used in)/from operating activities	(35.8)	414.3
Investing activities		
Biology assets and property plant & equipment purchased	(257.9)	(179.9)
Purchase and development of Investment property & development property	(101.4)	(162.2)
Purchase of intangible assets	(33.8)	(55.2)
Disposal of property plant & equipment and biological assets	92.3	4.5
Acquisition of a joint venture	(250.0)	-
Partial disposal of shares in a Subsidiary	-	158.7
Acquisition of a Subsidiary, net of cash acquired	-	(69.4)
Settlement of consideration on acquisition of a Subsidiary	-	(564.5)
Additional investment in a joint venture, associate and Subsidiary	-	(436.1)
Others	26.1	7.5
Net cash used in investing activities	(524.7)	(1,296.6)
Financing activities		
Transactions with owners	(155.1)	(232.8)
Transactions with holders of Perpetual Sukuk	24.3	380.2
Issue of shares by Subsidiaries	-	912.6
New loans	110.9	108.2
Loans repayment	(286.0)	(267.0)
Other borrowings	1,032.2	955.0
Interest paid	(250.7)	(284.9)
Dividends paid to non-controlling interests	(104.5)	(36.5)
Net cash from financing activities	371.1	1,534.8
Net (decrease)/increase in cash and cash equivalents	(189.4)	652.5
Foreign currency translation difference	2.0	(0.8)
Cash and cash equivalent at beginning of period	1,126.2	607.8
Cash and cash equivalent at end of period	938.8	1,259.5
Analysis of cash and cash equivalents		
Deposits, cash and bank balances	961.0	1,301.3
Overdrafts	(22.2)	(41.8)
Cash and cash equivalent at end of period	938.8	1,259.5

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 2014.

Boustead Holdings Berhad (3871-H)**Notes to the interim financial report for the quarter ended 30 September 2015****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 2014. 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 2015, the Group adopted the following amended FRS:-

- Amendment to FRS 2 Share-Based Payments (Annual Improvements to FRSs 2010 – 2012 Cycle)
- Amendment to FRS 3 Business Combinations (Annual Improvements to FRSs 2010 – 2012 and 2011 – 2013 Cycles)
- Amendment to FRS 8 Operating Segments (Annual Improvements to FRSs 2010 – 2012 Cycle)
- FRS 13 Fair Value Measurement (Annual Improvements to FRSs 2011 - 2013 Cycle)
- Amendment to FRS 116 Property Plant and Equipment (Annual Improvements to FRSs 2010 – 2012 Cycle)
- Amendments to FRS 119 Defined Benefit Plans: Employee Contributions
- Amendment to FRS 124 Related Party Disclosures (Annual Improvements to FRSs 2010 – 2012 Cycle)
- Amendment to FRS 138 Intangible Assets (Annual Improvements to FRSs 2010 – 2012 Cycle)
- Amendment to FRS 140 Investment Property (Annual Improvements to FRSs 2011 - 2013 Cycle)

Adoption of the above 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 2016

- Amendment to FRS 5 Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012 – 2014 Cycle)
- Amendments to FRS 7 Financial Instruments Disclosures (Annual Improvements to FRSs 2012 – 2014 Cycle)
- 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 Entities (2011) – Investment Entities: Applying the Consolidation Exception
- Amendments to FRS 10 Consolidated Financial Statements and FRS 128 Investment in Associates and Joint Ventures (2011) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- 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

2. Accounting Policies (Cont'd.)

(ii) Standards Issued but not yet Effective (Cont'd.)

Effective for annual period beginning on or after 1 January 2017

- FRS 15 Revenue from Contracts with Customers

Effective for annual period beginning on or after 1 January 2018

- FRS 9 Financial Instruments (2014)
- Amendments to FRS 7 Financial Instruments Disclosures – Mandatory Effective Date of FRS 9 and Transition Disclosures

(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 2017.

The Group falls under the scope definition of Transitioning Entities and has opted to adopt MFRS for annual periods beginning on 1 January 2017. When the Group presents its first MFRS financial statements in 2017, 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.

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

Plantation's result is influenced by both CPO prices and FFB crop production. The cyclical swing in FFB crop production is generally at its lowest in the first half of the year, with gradual increase to peak production towards the second half. The remainder of the Group's operations are not materially affected by any seasonal or cyclical events.

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

There were no material changes in estimates of amounts reported in the prior interim periods of the current financial year or the previous financial year.

7. Dividends

- (i) On 31 March 2015, the Company paid a 4th interim dividend of 5 sen (2013: 7.5 sen) per share in respect of the previous financial year ended 31 December 2014 amounting to RM51.7 million (2013: RM77.6 million).
- (ii) On 30 June 2015, the Company paid a 1st interim dividend of 5 sen (2014: 7.5 sen) per share in respect of the current financial year ending 31 December 2015 amounting to RM51.7 million (2014: RM77.6 million).
- (iii) On 30 September 2015, the Company paid a 2nd interim dividend of 5 sen (2014: 7.5 sen) per share in respect of the current financial year ending 31 December 2015 amounting to RM51.7 million (2014: RM77.6 million).

For the current quarter, the Directors have declared a 3rd interim dividend of 6 sen (2014: 6 sen) per share in respect of the financial year ending 31 December 2015. The dividend will be paid on 12 January 2016 to shareholders registered in the Register of Members at the close of business on 28 December 2015.

8. Segmental Information

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
2015								
Revenue								
Group total sales	451.8	902.6	494.9	139.6	1,509.2	2,738.9	(16.8)	6,220.2
Inter-segment sales	-	-	(12.3)	-	-	(4.5)	16.8	-
External sales	451.8	902.6	482.6	139.6	1,509.2	2,734.4	-	6,220.2
Result								
Segment result								
- external	46.4	14.3	98.9	(6.5)	97.0	52.3	-	302.4
Gain on disposal of plantation land	57.2	-	-	-	-	-	-	57.2
Finance cost	(28.5)	(70.7)	(54.7)	(76.5)	(27.1)	(15.7)	52.2	(221.0)
Interest income	10.8	4.7	8.0	50.4	0.8	1.5	(52.2)	24.0
Other investment result	-	-	-	0.1	-	1.0	-	1.1
Share of result of associates & joint ventures	2.8	20.1	(21.0)	53.9	-	-	-	55.8
Profit before taxation	88.7	(31.6)	31.2	21.4	70.7	39.1	-	219.5
Taxation								(79.3)
Profit after taxation								140.2
2014								
Revenue								
Group total sales	556.6	1,081.5	445.6	123.8	1,495.8	4,100.6	(21.6)	7,782.3
Inter-segment sales	-	-	(21.6)	-	-	-	21.6	-
External sales	556.6	1,081.5	424.0	123.8	1,495.8	4,100.6	-	7,782.3
Result								
Segment result								
- external	116.3	53.9	94.6	(3.9)	91.7	84.9	-	437.5
Finance cost	(43.3)	(72.5)	(46.8)	(61.4)	(24.3)	(22.8)	56.9	(214.2)
Interest income	6.7	2.9	9.5	52.5	0.8	4.7	(56.9)	20.2
Other investment result	-	0.1	-	0.1	-	1.4	-	1.6
Share of result of associates & joint ventures	2.5	11.9	(7.9)	77.7	-	-	-	84.2
Profit before taxation	82.2	(3.7)	49.4	65.0	68.2	68.2	-	329.3
Taxation								(120.0)
Profit after taxation								209.3

9. Debts and Equity Securities

- During the current quarter, the Group redeemed RM140 million of Asset-backed Bonds.
- During the 2nd quarter, the Company issued Perpetual Sukuk at par value amounting to RM66.0 million.

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 25 November 2015 that will materially affect the financial statements of the financial period under review.

12. Changes in Group Composition

During the 2nd quarter, Irat Properties Sdn Bhd became a 50% joint venture of the Company. There were no other changes in the composition of the Group during the period under review.

13. Changes in Contingent Liabilities and Contingent Assets

The status of the contingent liabilities disclosed in the FY2014 annual financial statements remains unchanged as at 25 November 2015. No other contingent liability has arisen since the financial year end.

14. Commitments

The Group has the following commitments as at 30 September 2015:

	Authorised but not contracted RM million	Authorised and contracted RM million
Capital expenditure	307.8	453.0
Share of joint venture's capital commitment	-	370.7
	<u>307.8</u>	<u>823.7</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 2014.

16. Intangible Assets

RM' million	Goodwill	Concession right	Pharmacy manufacturing licence and patents	Rights to supply	Total
Cost					
At 1 January 2015	1,229.8	75.0	19.4	110.4	1,434.6
Additions	-	-	-	33.8	33.8
Foreign exchange fluctuation	3.4	-	1.3	-	4.7
At 30 September 2015	<u>1,233.2</u>	<u>75.0</u>	<u>20.7</u>	<u>144.2</u>	<u>1,473.1</u>
Accumulated amortisation and impairment					
At 1 January 2015	-	32.6	1.8	23.9	58.3
Amortisation	-	6.4	1.5	16.4	24.3
Foreign exchange fluctuation	-	-	0.1	-	0.1
At 30 September 2015	<u>-</u>	<u>39.0</u>	<u>3.4</u>	<u>40.3</u>	<u>82.7</u>
Net carrying amount					
At 30 September 2015	1,233.2	36.0	17.3	103.9	1,390.4
At 31 December 2014	<u>1,229.8</u>	<u>42.4</u>	<u>17.6</u>	<u>86.5</u>	<u>1,376.3</u>

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

17. Performance Review

For the 3rd quarter, the Group posted an unaudited profit before tax of RM66.7 million, as compared with profit for the corresponding period last year of RM86.1 million. The Group's profit after tax totalling RM46.3 million for the current quarter was marginally lower than the corresponding period last year's net profit of RM50.2 million.

For the cumulative period, the Group registered revenue of RM6.22 billion, down 20% from that recorded during the corresponding period last year. Trading & Industrial Division's turnover was 33% below the previous year mainly on decline in volume and fuel price. Plantation Division's revenue was also down by 19% due mainly to the drop in palm products prices. Pharmaceutical Division's revenue was 1% better, while Property Division's cumulative revenue was up 14% on higher progress billings. Heavy Industries Division's revenue for the 9-month period was 17% lower than the corresponding period last year, mainly on lower revenue from LCS project and air transportation.

For the 9-month period, Plantation Division contributed a better pre-tax profit of RM88.7 million (2014: RM82.2 million) as the gains on disposal of land totalling RM57.2 million more than compensated for the unfavourable effects from the bearish palm product prices and foreign exchange loss. For the cumulative period, CPO registered an average price of RM2,160 per MT, representing a decline of RM317 or 13% against last year corresponding period's average of RM2,477 per MT, while PK achieved an average price of RM1,505 per MT as compared with RM1,802 per MT for the same period last year. Cumulative FFB crop totalling 772,083 MT was largely the same as the previous year. Oil extraction rate (OER) and kernel extraction rate (KER) of 21.8% and 4.6% respectively were fairly consistent with last year.

Pharmaceutical Division posted a 4% improvement in pre-tax profit at RM70.7 million (2014: RM68.2 million) during the 9-month period, largely due to favourable manufacturing profit margins driven by cost reduction as a result of continuous costs improvement initiatives and increased productivity. Property Division registered a pre-tax profit of RM31.2 million, down 37% over last year's corresponding period's gain of RM49.4 million, mainly due to lower profit margins on the affordable homes launched.

Finance & Investment Division posted a pre-tax profit of RM21.4 million for the 9-month period, significantly lower than the profit of RM65.0 million for the same period last year, largely on weaker contribution from Affin Group and funding cost of investments. Trading & Industrial Division achieved a pre-tax profit of RM39.1 million, 43% short of the previous year's profit on lower revenue while retrenchment cost of non-core operation further impacted earnings.

For the cumulative period, Heavy Industries Division posted a higher pre-tax loss of RM31.6 million (2014: RM3.7 million), attributable mainly to the provision of foreseeable loss for the restoration of KD PERANTAU during the 2nd quarter. Nevertheless, contribution from joint venture companies, namely Contraves Advanced Devices Group and BHIC AeroServices Sdn Bhd was better at RM20.1 million (2014: RM11.9 million).

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

The Group's pre-tax profit of RM66.7 million for the current quarter was lower than the preceding quarter's pre-tax profit of RM83.3 million on the back of weaker contribution from Plantation, Finance & Investment and Trading & Industrial Divisions.

Plantation Division's pre-tax profit for the current quarter was lower at RM27.6 million (Preceding quarter: RM53.3 million) attributable mainly to lower gain from land sale of RM18.1 million (Preceding quarter: RM39.1 million) and to some extent, a foreign exchange loss of RM8.2 million on a USD denominated loan. Average CPO price realised for the current quarter of RM2,090 per MT was 4% weaker than the preceding quarter's average of RM2,181 per MT. Nevertheless, the FFB production for current quarter of 291,229 MT was 8% better than the preceding quarter.

Finance & Investment Division's profit for the current quarter dipped to RM3.3 million (Preceding quarter: RM15.0 million) mainly due to lower contribution from Affin Group and weaker results of operating units in the Division. Trading & Industrial Division posted a pre-tax profit of RM4.0 million (Preceding quarter: RM22.5 million) as the bottom line was impacted by stockholding loss of RM12.5 million (Preceding quarter: gain of RM3.5 million) and retrenchment cost.

Despite higher amortisation of intangible assets and increased transportation cost, Pharmaceutical Division's pre-tax profit for the current quarter improved marginally to RM19.2 million (Preceding quarter: RM18.9 million), mainly due to reduced overhead expenses such as marketing and promotions. During the current quarter, Property Division was helped by a foreign exchange gain and posted a higher pre-tax profit of RM13.8 million (Preceding quarter: RM7.6 million). Heavy Industries Division incurred a small loss of RM1.2 million (Preceding quarter: Loss of RM34.0 million) in the absence of the exceptional loss posted by Boustead Naval Shipyard during the preceding quarter.

19. Prospects

The remainder of the year is expected to be challenging both globally and domestically, due mainly to economic uncertainties and the challenging market conditions. On the domestic front, weak commodity prices and depreciation of the Ringgit may impede growth, but the Malaysian economy is expected to be sustained by 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 businesses in six segments of the Malaysian economy would augur well for the Group.

Plantation Division's profitability for the rest of the year remains challenging due to the volatility in CPO prices, ongoing resolution of blockades in Sarawak estates and impact of labour shortages. Prospects for CPO price will likely be subdued in tandem with the weak crude mineral oil prices and high CPO inventory, although the current weak Ringgit, possible stronger El-Nino impact on crop and the Government efforts to boost domestic consumption may provide some support for CPO prices.

Prospects for the Pharmaceutical Division remains positive as the healthcare industry continues to experience steady growth, both globally and in the region. The Division's Manufacturing segment which has manufacturing facilities in both Malaysia and Indonesia will be the growth driver, and is committed to expanding its product portfolio through extensive research and development efforts in order to produce high quality products at par with international standards. The Logistics and Distribution segment is expected to deliver earnings growth alongside the implementation of cost optimisation measures.

Progress billings from the ongoing and upcoming housing projects will contribute positively to the Property Division's bottom line, while the Division's portfolio of well located investment properties will generate good rentals as well as appreciation in value over time. The LCS project and defence related maintenance, repair and overhaul activities will contribute to the 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

	Current Quarter 2015 RM million	Cumulative Quarter 2015 RM million
Malaysian taxation based on profit for the period:		
- Current	28.6	91.7
- Deferred	1.2	0.1
	29.8	91.8
Over provision of prior years	(9.4)	(12.5)
	20.4	79.3

The Group's effective rate for the current and cumulative quarter is higher than the statutory tax rate mainly due to the non-deductibility of certain expenses and non-availability of group relief for losses of certain Subsidiaries.

22. Corporate Proposals - Status

- (i) On 15 June 2015, the Group's Subsidiary Boustead Plantations Berhad (BPB) announced that, CIMB Islamic Trustee Berhad, acting solely in the capacity as a trustee for BPB, entered into a sale and purchase agreement for the proposed disposal of part of 3 parcels of freehold lands held under GRN 401071 Lot 86499, GRN 236290 Lot 2939 and GRN 368030 Lot 44930 in Mukim Kulai, District of Kulaijaya, State of Johor measuring a total of approximately 57.03 Ha for a total cash consideration of approximately RM12.3 million.

On the same date, BPB also announced that Boustead Sungai Manar Sdn Bhd, a wholly-owned subsidiary of BPB, had entered into a sale and purchase agreement for the proposed disposal of 5 parcels of freehold land held under GRN 405928 Lot 44926, GRN 405929 Lot 44927, GRN 405930 Lot 44928, GRN 405931 Lot 44929 and GRN 400949 Lot 44931 and part of a parcel of freehold land held under GRN 353782 Lot 44925 in Mukim Kulai, District of Kulaijaya, State of Johor measuring approximately 102.12 Ha for a cash consideration of approximately RM81.9 million.

The above disposals which are subject to, amongst others, the approval of relevant land and state authorities, are due for completion before the end of the current financial year.

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

- (ii) On 8 September 2015, BPB announced that, CIMB Islamic Trustee Berhad, acting solely in the capacity as a trustee for BPB, entered into a sale and purchase agreement for the proposed disposal of freehold lands held under GRN 401071 Lot 86499, GRN 236290 Lot 2939 and GRN 368030 Lot 44930 in Mukim Kulai, District of Kulaijaya, State of Johor measuring a total of approximately 52.69 Ha for a total cash consideration of approximately RM30.1 million.

The above disposal is subject to, amongst others, the approval of relevant land and state authorities, are due for completion before the end of the current financial year.

- (iii) On 8 September 2015, BPB also announced that Boustead Sungai Manar Sdn Bhd, a wholly-owned subsidiary of BPB, had entered into a sale and purchase agreement for the proposed disposal of freehold land in Mukim Kulai, District of Kulaijaya, State of Johor measuring a total of approximately 33.26 Ha (SPA 1) and 18.45 Ha (SPA 2) for a total cash consideration of approximately RM19.7 million and RM10.9 million respectively.

SPA 1 was completed on 23 September 2015 and a gain on disposal of RM18.1 million was recognised in the current quarter, while SPA 2 is expected to complete during the 4th quarter of the current financial year.

- (iv) On 28 August 2015, the Group's Subsidiary Pharamianga Berhad entered into a conditional Share Purchase Agreement (Share SPA) with Dato' Dr Kattayat Mohandas A/L C P Narayana (Vendor) for the acquisition of 1,400,000 ordinary shares of RM1.00 each in Bio-Collagen Technologies Sdn Bhd (BCTSB) representing 70% of the total issued and paid up shares capital of BCTSB for a total cash consideration of RM3.5 million only. As at date of this report, the completion of the proposed acquisition of BCTSB is pending fulfilment of conditions precedent by the Vendor.

There were no other corporate proposals announced or pending completion as at 25 November 2015.

23. Changes in Material Litigations

- (i) Boustead Yachts Sdn Bhd (Plaintiff), a wholly owned Subsidiary of Boustead Naval Shipyard Sdn Bhd, had on 23 December 2014 filed a Writ of Summons against the Defendant who is the owner of the vessel known as MY Sunchaser (Vessel). The Plaintiff had earlier entered into Points of Agreement dated 29 August 2011 (Points of Agreement) to provide the Defendant with exterior painting work of the Vessel to be carried out at the Plaintiff's yard. The Plaintiff was however, unable to complete the task following two incidences of fires occurring on the Vessel. The Defendant had since abandoned the Vessel and the Vessel continues to be in open space at the Plaintiff's yard.

On 23 March 2015, the Defendant filed their Defence and Counterclaim against the Plaintiff, denying that the Plaintiff is entitled to charge for handstand, utility and any services rendered to the Vessel and also alleging that the Plaintiff acted negligently and failed to take reasonable care and precaution for the safety and security of the Vessel whilst the Vessel was under the Plaintiff's care and custody. The Defendant is claiming for a sum no less than USD8.0 million being the market value of the Vessel or such sum as may be determined by the Court as fair market value of the Vessel as at the time of the fire, the sum of USD1.2 million and a sum of RM536,896.17 being costs and expenses incurred and payments effected pursuant to the said Points of Agreement.

The Plaintiff filed a Notice of Application and Affidavit in Support on 4 March 2015 for an order for sale of the Vessel. The Defendant has served a reply on 27 March 2015, with no objections to the application. On 19 May 2015, the Court has granted the Plaintiff's application for an Order for Sale of the Vessel.

The Plaintiff had filed the Reply to Defence and Defence to Counterclaim on 5 May 2015 and the Court had fixed the matter for Case Management on 12 August 2015. The Trial is scheduled from 30 November 2015 to 4 December 2015.

The Directors, in consultation with the solicitors, are of the view that Plaintiff has a good claim and the Defendant's counterclaim is without merit thus, no financial losses are expected. The counterclaim is not expected to have financial and operational impact to the Group.

- (ii) A customer of the Group issued a notice of arbitration dated 7 December 2012 against our Subsidiary for alleged breach of contract, making a claim for USD4,935,000 (RM21,938,543 equivalent) together with interest and costs. Our Subsidiary, in response, initiated a counter-claim against the customer for the sums of USD684,766 (RM3,044,127 equivalent) and RM55,760,483, together with interest and costs. The case is currently pending further directions from the Arbitration Tribunal on exchange of witness statements and expert witness statements.

23. Changes in Material Litigations (Cont'd.)

- (iii) On 10 September 2015, the Federal Court heard the Plaintiffs' appeal against the Court of Appeal's decision on the litigation referred to in Note 36(a) of the 2014 Annual Report. After hearing extensive arguments from respective parties, the Federal Court delivered a unanimous decision to dismiss the Plaintiffs' Motion with no order as to costs.

As at 25 November 2015, 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 2014.

24. Earnings Per Share - Basic

	Current Period		Cumulative Period	
	2015	2014	2015	2014
Net profit for the period (RM million)	6.0	18.2	9.0	109.2
Weighted average number of ordinary shares in issue (million)	1,034.2	1,034.2	1,034.2	1,034.2
Basic earnings per share (sen)	0.58	1.76	0.87	10.56

25. Group Borrowings and Debt Securities

Total group borrowings as at 30 September 2015 are as follows:-

	30.9.2015	31.12.2014
	RM million	RM million
Non-current:		
Term loans		
- Denominated in US Dollar	65.5	57.0
- Denominated in Great Britain Pound	76.0	72.3
- Denominated in Indonesian Rupiah	82.5	61.0
- Denominated in RM	1,075.5	1,124.8
	1,299.5	1,315.1
Asset-backed bonds	757.4	896.9
Bank guaranteed medium term notes	928.5	921.7
	2,985.4	3,133.7
Less: repayable in 1 year	629.2	937.7
	2,356.2	2,196.0
Current:		
Bank overdrafts	22.2	31.7
Bankers' acceptances	197.9	175.9
Revolving credits		
- Denominated in US Dollar	50.8	39.9
- Denominated in RM	4,698.8	3,699.5
Short term loans	629.2	937.7
	5,598.9	4,884.7
Total borrowings	7,955.1	7,080.7

26. Retained Earnings

	30.9.2015	31.12.2014
	RM million	RM million
Total retained earnings of Boustead Holdings Berhad and its Subsidiaries		
Realised	2,489.6	2,679.4
Unrealised	364.2	367.2
	2,853.8	3,046.6
Total share of retained earnings of associates and joint ventures		
Realised	832.2	859.9
Unrealised	124.4	75.6
	3,810.4	3,982.1
Consolidation adjustments	(1,748.0)	(1,750.6)
Total retained earnings of the Group as per consolidated accounts	2,062.4	2,231.5

27. Additional Disclosures

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

	Current Quarter		Cumulative Quarter	
	2015	2014	2015	2014
	RM million	RM million	RM million	RM million
Depreciation and amortisation	75.7	73.3	229.1	218.2
Provision for and write off of receivables	1.1	0.8	2.8	5.5
Provision for and write off of inventories	0.4	4.6	1.5	12.5
Gain on sale of quoted and unquoted investments	-	(0.1)	(0.1)	(0.7)
Gain on disposal of properties	(18.1)	-	(57.2)	-
Stockholding loss	12.5	10.8	10.1	15.0
Foreign exchange loss/(gain)	43.3	(1.3)	60.5	(14.8)
Net fair value (gain)/loss on derivatives	(28.2)	1.3	(42.3)	11.8

28. Plantation Statistics

		Cumulative Period	
		2015	2014
(a) Planted areas (hectares)			
Oil palm - immature	6,622		5,810
- young mature	12,372		12,190
- prime mature	36,149		38,666
- past prime	14,168		13,696
	69,311		70,362
		Cumulative Period	
		2015	2014
(b) Crop production (MT)			
FFB	772,083		773,937
(c) Average selling prices (RM per MT)			
FFB	458		530
Crude Palm oil (CPO)	2,160		2,477
Palm kernel (PK)	1,505		1,802