Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the quarter ended 31 March 2016	**Current Period**		**Cumulative Period**	
(All figures are stated in RM million)	**2016**	**2015**	**2016**	**2015**
Revenue	**1,856.7**	1,892.3	**1,856.7**	1,892.3
Operating cost	**(1,805.1)**	(1,772.9)	**(1,805.1)**	(1,772.9)
Profit from operations	**51.6**	119.4	**51.6**	119.4
Gain on disposal of plantation land	**34.6**	-	**34.6**	-
Interest income	**10.6**	6.3	**10.6**	6.3
Other investment results	**0.2**	0.4	**0.2**	0.4
Finance cost	**(80.9)**	(67.4)	**(80.9)**	(67.4)
Share of results of associates	**27.5**	4.6	**27.5**	4.6
Share of results of joint ventures	**(7.3)**	6.2	**(7.3)**	6.2
Profit before taxation	**36.3**	69.5	**36.3**	69.5
Taxation	**(26.8)**	(26.4)	**(26.8)**	(26.4)
Profit for the period	**9.5**	43.1	**9.5**	43.1
Profit for the period attributable to:				
Shareholders of the Company	**(21.5)**	0.1	**(21.5)**	0.1
Holders of Perpetual Sukuk	**18.2**	17.2	**18.2**	17.2
Non-controlling interests	**12.8**	25.8	**12.8**	25.8
Profit for the period	**9.5**	43.1	**9.5**	43.1
Earnings per share - sen				
Basic	**(2.08)**	0.01	**(2.08)**	0.01

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

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

For the quarter ended 31 March 2016	Current Period		Cumulative Period	
(All figures are stated in RM million)	**2016**	**2015**	**2016**	**2015**
Profit for the period	**9.5**	43.1	**9.5**	43.1
Other comprehensive income/(loss)				
Items that may be reclassified to profit or loss				
Currency translation difference in respect of foreign operations	**(7.9)**	1.3	**(7.9)**	1.3
Net gain on available for sale investments				
- fair value changes	**1.3**	0.9	**1.3**	0.9
Share of OCI of investments accounted for using the equity method	**14.6**	14.1	**14.6**	14.1
Total comprehensive income for the period	**17.5**	59.4	**17.5**	59.4
Attributable to:				
Shareholders of the Company	**(8.7)**	15.7	**(8.7)**	15.7
Holders of Perpetual Sukuk	**18.2**	17.2	**18.2**	17.2
Non-controlling interests	**8.0**	26.5	**8.0**	26.5
Total comprehensive income for the period	**17.5**	59.4	**17.5**	59.4

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

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016	Unaudited As at 31 March 2016	Audited As at 31 December 2015
(All figures are stated in RM million)		
ASSETS		
Non current assets		
Property, plant and equipment	**5,012.5**	5,035.0
Biological assets	**1,287.4**	1,261.4
Investment properties	**1,554.8**	1,543.8
Development properties	**620.6**	638.9
Prepaid land lease payments	**60.9**	61.6
Long term prepayment	**171.8**	170.3
Deferred tax assets	**67.1**	50.1
Associates	**1,891.3**	1,843.5
Joint ventures	**607.8**	621.1
Available for sale investments	**34.1**	33.1
Intangible assets	**1,397.4**	1,406.3
	12,705.7	12,665.1
Current assets		
Inventories	**756.6**	812.8
Property development in progress	**95.7**	99.1
Due from customers on contracts	**1,308.4**	1,216.1
Receivables	**1,515.4**	1,382.6
Deposits, cash and bank balance	**1,155.9**	1,338.1
Assets of a disposal group classified as held for sale	**75.7**	105.8
	4,907.7	4,954.5
TOTAL ASSETS	**17,613.4**	17,619.6
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	**517.1**	517.1
Perpetual Sukuk	**1,219.6**	1,207.7
Reserves	**3,970.6**	4,025.5
Shareholders' equity	**5,707.3**	5,750.3
Non-controlling interests	**1,576.6**	1,607.5
Total equity	**7,283.9**	7,357.8
Non current liabilities		
Borrowings	**2,198.6**	2,175.6
Other payable	**29.4**	31.4
Deferred tax liabilities	**120.5**	105.7
	2,348.5	2,312.7
Current liabilities		
Borrowings	**6,050.1**	5,858.3
Trade and other payables	**1,791.8**	1,893.5
Due to customer on contracts	**72.0**	116.0
Taxation	**25.7**	19.3
Dividend payable	**41.4**	62.0
	7,981.0	7,949.1
Total liabilities	**10,329.5**	10,261.8
TOTAL EQUITY AND LIABILITIES	**17,613.4**	17,619.6

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

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 31 March 2016	Share Capital	Perpetual Sukuk	*Share Premium	*Revaluation & Fair Value Reserve	*Statutory Reserve	*Other Reserves	Retained Profit	Total	Non-Controlling Interests	Total Equity
	Attributable to shareholders of the Company									
As at 1 January 2016	**517.1**	**1,207.7**	**1,165.1**	**54.2**	**387.3**	**437.6**	**1,981.3**	**5,750.3**	**1,607.5**	**7,357.8**
Total comprehensive income for the period	-	**18.2**	-	**23.2**	-	**(10.4)**	**(21.5)**	**9.5**	**8.0**	**17.5**
Transactions with owners										
Perpetual Sukuk										
- Distribution	-	**(6.3)**	-	-	-	-	-	**(6.3)**	-	**(6.3)**
Changes in ownership interests in Subsidiaries										
- Additional investment in a Subsidiary	-	-	-	-	-	-	**(4.8)**	**(4.8)**	**(7.1)**	**(11.9)**
Transfers during the period	-	-	-	-	**(1.1)**	-	**1.1**	-	-	-
Dividends	-	-	-	-	-	-	**(41.4)**	**(41.4)**	**(31.8)**	**(73.2)**
Balance at 31 March 2016	**517.1**	**1,219.6**	**1,165.1**	**77.4**	**386.2**	**427.2**	**1,914.7**	**5,707.3**	**1,576.6**	**7,283.9**
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	-	17.2	-	13.5	-	2.1	0.1	32.9	26.5	59.4
Transactions with owners										
Perpetual Sukuk										
- Distribution	-	(6.2)	-	-	-	-	-	(6.2)	-	(6.2)
Dividends	-	-	-	-	-	-	(51.7)	(51.7)	(27.2)	(78.9)
Balance at 31 March 2015	517.1	1,151.7	1,165.1	62.5	341.7	436.8	2,179.9	5,854.8	1,692.8	7,547.6

NOTES

* Denotes non distributable reserves.

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

Boustead Holdings Berhad (3871-H)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter ended 31 March 2016

(All figures are stated in RM million)	**2016**	**2015**
Operating activities		
Receipts from customers	**1,833.2**	2,032.1
Cash paid to suppliers and employees	**(1,897.4)**	(2,267.5)
	(64.2)	(235.4)
Income taxes paid less refund	**(18.3)**	(30.0)
Net cash (used in)/from operating activities	**(82.5)**	(265.4)
Investing activities		
Biology assets and property plant & equipment purchased	**(83.7)**	(64.9)
Purchase and development of Investment property & development property	**(27.8)**	(24.3)
Purchase of intangible assets	**(6.6)**	(2.7)
Disposal of property plant & equipment and biological assets	**4.7**	1.0
Additional investment in a Subsidiary	**(11.9)**	-
Others	**11.1**	12.0
Net cash used in investing activities	**(114.2)**	(78.9)
Financing activities		
Transactions with owners	**(62.0)**	(51.7)
Transactions with holders of Perpetual Sukuk	**(6.3)**	(6.2)
New loans	**24.5**	7.1
Loans repayment	**(111.9)**	(22.9)
Other borrowings	**312.1**	318.1
Interest paid	**(112.2)**	(84.2)
Dividends paid to non-controlling interests	**(31.8)**	(27.2)
Net cash from financing activities	**12.4**	133.0
Net (decrease)/increase in cash and cash equivalents	**(184.3)**	(211.3)
Foreign currency translation difference	**(0.7)**	(0.2)
Cash and cash equivalent at beginning of period	**1,278.5**	1,126.2
Cash and cash equivalent at end of period	**1,093.5**	914.7
Analysis of cash and cash equivalents		
Deposits, cash and bank balances	**1,155.9**	989.4
Overdrafts	**(62.4)**	(74.7)
Cash and cash equivalent at end of period	**1,093.5**	914.7

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

Boustead Holdings Berhad (3871-H)

Notes to the interim financial report for the quarter ended 31 March 2016

Part A - Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

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

2. Accounting Policies

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

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

- Amendment to FRS 5 Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 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 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
- FRS 14 Regulatory Deferral Accounts
- FRS 101 Presentation of Financial Statements – Disclosure Initiative (Amendments to MFRS 101)
- Amendments to FRS 116 Property Plant and Equipment and FRS 138 Intangible Assets Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to FRS 127 Separate Financial Statements (2011) – Equity Method in Separate Financial Statements

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

(ii) Standards Issued but not yet Effective

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

Effective for annual period beginning on or after 1 January 2018

- FRS 9 Financial Instruments (2014)

(iii) MFRS Framework

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework). The MFRS Framework is effective for annual periods beginning on or after 1 January 2012 for all entities except for entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called Transitioning Entities). Adoption of the MFRS framework by Transitioning Entities will only be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls under the scope definition of Transitioning Entities and has opted to adopt MFRS for annual periods beginning on 1 January 2018. When the Group presents its first MFRS financial statements in 2018, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made retrospectively against opening retained profits.

The Group will also adopt MFRS 15 Revenue from Contracts with Customers which is effective on 1 January 2018. MFRS 15 establishes a five-step model to account for revenue arising from customers, and provide a more structured approach in measuring and recognising revenue. Under this standard, revenue will be recognised at an amount the reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to customer. The new standard will supersede all current revenue recognition requirements under FRS Framework. Either a full retrospective application or a modified retrospective application is required upon adoption on 1 January 2018.

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

On 12 April 2016, the Company paid a 4th interim dividend of 4 sen (2015: 5 sen) per share in respect of the previous financial year ended 31 December 2015 amounting to RM41.4 million (2015: RM51.7 million).

For the current quarter, the Directors have declared a 1st interim dividend of 5 sen (2015: 5 sen) per share in respect of the financial year ending 31 December 2016. The dividend will be paid on 12 July 2016 to shareholders registered in the Register of Members at the close of business on 10 June 2016.

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	Pharma-ceutical	Trading & Industrial	Elim'n	Total
2016								
Revenue								
Group total sales	146.3	216.2	135.0	48.2	559.2	765.0	(3.9)	1,866.0
Inter-segment sales	-	-	(3.9)	-	-	-	3.9	-
External sales	146.3	216.2	131.1	48.2	559.2	765.0	-	1,866.0
Result								
Segment result								
- external	16.9	(48.4)	28.4	0.6	31.6	22.5	-	51.6
Gain on disposal of plantation land	34.6	-	-	-	-	-	-	34.6
Finance cost	(11.0)	(24.0)	(19.5)	(28.8)	(10.4)	(6.1)	18.9	(80.9)
Interest income	3.7	2.4	2.9	18.7	0.3	1.5	(18.9)	10.6
Other investment result	-	-	-	-	-	0.2	-	0.2
Share of result of associates	0.2	-	0.1	26.4	-	0.8	-	27.5
Share of result of joint ventures	-	(3.0)	(0.6)	(3.7)	-	-		(7.3)
Profit before taxation	44.4	(73.0)	11.3	13.2	21.5	18.9	-	36.3
Taxation								(26.8)
Profit after taxation								9.5

8. Segmental Information (Cont'd.)

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

RM million	Plantation	Heavy Industries	Property	Finance & Investment	Pharma-ceutical	Trading & Industrial	Elim'n	Total
2015								
Revenue								
Group total sales	135.4	224.1	156.9	47.1	471.9	864.2	(7.3)	1,892.3
Inter-segment sales	-	-	(4.1)	-	-	(3.2)	7.3	-
External sales	135.4	224.1	152.8	47.1	471.9	861.0	-	1,892.3
Result								
Segment result								
- external	13.5	19.4	28.7	0.6	40.1	17.1	-	119.4
Finance cost	(9.5)	(23.4)	(18.3)	(21.4)	(7.9)	(5.3)	18.4	(67.4)
Interest income	3.2	1.0	2.3	17.4	0.3	0.5	(18.4)	6.3
Other investment result	-	-	-	-	-	0.4	-	0.4
Share of result of associates	0.7	-	(2.5)	6.4	-	-	-	4.6
Share of result of joint ventures	-	6.6	(0.4)	-	-	-	-	6.2
Profit before taxation	7.9	3.6	9.8	3.0	32.5	12.7	-	69.5
Taxation								(26.4)
Profit after taxation								43.1

9. Debts and Equity Securities

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 23 May 2016 that will materially affect the financial statements of the financial period under review.

12. Changes in Group Composition

Pursuant to Note 22 (vii), the Group's interest in PT Errita Pharma was increased from 42% to 48% during the current quarter.

13. Changes in Contingent Liabilities and Contingent Assets

The status of the contingent liabilities disclosed in the FY2015 annual financial statements remains unchanged as at 23 May 2016. No other contingent liability has arisen since the financial year end.

14. Commitments

The Group has the following commitments as at 31 March 2016:

	Authorised but not contracted RM million	Authorised and contracted RM million
Capital expenditure	767.4	214.3
Share of joint venture's capital commitment	5.6	257.3
Proposed acquisition of a Subsidiary	3.5	-
	776.5	471.6

15. Financial Risk Management

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

16. Intangible Assets

RM' million	Goodwill	Concession right	Pharmacy manufacturing licence and patents	Rights to supply	Total
Cost					
At 1 January 2016	1,236.1	75.0	21.8	177.2	1,510.1
Additions	-	-	-	6.6	6.6
Foreign exchange fluctuation	(3.1)	-	(1.4)	-	(4.5)
At 31 March 2016	1,233.0	75.0	20.4	183.8	1,512.2
Accumulated amortisation and impairment					
At 1 January 2016	7.4	41.3	4.8	50.3	103.8
Amortisation	-	2.2	8.4	0.7	11.3
Foreign exchange fluctuation	-	-	(0.3)	-	(0.3)
At 31 March 2016	7.4	43.5	12.9	51.0	114.8
Net carrying amount					
At 31 March 2016	1,225.6	31.5	7.5	132.8	1,397.4
At 31 December 2015	1,228.7	33.7	17.0	126.9	1,406.3

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

17. Performance Review

For the 1st quarter, the Group posted an unaudited profit before tax of RM36.3 million, as compared with the last year corresponding period's pre-tax profit of RM69.5 million. The Group's profit after tax totalling RM9.5 million for the current quarter was also lower than the corresponding period last year's profit of RM43.1 million.

For the current period, the Group registered a revenue of RM1.86 billion which was largely on par with the corresponding period last year. Plantation Division's revenue was marginally higher, as the better palm products prices was negated by the lower FFB crop. Pharmaceutical Division's revenue was up 18%, mainly attributable to higher demand from Government hospitals under concession and non-concession businesses as well as better contributions from the Division's Indonesian operations. On the other hand, Trading & Industrial Division's turnover was 11% short of the previous year mainly due to weaker fuel prices while Property Division's revenue dropped 14% on lower progress billings. Heavy Industries Division's revenue for the 3-month period was 4% below last year's corresponding period as higher revenue from LCS project was negated by weaker turnover in air transportation segment.

17. Performance Review (Cont'd.)

For the 3-month period, Plantation Division contributed a higher pre-tax profit of RM44.4 million (2015: RM7.9 million) mainly due to the gain on disposal of land of RM34.6 million. CPO registered an average price of RM2,267 per MT, representing an increase of RM31 from last year's corresponding period's average of RM2,236 per MT. Meanwhile, PK achieved an average price of RM1,907 per MT, up by RM245 or 15% against RM1,662 per MT for the same period last year. Cumulative FFB crop totalling 185,205 MT was 13% below the previous year, due largely to extremely dry weather resulting from the effects of El-Nino, continuing land disputes in Sarawak and labour shortage for tall palms. Meanwhile, oil extraction rate and kernel extraction rate for the current period was lower at 21.5% (2015: 21.8%) and 4.5% (2015: 4.6%) respectively.

Pharmaceutical Division recorded a reduced pre-tax profit of RM21.5 million, as compared with RM32.5 million recorded in the year before. This was primarily attributable to higher selling & distribution and finance costs as well as increase in amortisation of Pharmacy Information System cost. Property Division posted a higher pre-tax profit of RM11.3 million (2015: RM9.8 million) mainly due to higher margin from the sale of bungalow and petrol station lots.

Finance & Investment Division closed the 1st quarter with a higher pre-tax profit of RM13.2 million (2015: RM3.0 million) on the back of improved contribution from Affin Group, which posted a lower allowance for loan impairment. Trading & Industrial Division recorded a higher pre-tax profit of RM18.9 million (2015: RM12.7 million) mainly due to better profit contribution from UAC Berhad and gain on disposal of assets by Johan Ceramic Berhad.

Heavy Industries Division ended the 3-month period with a deficit of RM73.0 million (2015: surplus of RM3.6 million) on weaker performance from all operating units. Boustead Naval Shipyard recorded a higher deficit in the current quarter, mainly due to downward revision of margin for LCS project and increase in operating costs. For the period under review, MHS Aviation incurred a loss of RM4.3 million (2015: pre-tax profit of RM15.1 million) as the bottom line was affected by the slowdown in the oil & gas industry.

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

The current quarter's pre-tax profit of RM36.3 million was lower than the preceding quarter's pre-tax profit of RM49.7 million, as Property Division's earning for the preceding quarter was significantly higher.

Plantation Division's profit for the current quarter of RM44.4 million was better than the preceding quarter's profit of RM6.4 million attributable mainly to gain on disposal of land. For the current quarter, the Division achieved higher average prices for CPO and PK of RM2,267 (Preceding quarter: RM2,115) per MT and RM1,907 (Preceding quarter: RM1,605) per MT respectively. Nevertheless, the FFB production of 185,205 MT was lower than preceding quarter's crop of 265,080 MT by 30%.

Pharmaceutical Division's profit for the current quarter rose to RM21.5 million (Preceding quarter: RM19.6 million) mainly due to lower A&P and R&D costs. Nevertheless, this was partly negated by higher finance cost and lower revenue. Property Division's pre-tax profit for the current quarter was lower at RM11.3 million (Preceding quarter: RM107.5 million) as the preceding quarter's strong result was boosted by fair value gain on investment properties.

Trading & Industrial Division posted a surplus of RM18.9 million (Preceding quarter: deficit of RM1.5 million) on better performance from Boustead Petroleum Marketing and building materials businesses. Finance & Investment Division's profit for the current quarter dipped to RM13.2 million (Preceding quarter: RM22.9 million) as the better contribution from Affin Group was negated by the weaker result of other operating units in the Division.

Heavy Industries Division ended the current quarter with a lower loss of RM73.0 million (Preceding quarter: RM105.2 million) as the preceding quarter bottom line was impacted by the LAD charges, additional project cost as well as the impairment of chemical tankers and receivables.

19. Prospects

We expect 2016 to be a challenging year, in view of uncertainties surrounding the global economy and financial landscape. The key factors influencing the Malaysian economy will be commodity prices, growth prospect of key trading partners, conditions in financial markets and state of investor and consumer confidence. Nevertheless, the prospects remains positive as our economy is well supported by the underlying strong economic fundamentals, sound financial system, accommodative monetary policy as well as the implementation of various government initiatives. The diversified nature of the Group's business in six segments of the Malaysia economy would augur well for the Group.

19. Prospects (Cont'd.)

Plantation Division's profitability for FY2016 is dependent on the price direction of CPO and crop production. Given the extreme weather experienced during the 1st quarter as a result of El-Nino and coupled with uncertainties pertaining to the enforcement of the Group's rights over certain estates in Sarawak, the Group's crop production is expected to be impacted to some extent for the year. The Group is encouraged by the bullish price trend during the first four months of the year. The uptrend is predicted to continue as CPO output are curbed by the El-Nino dry weather conditions. However, the effects of higher prices are expected to be moderated by low mineral crude oil prices which may curtail the use of CPO for biodiesel production. Windfall levy on CPO prices above threshold price and CPO export taxes are amongst the factors that is likely to counter the effects of higher prices to some extent.

Prospects for the Pharmaceutical Division remain positive, contributed mainly by Government's continuous commitment to expanding healthcare access, growing population and higher incidence of lifestyle-related diseases. On the international front, the Group is dedicated on the fruition of efforts towards penetrating the European Union market as well as transformation of the Indonesian manufacturing plant as an important export hub for the ASEAN region.

Progress billings from the ongoing and upcoming housing projects will contribute positively to the Property Division's bottom line. The Division's portfolio of well located investment properties will generate good rentals as well as appreciation in value over time, while the disposal of Jendela Hikmat which is slated for completion in the 2nd quarter of FY2016 will further boost the Division's bottom line. 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 2016 RM million	Cumulative Quarter 2016 RM million
Malaysian taxation based on profit for the period:		
- Current	29.7	29.7
- Deferred	(3.0)	(3.0)
	26.7	26.7
Over provision of prior years	0.1	0.1
	26.8	26.8

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) CIMB Islamic Trustee Berhad (CIMB Trustee), acting solely in the capacity of trustee for Boustead Plantations Berhad (BPB) and its wholly owned Subsidiary, Boustead Sungai Manar Sdn Bhd collectively entered into the following sales and purchase agreements (SPA) with various parties for disposals of 351.7 hectares (Ha) of freehold lands in Mukim Kulai, District of Kulaijaya, State of Johor for cash consideration of RM203.9 million:

(a) Disposal of 56.3 Ha to Seng Hong Quarry Sdn Bhd (SHQ) for cash consideration of RM29.1 million on 20 May 2015. This disposal was duly completed on 17 June 2015.

(b) Disposal of 31.9 Ha to Bentara Gemilang Industries Sdn Bhd (BGI) for cash consideration of RM19.9 million on 19 May 2015. This disposal was duly completed on 17 June 2015.

(c) Disposal of 57.0 Ha to Sanggul Suria Sdn Bhd (SSSB) for cash consideration of RM12.3 million on 15 June 2015.

(d) Disposal of 102.1 Ha to Hanson Quarry Products (Segamat) Sdn Bhd (HQP) for cash consideration of RM81.9 million on 15 June 2015; and

(e) disposal of 104.4 Ha to YTL Cement Berhad (YTL) for cash consideration of RM60.7 million on 8 September 2015. This disposal was duly completed on 31 March 2016.

In respect of disposal to SSSB and HQP, deposit amounting to RM18.9 million were received and these disposals are expected to complete in the second quarter of FY2016.

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

(ii) On 28 August 2015, the Group's Subsidiary Pharmaniaga Berhad (Pharmaniaga) 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.

Pharmaniaga and BCTSB will need to fulfil a list of Conditions Precedent (CP) as provided in the Share SPA thereto within the three months from the date of the Share SPA i.e. 27 November 2015 (Initial Cut-Off Date). The Initial Cut-Off Date has been extended to 18 January 2016 (the Extended Cut-Off Date) upon the Vendor's request due to the complexity and lengthy processes in complying with the CP. On 14 January 2016, the Parties have mutually agreed to extend the Extended Cut-Off Date for another 60 days to 17 March 2016 (2nd Extended Cut-Off Date). On 29 April 2016, the Parties entered into a Supplemental Agreement to vary and/or waive certain conditions precedent in the Share SPA and shall be read together with the Share SPA.

As at date of this report, the completion of the proposed acquisition of BCTSB is pending fulfilment of CP by the Vendor.

(iii) On 17 December 2015, the Group's Subsidiary Johan Ceramics Berhad (JCB) entered into conditional sale & purchase agreement (SPA) with Kim Hin Ceramic (Seremban) Sdn Bhd (Purchaser) for the proposed disposal of property and assets (including trademark assignment) of JCB for a cash consideration of RM28.0 million. The proposed disposal was completed on 6 April 2016.

(iv) On 23 December 2015, wholly owned Subsidiaries of Boustead Heavy Industries Berhad namely BHIC Marine Carriers Sdn Bhd, BHIC Marine Ventures Sdn Bhd and BHIC Marine Transport Sdn Bhd entered into Memoranda of Agreement with Jasa Merin (Labuan) PLC for sale of the three chemical tankers, MT CHULAN 1, MT CHULAN 2 AND MT CHULAN 3. The proposed disposal of these chemical tankers for the aggregate cash consideration of USD17.1 million was completed on 6 May 2016.

(v) On 29 December 2015, Bakti Wira Sdn Bhd (BWSB), a wholly-owned Subsidiary of the Group, entered into a conditional share sale agreement with Cascara Sdn Bhd (Cascara) for the proposed disposal of BWSB's entire 30% stake in Jendela Hikmat Sdn Bhd (JHSB) comprising 12,600,000 ordinary shares of RM1.00 each in JHSB for a cash consideration of RM180.0 million (Proposed Disposal). Concurrent with the Proposed Disposal, Lembaga Tabung Angkatan Tentera (LTAT), the Company's parent company, had on 29 December 2015 executed a share sale agreement with Cascara for the disposal of its 30% equity interest in JHSB for a cash consideration of RM180.0 million (LTAT disposal).

The Proposed Disposal became unconditional on 29 April 2016. Subsequently, BWSB and Cascara had, via an exchange of letter, agreed for an extension of time for the payment of the balance of sale consideration of RM174.6 million from Cascara to BWSB as follows:

(a) Payment of RM100 million on 6 May 2016; and

(b) payment of RM74.6 million no later than 31 May 2016, subject to an interest rate of 7% per annum which shall continue to accrue on the outstanding balance sale consideration.

Additionally, subject to the consent of Cascara's lenders, Cascara agreed to provide a security in the form of a charge over 25,000,000 JHSB Shares to secure the Shareholder's Advance to be repaid by 30 September 2016. The Proposed Disposal shall be completed upon full settlement of the balance sale consideration (inclusive of interest) by Cascara to BWSB, of which the 1st tranche payment of RM100 million had been received.

(vi) On 18 January 2016, the Company announced its intention to undertake the following proposals:

(a) Proposed Rights Issue of up to 413,671,222 ordinary shares of RM0.50 each (Right Shares), on the basis of 2 Right Shares for every 5 existing shares held on the entitlement date to be determined later.

(b) Proposed Bonus Issue of up to 579.139,710 new ordinary shares of RM0.50 each (Bonus Shares), on the basis of 2 Bonus Share for every 5 existing shares held after the completion of the Proposed Rights Issue.

(c) Proposed increase of authorised share capital to RM2 billion comprising 4 billion ordinary shares of RM0.50 each.

The above proposals which were approved by the Company's shareholders at an extraordinary general meeting held recently are expected to complete during the second quarter of FY2016.

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

(vii) On 22 March 2016, our Subsidiary Pharmaniaga Berhad, through its wholly-owned subsidiary, Pharmaniaga International Corporation Sdn Bhd, acquired 383,328 ordinary shares representing 10% of the issued and paid up capital in PT Errita Pharma (Errita) for a total consideration of USD2,400,000 and IDR6,682,878,222 from the non-controlling shareholder, PT Dasar Technologi. Consequently, the Group's effective interest in Errita was increased from 42% to 48%.

There were no other corporate proposals announced or pending completion as at 23 May 2016.

23. Changes in Material Litigations

(i) In respect of the litigation referred to in Note 38 (b) of 2015 Annual Report, the Grounds of Judgement of the Court of Appeal was obtained on 19 April 2016 and the matter was fixed for Case Management on 6 May 2016 and on that date, the Court fixed 13 July 2016 for the hearing of the leave application and directed the parties to file their written submission on or before 30 June 2016.

(ii) In respect of the litigation referred to in Note 38 (c) of 2015 Annual Report, the customer had responded to Boustead Penang Shipyard's (BPS) application to amend the Defence on 3 May 2016 and the Tribunal had directed BPS to respond to the customer's reply within 10 days (i.e. before 13 May 2016) and the Case Management which was scheduled on 5 May 2016 was adjourned to a date to be fixed later.

As at 23 May 2016, there were no other changes in material litigation, including the status of pending material litigation since the date of the last annual statement of financial position as at 31 December 2015.

24. Earnings Per Share - Basic

	Current Period		**Cumulative Period**	
	2016	**2015**	**2016**	**2015**
Net profit for the period (RM million)	**(21.5)**	0.1	**(21.5)**	0.1
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)	**(2.08)**	0.01	**(2.08)**	0.01

25. Group Borrowings and Debt Securities

Total group borrowings as at 31 March 2016 are as follows:-

	31.3.2016 RM million	**31.12.2015 RM million**
Non-current:		
Term loans		
- Denominated in US Dollar	**49.8**	61.1
- Denominated in Great Britain Pound	**71.8**	82.0
- Denominated in Indonesian Rupiah	**82.5**	80.4
- Denominated in RM	**1,071.9**	1,068.4
	1,276.0	1,291.9
Asset-backed bonds	**757.7**	757.6
Bank guaranteed medium term notes	**838.5**	922.8
	2,872.2	2,972.3
Less: repayable in 1 year	**673.6**	796.7
	2,198.6	2,175.6
Current:		
Bank overdrafts	**62.4**	59.6
Bankers' acceptances		
- Denominated in Indonesian Rupiah	**6.4**	4.3
- Denominated in RM	**302.2**	144.4
Revolving credits		
- Denominated in US Dollar	**-**	48.9
- Denominated in RM	**5,005.5**	4,804.4
Short term loans	**673.6**	796.7
	6,050.1	5,858.3
Total borrowings	**8,248.7**	8,033.9

26. Retained Earnings

	31.3.2016 RM million	31.12.2015 RM million
Total retained earnings of Boustead Holdings Berhad and its Subsidiaries		
Realised	**2,068.9**	2,191.2
Unrealised	**447.1**	441.9
	2,516.0	2,633.1
Total share of retained earnings of associates and joint ventures		
Realised	**831.2**	813.5
Unrealised	**200.7**	183.8
	3,547.9	3,630.4
Consolidation adjustments	**(1,633.2)**	(1,649.1)
Total retained earnings of the Group as per consolidated accounts	**1,914.7**	1,981.3

27. Additional Disclosures

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

	Current Quarter		Cumulative Quarter	
	2016 RM million	2015 RM million	2016 RM million	2015 RM million
Depreciation and amortisation	**78.5**	76.6	**78.5**	76.6
Provision for and write off of receivables	**1.1**	0.9	**1.1**	0.9
Provision for and write off of inventories	**1.8**	0.4	**1.8**	0.4
Impairment of property plant and equipment	**-**	0.1	**-**	0.1
Gain on sale of quoted and unquoted investments	**-**	(0.1)	**-**	(0.1)
Gain on disposal of properties	**(35.5)**	-	**(35.5)**	-
Stockholding loss	**5.1**	1.1	**5.1**	1.1
Foreign exchange (gain)/loss	**(17.8)**	10.4	**(17.8)**	10.4
Net fair value loss/(gain) on derivatives	**9.6**	(9.4)	**9.6**	(9.4)

28. Plantation Statistics

	Cumulative Period	
	2016	2015
(a) Crop production (MT)		
FFB	**185,205**	211,674
(b) Average selling prices (RM per MT)		
FFB	**535**	495
Crude Palm oil (CPO)	**2,267**	2,236
Palm kernel (PK)	**1,907**	1,662

(c) Planted areas (hectares)

	As at 31.3.2016	As at 31.12.2015
Oil palm - immature	**7,104**	6,622
- young mature	**11,645**	12,387
- prime mature	**34,407**	33,533
- past prime	**12,234**	13,138
	65,390	65,680