Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the quarter ended 30 September 2016	**Current Period**		**Cumulative Period**	
(All figures are stated in RM million)	**2016**	**2015**	**2016**	**2015**
Revenue	**2,023.4**	2,120.3	**5,949.1**	6,220.2
Operating cost	**(1,880.6)**	(2,020.8)	**(5,661.9)**	(5,917.8)
Profit from operations	**142.8**	99.5	**287.2**	302.4
Gain on disposal of plantation land	**-**	18.1	**117.8**	57.2
Interest income	**9.3**	8.8	**30.5**	24.0
Other investment results	**0.2**	0.2	**199.1**	1.1
Finance cost	**(66.1)**	(78.3)	**(224.8)**	(221.0)
Share of results of associates	**34.4**	22.7	**82.2**	47.4
Share of results of joint ventures	**(0.2)**	(4.3)	**(12.8)**	8.4
Profit before taxation	**120.4**	66.7	**479.2**	219.5
Taxation	**(27.1)**	(20.4)	**(75.0)**	(79.3)
Profit for the period	**93.3**	46.3	**404.2**	140.2
Profit for the period attributable to:				
Shareholders of the Company	**44.0**	6.0	**248.3**	9.0
Holders of Perpetual Sukuk	**18.6**	18.6	**55.1**	54.0
Non-controlling interests	**30.7**	21.7	**100.8**	77.2
Profit for the period	**93.3**	46.3	**404.2**	140.2
Earnings per share - sen				
Basic/diluted	**2.17**	0.37	**13.38**	0.55

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

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

For the quarter ended 30 September 2016	Current Period		Cumulative Period	
(All figures are stated in RM million)	2016	2015	2016	2015
Profit for the period	**93.3**	46.3	**404.2**	140.2
Other comprehensive income/(loss)				
Items that may be reclassified to profit or loss				
Currency translation difference in respect of foreign operations	**4.4**	7.3	**1.7**	9.9
Net gain on available for sale investments				
- fair value changes	**(0.3)**	(4.3)	**(1.1)**	(5.3)
Share of OCI of investments accounted for using the equity method	**18.5**	(24.2)	**36.3**	(19.4)
Total comprehensive income for the period	**115.9**	25.1	**441.1**	125.4
Attributable to:				
Shareholders of the Company	**64.0**	(19.6)	**284.3**	(11.9)
Holders of Perpetual Sukuk	**18.6**	18.6	**55.1**	54.0
Non-controlling interests	**33.3**	26.1	**101.7**	83.3
Total comprehensive income for the period	**115.9**	25.1	**441.1**	125.4

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 30 September 2016	**Unaudited As at 30 September**	**Audited As at 31 December**
(All figures are stated in RM million)	**2016**	**2015**
ASSETS		
Non current assets		
Property, plant and equipment	**4,989.9**	5,035.0
Biological assets	**1,287.8**	1,261.4
Investment properties	**1,583.8**	1,543.8
Development properties	**626.2**	638.9
Prepaid land lease payments	**59.9**	61.6
Long term prepayment	**178.3**	170.3
Deferred tax assets	**64.0**	50.1
Associates	**1,990.5**	1,843.5
Joint ventures	**596.0**	621.1
Available for sale investments	**32.0**	33.1
Intangible assets	**1,415.7**	1,406.3
	12,824.1	12,665.1
Current assets		
Inventories	**798.4**	812.8
Property development in progress	**42.6**	99.1
Due from customers on contracts	**1,425.6**	1,216.1
Receivables	**1,812.0**	1,382.6
Deposits, cash and bank balance	**982.0**	1,338.1
Assets of a disposal group classified as held for sale	**-**	105.8
	5,060.6	4,954.5
TOTAL ASSETS	**17,884.7**	17,619.6
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	**1,013.5**	517.1
Perpetual Sukuk	**1,219.7**	1,207.7
Reserves	**4,687.8**	4,025.5
Shareholders' equity	**6,921.0**	5,750.3
Non-controlling interests	**1,614.2**	1,607.5
Total equity	**8,535.2**	7,357.8
Non current liabilities		
Borrowings	**2,255.6**	2,175.6
Other payable	**30.2**	31.4
Deferred tax liabilities	**114.1**	105.7
	2,399.9	2,312.7
Current liabilities		
Borrowings	**5,061.0**	5,858.3
Trade and other payables	**1,742.3**	1,893.5
Due to customer on contracts	**108.1**	116.0
Taxation	**38.2**	19.3
Dividend payable	**-**	62.0
	6,949.6	7,949.1
Total liabilities	**9,349.5**	10,261.8
TOTAL EQUITY AND LIABILITIES	**17,884.7**	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

	Attributable to shareholders of the Company									
For the financial period ended 30 September 2016	**Share Capital**	**Perpetual Sukuk**	***Share Premium**	***Revaluation & Fair Value Reserve**	***Statutory Reserve**	***Other Reserves**	**Retained Profit**	**Total**	**Non-Controlling Interests**	**Total Equity**
As at 1 January 2016	**517.1**	**1,207.7**	**1,165.1**	**54.2**	**387.3**	**437.6**	**1,981.3**	**5,750.3**	**1,607.5**	**7,357.8**
Total comprehensive income for the period	-	**55.1**	-	**44.6**	-	**(8.6)**	**248.3**	**339.4**	**101.7**	**441.1**
Transactions with owners										
Share capital										
- Right issue	**206.8**	-	**846.7**	-	-	-	-	**1,053.5**	-	**1,053.5**
- Bonus issue	**289.6**	-	**(289.6)**	-	-	-	-	-	-	-
Perpetual Sukuk										
- Distribution	-	**(43.1)**	-	-	-	-	-	**(43.1)**	-	**(43.1)**
Changes in ownership interests in Subsidiaries										
- Acquisition of a Subsidiary	-	-	-	-	-	-	-	-	**0.1**	**0.1**
- Additional investment in a Subsidiary	-	-	-	-	-	-	**(4.8)**	**(4.8)**	**(7.1)**	**(11.9)**
- Issue of shares by a Subsidiary	-	-	-	-	-	-	**(0.1)**	**(0.1)**	**2.7**	**2.6**
- Share options granted by a Subsidiary	-	-	-	-	-	-	-	-	**1.7**	**1.7**
Transfers during the period	-	-	-	-	**15.6**	-	**(15.6)**	-	-	-
Dividends	-	-	-	-	-	-	**(174.2)**	**(174.2)**	**(92.4)**	**(266.6)**
Balance at 30 September 2016	**1,013.5**	**1,219.7**	**1,722.2**	**98.8**	**402.9**	**429.0**	**2,034.9**	**6,921.0**	**1,614.2**	**8,535.2**
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

NOTES

* Denotes non distributable reserves.

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

Boustead Holdings Berhad (3871-H)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter ended 30 September 2016

(All figures are stated in RM million)	2016	2015
Operating activities		
Receipts from customers	**5,740.8**	5,947.7
Cash paid to suppliers and employees	**(5,581.6)**	(5,892.5)
	159.2	55.2
Income taxes paid less refund	**(67.3)**	(66.0)
Net cash used in operating activities	**91.9**	(10.8)
Investing activities		
Biology assets and property plant & equipment purchased	**(194.3)**	(257.9)
Purchase and development of Investment property & development property	**(115.0)**	(101.4)
Contribution to a joint venture's capital expenditure	**(144.7)**	-
Purchase of intangible assets	**(30.4)**	(33.8)
Disposal of property plant & equipment and biological assets	**166.6**	92.3
Acquisition of a Subsidiary, net of cash acquired	**(3.5)**	-
Additional investment in a Subsidiary	**(11.9)**	-
Disposal of an associate	**167.2**	-
Acquisition of a joint venture	**-**	(250.0)
Others	**55.2**	26.1
Net cash from/(used in) investing activities	**(110.8)**	(524.7)
Financing activities		
Transactions with owners	**817.3**	(155.1)
Transactions with holders of Perpetual Sukuk	**(43.1)**	24.3
Issue of shares by Subsidiaries	**1.0**	-
New loans	**142.6**	110.9
Loans repayment	**(315.6)**	(286.0)
Other borrowings	**(498.7)**	1,032.2
Interest paid	**(309.2)**	(275.7)
Dividends paid to non-controlling interests	**(92.4)**	(104.5)
Net cash (used in)/from financing activities	**(298.1)**	346.1
Net decrease in cash and cash equivalents	**(317.0)**	(189.4)
Foreign currency translation difference	**0.3**	2.0
Cash and cash equivalent at beginning of period	**1,278.5**	1,126.2
Cash and cash equivalent at end of period	**961.8**	938.8
Analysis of cash and cash equivalents		
Deposits, cash and bank balances	**982.0**	961.0
Overdrafts	**(20.2)**	(22.2)
Cash and cash equivalent at end of period	**961.8**	938.8

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

Boustead Holdings Berhad (3871-H)

Notes to the interim financial report for the quarter ended 30 September 2016

Part A - Explanatory Notes Pursuant to FRS 134

1. **Basis of Preparation**

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

2. **Accounting Policies**

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

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

- Amendment to FRS 5 Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to FRSs 2012 – 2014 Cycle)
- Amendments to FRS 7 Financial Instruments Disclosures (Annual Improvements to FRSs 2012 – 2014 Cycle)
- Amendment to FRS 119 Employee Benefits (Annual Improvements to FRSs 2012 – 2014 Cycle)
- Amendment to FRS 134 Interim Financial Reporting (Annual Improvements to FRSs 2012 – 2014 Cycle)
- Amendments to FRS 10 Consolidated Financial Statements, FRS 12 Disclosure of Interests in Other Entities and FRS 128 Investment in Associates and Joint Ventures (2011) – Investment Entities Applying the Consolidation Exception
- Amendments to FRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
- FRS 14 Regulatory Deferral Accounts
- FRS 101 Presentation of Financial Statements – Disclosure Initiative (Amendments to MFRS 101)
- Amendments to FRS 116 Property, Plant and Equipment and FRS 138 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to FRS 127 Separate Financial Statements (2011) – Equity Method in Separate Financial Statements

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

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

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

Effective for annual period beginning on or after 1 January 2017

- Amendment to FRS107 Statement of Cash Flow - Disclosure Initiative
- Amendment to FRS112 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses

Effective for annual period beginning on or after 1 January 2018

- Amendment to FRS2 Share-based Payment -Classification and Measurement of of Share-based Payment Transactions
- 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

During the current period, in view of the ongoing negotiations to finalise the terms and conditions for the extension of the concession, the Group has revised the remaining estimated useful life of the expenses incurred for the rights to supply under the Concession Agreement from 4 years to 14 years. The revision has been accounted for as a change in accounting estimate and as a result, the amortisation charge for the current quarter and cumulative period as disclosed in Note 16 was reduced by RM21.5 million.

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

(i) On 12 April 2016, the Company paid a 4th interim dividend of 4 sen (2014: 5 sen) per share in respect of the previous financial year ended 31 December 2015 amounting to RM41.4 million (2014: RM51.7 million).

(ii) On 12 July 2016, the Company paid a 1st interim dividend of 5 sen (2015: 5 sen) per share in respect of the current financial year ending 31 December 2016 amounting to RM51.7 million (2015: RM51.7 million).

(iii) On 30 September 2016, the Company paid a 2nd interim dividend of 4 sen (2015: 5 sen) per share on enlarged share capital of 2,027.0 million shares (2015: 1,034.2 million shares) in respect of the current financial year ending 31 December 2016 amounting to RM81.1 million (2015: RM51.7 million).

For the current quarter, the Directors have declared a 3rd interim dividend of 5 sen (2015: 6 sen) per share on enlarged share capital of 2,027.0 million shares (2015: 1,034.2 million shares) in respect of the current financial year ending 31 December 2016. The dividend will be paid on 22 December 2016 to shareholders registered in the Register of Members at the close of business on 15 December 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	511.2	650.9	494.4	145.1	1,606.2	2,553.1	(11.8)	5,949.1
Inter-segment sales	-	-	(11.8)	-	-	-	11.8	-
External sales	511.2	650.9	482.6	145.1	1,606.2	2,553.1	-	5,949.1
Result								
Segment result								
- external	97.0	(77.4)	95.5	(3.9)	84.9	91.1	-	287.2
Gain on disposal of plantation land	117.8	-	-	-	-	-	-	117.8
Finance cost	(32.1)	(68.2)	(57.2)	(79.4)	(32.7)	(15.0)	59.8	(224.8)
Interest income	10.9	3.9	10.9	61.6	0.7	2.3	(59.8)	30.5
Other investment result	-	-	198.3	0.1	-	0.7	-	199.1
Share of result of associates	1.4	-	(5.2)	84.7	-	1.3	-	82.2
Share of result of joint ventures	-	7.8	(3.0)	(17.6)	-	-	-	(12.8)
Profit before taxation	195.0	(133.9)	239.3	45.5	52.9	80.4	-	479.2
Taxation								(75.0)
Profit after taxation								404.2

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	451.8	902.6	500.5	134.0	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	488.2	134.0	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	2.8	-	(9.3)	53.9	-	-	-	47.4
Share of result of joint ventures	-	20.1	(11.7)	-	-	-	-	8.4
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

9. Debts and Equity Securities

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

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

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

10. Carrying Amount of Revalued Assets

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

11. Subsequent Events

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

12. Changes in Group Composition

(i) During the 1st quarter, the Group's effective interest in PT Errita Pharma was increased from 42% to 48%.

(ii) During the 2nd quarter, Bio-Collagen Technologies Sdn Bhd became a Subsidiary of the Group with an effective interest of 39.5%.

(iii) During the 2nd quarter, Jendela Hikmat Sdn Bhd has ceased to become our associate.

13. Changes in Contingent Liabilities and Contingent Assets

In respect of contingent liability referred to in Note 38 (d) of 2015 Annual Report, on claim made by E*Healthline.com Inc (EHL) against Modern Industrial Investment Holdings Group Company (Modern) and the Group's Subsidiary, Pharmaniaga Berhad (Pharmaniaga) relating to non-binding Memorandum of Collaboration which had lapsed, a Final Award was subsequently issued on 2 November 2016. In the Final Award, the Tribunal dismissed all EHL's claims against Modern and Pharmaniaga. The case is now closed.

The status of the other contingent liabilities as disclosed in the FY2015 annual financial statements is mentioned in Note 23 (i) and (ii) below. No other contingent liability has arisen since the financial year end.

14. Commitments

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

	Authorised but not contracted RM million	Authorised and contracted RM million
Capital expenditure	632.9	313.1
Acquisition of a Subsidiary	-	0.7
Share of joint venture's capital commitment	5.6	90.2
	638.5	404.0

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
Acquisition of Subsidiary	3.3	-	0.1	-	3.4
Additions	-	-	-	30.4	30.4
Derecognition of goodwill upon disposal of an Associate	(9.7)	-	-	-	(9.7)
Foreign exchange fluctuation	1.1	-	0.5	-	1.6
At 30 September 2016	1,230.8	75.0	22.4	207.6	1,535.8
Accumulated amortisation and impairment					
At 1 January 2016	7.4	41.3	4.8	50.3	103.8
Amortisation	-	6.5	2.0	7.6	16.1
Foreign exchange fluctuation	-	-	0.2	-	0.2
At 30 September 2016	7.4	47.8	7.0	57.9	120.1
Net carrying amount					
At 30 September 2016	1,223.4	27.2	15.4	149.7	1,415.7
At 31 December 2015	1,228.7	33.7	17.0	126.9	1,406.3

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

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

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

17. Performance Review

For the 3rd quarter, the Group registered an unaudited profit before tax of RM120.4 million, an increase of 81% over last year's corresponding period's pre-tax profit of RM66.7 million. The Group's profit after tax totalling RM93.3 million was also better than last year's corresponding period's profit of RM46.3 million. Cumulatively, the Group's pre-tax profit stood at RM479.2 million, a huge improvement over last year's corresponding period's pre-tax profit of RM219.5 million on the back of gain on disposal of Jendela Hikmat and sale of lands. The Group's profit after tax for the nine-month period of RM404.2 million was also higher from last year's corresponding period of RM140.2 million.

For the nine-month period, the Group registered revenue of RM5.9 billion, downed 4% from the corresponding period last year. Plantation Division's revenue was 13% higher mainly due to better palm products prices. Pharmaceutical Division's revenue was up by 6% on improved contribution from Indonesian operations. On the other hand, Heavy Industries Division's cumulative revenue was 28% below last year's corresponding period mainly due to lower contribution from LCS project and suspension of operation for H225 aircraft in Kerteh and slow down in oil & gas industry. Trading & Industrial Division's turnover was 7% short of previous year, mainly due to weaker fuel price. For the nine-month period, Property Division's revenue was marginally lower mainly due to weaker contribution from hotel segment.

Plantation Division closed the cumulative period with an improved pre-tax profit of RM195.0 million (2015: RM88.7 million) mainly due to higher gain on disposal of lands of RM117.8 million (2015: RM57.2 million). The bottom line also benefitted from better palm products prices. For the nine-month period, CPO registered an average price of RM2,475 per MT, an increase of RM315 or 15% against last year's corresponding period's average of RM2,160 per MT. PK also achieved a better average price of RM2,295 per MT, up by RM790 or 52% as compared to last year's corresponding period's average price of RM1,505 per MT. Cumulative FFB crop totalling 660,497 MT was 14% below last year's corresponding period's crop of 772,083 MT. The shortfall in FFB production was mainly due to extreme dry weather effects of the El-Nino phenomenon, land disputes in Sarawak and shortage of skilled labour for tall palms. For the nine-month period, oil and kernel extraction rates were marginally lower at 21.5% (2015: 21.8%) and 4.4% (2015: 4.6%) respectively.

Property Division's pre-tax profit for the nine-month period increased to RM239.3 million (2015: RM31.2 million) on the back of gain on disposal of an associate, Jendela Hikmat of RM198.3 million. Nevertheless, the operating profit attained was lower at RM95.5 million (2015: RM98.9 million) mainly due to weakened hotel segment's performance and unrealised forex loss. On the other hand, Pharmaceutical Division ended the cumulative period with a lower pre-tax profit of RM52.9 million (Last year: RM70.7 million) mainly due to weaker operating profit and higher finance cost. For the cumulative period, the Division's operating profit stood at RM84.9 million (Last year: RM97.0 million) on lower contribution from concession business segment. Included in the operating profit for the current period is the reversal on amortisation of Pharmacy Information System cost as mentioned in Note 6 above.

For the nine-month period, Finance & Investment Division registered a higher pre-tax profit of RM45.5 million (2015: RM21.4 million) on improved contribution from Affin Group, which recorded a lower allowance for loan impairment. In addition, interest income was also higher mainly due to placement of surplus funds from Right Issue proceeds. Trading & Industrial Division also ended the nine-month period with a better pre-tax profit of RM80.4 million (2015: RM39.1 million) on the back of better contribution from UAC Berhad and Boustead Petroleum Marketing (BPM) as well as gain on disposal of assets by Johan Ceramics Berhad and BPM.

Heavy Industries Division closed the cumulative period with a higher loss of RM133.9 million (2015: RM31.6 million) mainly due to deficit incurred by Boustead Naval Shipyard and MHS Aviation. For the nine-month period, Boustead Naval Shipyard recorded a higher deficit mainly due to downward revision of margin for LCS project, additional cost to completion for KD Perantau as well as lack of new ship repair and shipbuilding projects. MHS Aviation ended the cumulative period with a loss as the bottom line was impeded by suspension of operation for H225 aircraft in Kerteh and slowdown in oil & gas industry.

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

The Group's pre-tax profit for the quarter of RM120.4 million was lower than preceding quarter's pre-tax profit of RM322.5 million in absence of gain on disposal of an associate and plantation land.

Plantation Division's pre-tax profit for the current quarter was lower at RM50.2 million (Preceding quarter: RM100.4 million) as the preceding quarter's earnings was boosted by the gain on disposal of plantation land of RM83.2 million. Average CPO price realised for the current quarter of RM2,559 per MT was marginally lower by RM8 from preceding quarter's price of RM2,567 per MT. On the other hand, average PK price was higher at RM2,577 (Preceding quarter: RM2,321) per MT, an increase of RM256 (or 11%). The FFB production for the current quarter of 262,078 MT was also higher by 23% from the preceding quarter.

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

Similarly, Property Division ended the current quarter with a much lower pre-tax profit of RM38.8 million (Preceding quarter: RM189.2 million) as the preceding quarter's result benefitted from the gain on disposal of Jendela Hikmat of RM198.3 million. Nonetheless, the current period's operating profit was stronger mainly due to higher progress billing, lower unrealised forex loss as well as better performance from hotel segment and associated companies. For the 3rd quarter, Pharmaceutical Division recorded a pre-tax profit of RM15.0 million (Preceding quarter: RM16.4 million) mainly due to lower demand for concession business segment. Nevertheless, the effect was partly mitigated by the reversal on amortisation of Pharmacy Information System cost as mentioned in Note 6 above.

Trading & Industrial Division closed the 3rd quarter with a lower pre-tax profit of RM29.8 million (Preceding quarter: RM31.7 million) as the gain arising from disposal of property by Boustead Petroleum Marketing was negated by weaker performance from building materials businesses. For the current quarter, Finance & Investment Division recorded a better pre-tax profit of RM20.9 million (Preceding quarter: RM11.4 million) on lower finance cost as part of the Rights Issue proceeds was used to pare down borrowings.

On the other hand, Heavy Industries Division ended the 3rd quarter with a higher deficit of RM34.3 million (Preceding quarter: RM26.6 million) mainly due to weaker performance from Boustead Heavy Industries Corporation and MHS Aviation.

19. Prospects

The remainder of the year is expected to continue to be challenging, both globally and domestically, amid uncertainties of post-Brexit referendum, the outcome of US Presidential election, capital market volatility and other geopolitical risks. On domestic front, prolonged low oil price and slower domestic consumption may impede growth. Nevertheless, the prospect will continue to be positive as the country's fundamentals remain strong, including a stable labour market with full employment, manageable inflation, healthy foreign reserve, sound financial system as well as the implementation of various government initiatives. The diversified nature of the Group's business in six segments of the Malaysia economy would augur well for the Group.

Plantation Division's prospects for the rest of the year will be much driven by CPO prices and crop production. Nonetheless, the Group expects to achieve reasonable prices for CPO and some improvements in crop production, which is likely to be moderated by unresolved conflicts in certain Sarawak estates. CPO price reached a new high in September 2016 on the back of higher than expected surge in market demand coupled with the continuing dampened crop production after El Nino. The prevailing weak global economy and adverse effects of El Nino on production is expected to remain while demand could be affected by further release of rapeseed oil reserves in China and weaker Renminbi currency against the greenback. Nevertheless CPO prices are expected to remain encouraging thus allaying concerns and contributing towards favourable outcomes.

We are optimistic that Pharmaceutical Division is well positioned to capitalise on opportunities in the growing healthcare sector, both domestically and internationally. The Division remains committed to reinforcing its leadership position in Malaysia's pharmacuetical sector by leveraging this growth potential, coupled with its ongoing drive to tighten operational efficiencies.

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. Meanwhile, the Division's hotel activities are expected to achieve satisfactory performance going forward but will continue to face challenges of occupancies and rates. The LCS project and defence related maintenance, repair and overhaul activities will contribute to Heavy Industries Division's performance going forward. Finance & Investment Division's earnings will largely be driven by our associate, Affin Holdings.

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

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

21. Taxation

	Current Quarter 2016 RM million	Cumulative Quarter 2016 RM million
Malaysian taxation based on profit for the period:		
- Current	33.5	93.3
- Deferred	2.8	(7.8)
	36.3	85.5
Over provision of prior years	(9.2)	(10.5)
	27.1	75.0

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

22. Corporate Proposals - Status

(a) Status of Corporate Proposal

On 4 April 2016, the Company's authorised share capital has increased to RM2 billion comprising 4 billion ordinary shares of RM0.50 each. The company further undertook the followings initiatives:-

(i) Rights Issue of 413,671,222 ordinary shares of RM0.50 each (Right Shares) at an issue price of RM2.55 per share, on the basis of 2 Right Shares for every 5 existing shares. The Right Issue which raised fresh capital to equity of RM1.05 billion was duly completed on 23 June 2016.

(ii) Bonus Issue of 579,138,723 ordinary shares of RM0.50 each (Bonus Shares), on the basis of 2 Bonus Shares for every 5 existing shares held after the completion of the Proposed Rights Issue. The Bonus issue was duly completed on 15 July 2016.

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

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

	Proposed	**Actual**		**Deviation**		
(In RM Million)	**Utilisation**	**Utilisation**	**Time Frame**	**Amount**	**%**	**Explanation**
Repayment of bank borrowings	486.0	393.5	Within 12 months	92.5	19%	To be utilised
Property development activities	507.0	9.1	Within 24 months	497.9	98%	To be utilised
Working capital	60.5	33.7	Within 12 months	26.8	44%	To be utilised
Right issue expenses	1.3	1.3	Within 6 months	-		
	1,054.8	437.6		617.2		

23. Changes in Material Litigations

(i) In respect of the litigation referred to in Note 38 (b) of 2015 Annual Report, the Federal Court had, at a hearing on 13 July 2016, granted Boustead Naval Shipyard Sdn Bhd (BN Shipyard) a leave to appeal to the Federal Court against the Court of Appeal's decision on 11 November 2013 that the case be tried at High Court. The Federal Court also allowed six (6) leave questions and ordered that cost be in the cause, and the deposit paid by BN Shipyard be refunded. Hearing of appeal is has now been fixed on 5 December 2016.

(ii) In respect of the litigation referred to in Note 38 (c) of 2015 Annual Report, the Tribunal had on 26 May 2016 allowed Boustead Penang Shipyard (BPS)'s Revised Application to amend its Defence and Counterclaim. The Amended Defence and Counterclaim was served to the customer on 30 June 2016. In turn, the customer was directed by the Tribunal to serve their Amended Reply and Defence to Counterclaim by 16 July 2016. However, both parties mutually agreed to extend until the week beginning 8 August 2016 for the customer to serve this document.

On 12 October 2016, BPS had entered into a Settlement Agreement with the customer pursuant to which BPS agreed to pay the customer a sum of USD1.5 million as full and final settlement of all claims and counterclaims in this matter with each party to bear its own legal costs including but not limited to the costs incurred in the arbitration under the Kuala Lumpur Regional Centre for Arbitration ("KLRCA") Rules 2013. BPS paid the settlement sum on 25 October 2016 and is in the process to withdraw the arbitration. Meanwhile, the property in and ownership of all goods and materials bought or supplied by either party for the construction of the Vessels, presently located at BPS' premises, shall vest in BPS.

(iii) On 1 September 2016, the Group's Subsidiary MHS Aviation Berhad (MHS) issued a Notice of Arbitration against Petronas Carigali Sdn Bhd (PCSB) in connection with a contract dated 29 June 2011 made between MHS and PCSB for the Provision of Rotary Wing Aircraft, Equipment and Services (for Heavy Type Aircraft-EC225) (the Contract). In the Contract, MHS was engaged to provide PCSB with five (5) EC225 helicopters for use in PCSB's oil and gas exploration and production operations. Nevertheless, the use of all five helicopters was suspended by PCSB unilaterally following an incident that was unconnected to MHS and PCSB.

MHS views this suspension as a breach of contract by PCSB and is claiming in the Arbitration, among others, damages of RM42,760,810.68, general damages, declaration that PCSB is liable to pay MHS the Monthly Standby Rate and the Monthly Standing Charges during the suspension period, interest on the awarded sum, cost and any further sum in damages and other orders deemed fit by the Arbitral Tribunal appointed.

The Rules of the Kuala Lumpur Regional Centre For Arbitration apply to this Arbitration.

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

24. Earnings Per Share - Basic/diluted

	Current Period		Cumulative Period	
	2016	**2015**	**2016**	**2015**
Net profit for the period (RM million)	**44.0**	6.0	**248.3**	9.0
Weighted average number of ordinary shares in issue (million)	**2,027.0**	1,640.4	**1,855.6**	1,640.4
Basic/diluted earnings per share (sen)	**2.17**	0.37	**13.38**	0.55

25. Group Borrowings and Debt Securities

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

	30.9.2016 RM million	**31.12.2015 RM million**
Non-current:		
Term loans		
- Denominated in US Dollar	**133.0**	61.1
- Denominated in Great Britain Pound	**70.7**	82.0
- Denominated in Indonesian Rupiah	**114.9**	80.4
- Denominated in RM	**796.8**	1,068.4
	1,115.4	1,291.9
Asset-backed bonds	**758.1**	757.6
Bank guaranteed medium term notes	**919.6**	922.8
	2,793.1	2,972.3
Less: repayable in 1 year	**537.5**	796.7
	2,255.6	2,175.6
Current:		
Bank overdrafts	**20.2**	59.6
Bankers' acceptances		
- Denominated in Indonesian Rupiah	**10.1**	4.3
- Denominated in RM	**293.5**	144.4
Revolving credits		
- Denominated in US Dollar	**-**	48.9
- Denominated in RM	**4,199.7**	4,804.4
Short term loans	**537.5**	796.7
	5,061.0	5,858.3
Total borrowings	**7,316.6**	8,033.9

26. Retained Earnings

	30.9.2016 RM million	**31.12.2015 RM million**
Total retained earnings of Boustead Holdings Berhad and its Subsidiaries		
Realised	**2,137.9**	2,191.2
Unrealised	**455.5**	441.9
	2,593.4	2,633.1
Total share of retained earnings of associates and joint ventures		
Realised	**968.2**	813.5
Unrealised	**163.9**	183.8
	3,725.5	3,630.4
Consolidation adjustments	**(1,690.6)**	(1,649.1)
Total retained earnings of the Group as per consolidated accounts	**2,034.9**	1,981.3

27. Additional Disclosures

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

	Current Quarter		Cumulative Quarter	
	2016	**2015**	**2016**	**2015**
	RM million	**RM million**	**RM million**	**RM million**
Depreciation and amortisation	**60.1**	75.7	**218.5**	229.1
Provision for and write off of receivables	**2.2**	1.1	**5.9**	2.8
Provision for and write off of inventories	**2.4**	0.4	**4.6**	1.5
Gain on sale of quoted and unquoted investments	**-**	-	**-**	(0.1)
Gain on disposal of properties & plantation land	**(12.4)**	(18.1)	**(145.3)**	(57.2)
Loss/(gain) on disposal of other property, plant and equipment	**-**	0.6	**4.2**	(1.7)
Gain on disposal of an associate	**-**	-	**(198.3)**	-
Stockholding loss	**3.5**	12.5	**0.4**	10.1
Foreign exchange loss	**0.5**	43.3	**0.2**	60.5
Net fair value (gain)/loss on derivatives	**(1.8)**	(28.2)	**4.1**	(42.3)

28. Plantation Statistics

	Cumulative Period	
	2016	**2015**
(a) Crop production (MT)		
FFB	**660,497**	772,083
(b) Average selling prices (RM per MT)		
FFB	**570**	458
Crude Palm oil (CPO)	**2,475**	2,160
Palm kernel (PK)	**2,295**	1,505

(c) Planted areas (hectares)

		As at 30.9.2016	As at 31.12.2015
Oil palm	- immature	**7,097**	6,622
	- young mature	**11,640**	12,387
	- prime mature	**34,395**	33,533
	- past prime	**12,234**	13,138
		65,366	65,680