Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the quarter ended 31 March 2017	Current Period		Cumulative Period	
(All figures are stated in RM million)	**2017**	**2016**	**2017**	**2016**
Revenue	**2,375.2**	1,856.7	**2,375.2**	1,856.7
Operating cost	**(2,260.1)**	(1,805.1)	**(2,260.1)**	(1,805.1)
Profit from operations	**115.1**	51.6	**115.1**	51.6
Gain on disposal of plantation land	**-**	34.6	**-**	34.6
Interest income	**8.7**	10.6	**8.7**	10.6
Other investment results	**0.1**	0.2	**0.1**	0.2
Finance cost	**(63.0)**	(80.9)	**(63.0)**	(80.9)
Share of results of associates	**28.5**	27.5	**28.5**	27.5
Share of results of joint ventures	**(17.8)**	(7.3)	**(17.8)**	(7.3)
Profit before taxation	**71.6**	36.3	**71.6**	36.3
Taxation	**(30.7)**	(26.8)	**(30.7)**	(26.8)
Profit for the period	**40.9**	9.5	**40.9**	9.5
Profit for the period attributable to:				
Shareholders of the Company	**4.2**	(21.5)	**4.2**	(21.5)
Holders of Perpetual Sukuk	**18.2**	18.2	**18.2**	18.2
Non-controlling interests	**18.5**	12.8	**18.5**	12.8
Profit for the period	**40.9**	9.5	**40.9**	9.5
Earnings per share - sen				
Basic/diluted	**0.21**	(1.31)	**0.21**	(1.31)

The condensed consolidated income statement should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2016.

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

For the quarter ended 31 March 2017	**Current Period**		**Cumulative Period**	
(All figures are stated in RM million)	**2017**	**2016**	**2017**	**2016**
Profit for the period	**40.9**	9.5	**40.9**	9.5
Other comprehensive income/(loss)				
Items that may be reclassified to profit or loss				
Currency translation difference in respect of foreign operations	**(0.8)**	(7.9)	**(0.8)**	(7.9)
Net gain on available for sale investments				
- fair value changes	**3.3**	1.3	**3.3**	1.3
Share of OCI of investments accounted for using the equity method	**6.7**	14.6	**6.7**	14.6
Total comprehensive income for the period	**50.1**	17.5	**50.1**	17.5
Attributable to:				
Shareholders of the Company	**13.9**	(8.7)	**13.9**	(8.7)
Holders of Perpetual Sukuk	**18.2**	18.2	**18.2**	18.2
Non-controlling interests	**18.0**	8.0	**18.0**	8.0
Total comprehensive income for the period	**50.1**	17.5	**50.1**	17.5

The unaudited condensed statement of consolidated comprehensive income should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2016.

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017	**Unaudited As at 31 March**	**Audited As at 31 December**
(All figures are stated in RM million)	**2017**	**2016**
ASSETS		
Non current assets		
Property, plant and equipment	**4,928.9**	4,938.2
Biological assets	**1,248.6**	1,248.6
Investment properties	**1,656.4**	1,641.1
Development properties	**646.8**	636.6
Prepaid land lease payments	**53.5**	54.0
Long term prepayment	**184.9**	183.1
Deferred tax assets	**49.5**	46.3
Associates	**2,007.3**	1,973.7
Joint ventures	**602.2**	619.0
Available for sale investments	**35.3**	32.1
Intangible assets	**1,442.6**	1,435.2
	12,856.0	12,807.9
Current assets		
Inventories	**819.5**	863.9
Property development in progress	**16.0**	32.6
Due from customers on contracts	**1,030.3**	831.8
Receivables	**1,635.4**	1,617.6
Deposits, cash and bank balance	**1,118.0**	1,717.6
Assets classified as held for sale	**60.1**	60.1
	4,679.3	5,123.6
TOTAL ASSETS	**17,535.3**	17,931.5
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	**2,735.7**	1,013.5
Reserves	**2,893.6**	4,672.8
Shareholders' equity	**5,629.3**	5,686.3
Perpetual Sukuk	**1,219.7**	1,207.7
Non-controlling interests	**1,594.4**	1,606.9
Total equity	**8,443.4**	8,500.9
Non current liabilities		
Borrowings	**881.6**	1,440.6
Other payables	**34.5**	34.8
Deferred tax liabilities	**123.5**	125.6
	1,039.6	1,601.0
Current liabilities		
Borrowings	**5,978.8**	5,876.1
Trade and other payables	**1,941.1**	1,799.7
Due to customer on contracts	**96.4**	127.1
Taxation	**36.0**	26.7
	8,052.3	7,829.6
Total liabilities	**9,091.9**	9,430.6
TOTAL EQUITY AND LIABILITIES	**17,535.3**	17,931.5

The condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2016.

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 31 March 2017	Share Capital	*Share Premium	*Revaluation & Fair Value Reserve	*Statutory Reserve	*Other Reserves	Retained Profit	Total	Perpetual Sukuk	Non-Controlling Interests	Total Equity
	Attributable to shareholders of the Company									
As at 1 January 2017	**1,013.5**	**1,722.2**	**54.3**	**425.8**	**439.5**	**2,031.0**	**5,686.3**	**1,207.7**	**1,606.9**	**8,500.9**
Adjustment for effects of Companies Act (2016) #	**1,722.2**	**(1,722.2)**	-	-	-	-	-	-	-	-
Currency translation difference in respect of foreign operations	-	-	-	-	**(0.3)**	-	**(0.3)**	-	**(0.5)**	**(0.8)**
Net (loss)/gain on available for sale investments										
- fair value changes	-	-	**3.3**	-	-	-	**3.3**	-	-	**3.3**
Share of OCI investments accounted for using equity method	-	-	**5.8**	-	**0.9**	-	**6.7**	-	-	**6.7**
Total other comprehensive income for the period	-	-	**9.1**	-	**0.6**	-	**9.7**	-	**(0.5)**	**9.2**
Profit for the period	-	-	-	-	-	**4.2**	**4.2**	**18.2**	**18.5**	**40.9**
Total comprehensive income for the period	-	-	**9.1**	-	**0.6**	**4.2**	**13.9**	**18.2**	**18.0**	**50.1**
Transactions with owners										
Perpetual Sukuk										
- Distribution	-	-	-	-	-	-	-	**(6.2)**	-	**(6.2)**
Changes in ownership interests in Subsidiaries										
- Share options granted by a Subsidiary	-	-	-	-	-	-	-	-	**2.8**	**2.8**
Transfers during the period	-	-	-	**0.8**	-	**(0.8)**	-	-	-	-
Dividends	-	-	-	-	-	**(70.9)**	**(70.9)**	-	**(33.3)**	**(104.2)**
Balance at 31 March 2017	**2,735.7**	**-**	**63.4**	**426.6**	**440.1**	**1,963.5**	**5,629.3**	**1,219.7**	**1,594.4**	**8,443.4**

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D.)

	Attributable to shareholders of the Company									
For the financial period ended 31 March 2016	**Share Capital**	***Share Premium**	***Revaluation & Fair Value Reserve**	***Statutory Reserve**	***Other Reserves**	**Retained Profit**	**Total**	**Perpetual Sukuk**	**Non-Controlling Interests**	**Total Equity**
As at 1 January 2016	517.1	1,165.1	54.2	387.3	437.6	1,981.3	4,542.6	1,207.7	1,607.5	7,357.8
Currency translation difference in respect of foreign operations	-	-	-	-	(3.1)	-	(3.1)	-	(4.8)	(7.9)
Net (loss)/gain on available for sale investments										
- fair value changes	-	-	1.3	-	-	-	1.3	-	-	1.3
Share of OCI investments accounted for using equity method	-	-	21.9		(7.3)		14.6	-	-	14.6
Total other comprehensive income for the period	-	-	23.2	-	(10.4)	-	12.8	-	(4.8)	8.0
Profit for the period	-	-	-	-	-	(21.5)	(21.5)	18.2	12.8	9.5
Total comprehensive income for the period	-	-	23.2	-	(10.4)	(21.5)	(8.7)	18.2	8.0	17.5
Transactions with owners										
Perpetual Sukuk										
- Distribution	-	-	-	-	-	-	-	(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	1,165.1	77.4	386.2	427.2	1,914.7	4,487.7	1,219.6	1,576.6	7,283.9

NOTES

* Denotes non distributable reserves.

\# With the Companies Act 2016 (New Act) coming into effect on 31 January 2017, the credit standing in the share premium account of RM1.722 billion has been transferred to the share capital account. Pursuant to subsection 618(3) of the New Act, the Company may exercise its right to use the credit amounts being transferred from share premium within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

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 2016.

Boustead Holdings Berhad (3871-H)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter ended 31 March 2017

(All figures are stated in RM million)	2017	2016
Operating activities		
Receipts from customers	**2,334.0**	1,833.2
Cash paid to suppliers and employees	**(2,175.6)**	(1,888.4)
	158.4	(55.2)
Income taxes paid less refund	**(38.3)**	(18.3)
Net cash from operating activities	**120.1**	(73.5)
Investing activities		
Biological assets and property, plant & equipment purchased	**(58.6)**	(83.7)
Purchase and development of investment property & development property	**(24.2)**	(27.8)
Contribution to a joint venture's capital expenditure	**(25.2)**	(9.0)
Purchase of intangible assets	**(14.2)**	(6.6)
Disposal of property plant & equipment and biological assets	**-**	4.7
Additional investment in a Subsidiary	**-**	(11.9)
Deposit received on dispoal of land	**43.4**	-
Others	**9.5**	11.1
Net cash from/(used in) investing activities	**(69.3)**	(123.2)
Financing activities		
Transactions with owners	**(70.9)**	(62.0)
Transactions with holders of Perpetual Sukuk	**(6.2)**	(6.3)
New loans	**12.2**	24.5
Loans repayment	**(258.0)**	(111.9)
Other borrowings	**(215.3)**	312.1
Interest paid	**(84.1)**	(112.2)
Dividends paid to non-controlling interests	**(33.3)**	(31.8)
Net cash (used in)/from financing activities	**(655.6)**	12.4
Net increase in cash and cash equivalents	**(604.8)**	(184.3)
Foreign currency translation difference	**0.1**	(0.7)
Cash and cash equivalent at beginning of period	**1,692.9**	1,278.5
Cash and cash equivalent at end of period	**1,088.2**	1,093.5
Analysis of cash and cash equivalents		
Deposits, cash and bank balances	**1,118.0**	1,155.9
Overdrafts	**(29.8)**	(62.4)
Cash and cash equivalent at end of period	**1,088.2**	1,093.5

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 2016.

Boustead Holdings Berhad (3871-H)

Notes to the interim financial report for the quarter ended 31 March 2017

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 2016. 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 2017, the Group adopted the following amended FRS:-

- Amendments to FRS 12 Disclosure of Interests in Other Entities (Annual Improvements 2014 – 2016 Cycle)
- Amendments to FRS 107 Statement of Cash Flow - Disclosure initiative
- Amendment to FRS 112 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses

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:

<u>Effective for annual period beginning on or after 1 January 2018</u>

- Amendments to FRS 1 First Time Adoption of Financial Reporting Standards (Annual Improvements 2014 – 2016 Cycle)
- Amendment to FRS 2 Share-based Payment - Classification and Measurement of Share-based Payment Transactions
- Amendments to FRS 4 Insurance Contracts (Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts)
- FRS 9 Financial Instruments (2014)
- Amendments to FRS 128 Investment in Associates and Joint Ventures (Annual Improvements 2014 – 2016 Cycle)
- Amendments to FRS 140 Investment Properties : Transfer of Investment Property
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

<u>Deferred</u>

- Amendments to FRS 10 Consolidated Financial Statements and FRS 128 Investments in Associates and Joint Ventures (2011) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

(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). On 8 September 2015, MASB announced that the 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.

Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of MFRS 141. Instead, MFRS 116 will apply. After initial recognition, bearer plants will be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of MFRS 141 and are measured at fair value less costs of disposal.

2. Accounting Policies (Cont'd.)

(iii) MFRS Framework (Cont'd.)

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 contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new revenue standard will supersede all current revenue recognition requirements under the FRS Framework. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, with early adoption permitted.

At the date of these financial statements, the Group has not completed its quantification of the financial effects on the financial statements of the differences arising from the change from FRS to MFRS. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the financial years ended 31 December 2015 and 31 December 2016 could be different if prepared under the MFRS Framework.

The Group is in the process of assessing the impact of the new pronouncements that are yet to be adopted, including MFRS 141, MFRS 15 and MFRS 16 Leases. MFRS 16 Leases was issued by MASB on 15 April 2016 and is applicable to annual periods beginning on or after 1 January 2019.

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 cropping pattern for oil palm is influenced by weather conditions. FFB production normally starts with a trough and thereafter increases gradually to reach a peak during the second half of the year. 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

Other than as disclosed in the audited financial statement for year ended 31 December 2016, 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

On 28 March 2017, the Company paid 4^{th} interim dividend of 3.5 sen (2015: 4.0 sen) per share on the enlarged share capital of 2,027.0 million shares (2015: 1,034.2 million shares) in respect of the previous financial year ended 31 December 2016 amounting to RM70.9 million (2015: RM41.4 million).

For the current quarter, the Directors have declared a 1^{st} interim dividend of 2.5 sen (2016: 5.0 sen) per share on enlarged share capital of 2,027.0 million shares (2016: 1,034.2 million shares) in respect of the financial year ending 31 December 2017. The dividend will be paid on 23 June 2017 to shareholders registered in the Register of Members at the close of business on 15 June 2017.

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
2017								
Revenue								
Group total sales	189.0	279.6	136.5	48.6	618.3	1,107.8	(4.6)	2,375.2
Inter-segment sales	-	-	(4.6)	-	-	-	4.6	-
External sales	189.0	279.6	131.9	48.6	618.3	1,107.8	-	2,375.2
Result								
Segment result								
- external	62.0	(31.1)	18.1	1.9	31.9	32.3	-	115.1
Finance cost	(9.0)	(22.4)	(18.4)	(21.7)	(8.8)	(4.4)	21.7	(63.0)
Interest income	3.2	1.1	3.2	22.6	0.1	0.2	(21.7)	8.7
Other investment result	-	-	-	-	-	0.1	-	0.1
Share of result of associates	0.9	-	0.1	27.2	-	0.3	-	28.5
Share of result of joint ventures	-	1.8	(10.4)	(9.2)	-	-	-	(17.8)
Profit/(loss) before taxation	57.1	(50.6)	(7.4)	20.8	23.2	28.5	-	71.6
Taxation								(30.7)
Profit after taxation								40.9
Other Information								
Depreciation and amortisation	(10.9)	(22.9)	(5.4)	(5.4)	(14.6)	(16.4)	-	(75.6)
Profit/(loss) on disposal								
- Other assets	-	-	-	-	-	0.1	-	0.1
Other non-cash income/(expenses)*	0.8	(0.2)	(0.1)	(0.1)	(2.3)	(2.8)	-	(4.7)

8. Segmental Information (Cont'd.)

RM million	Plantation	Heavy Industries	Property	Finance & Investment	Pharma-ceutical	Trading & Industrial	Elim'n	Total
2016								
Revenue								
Group total sales	137.0	216.2	135.1	48.2	559.2	764.9	(3.9)	1,856.7
Inter-segment sales	-	-	(3.9)	-	-	-	3.9	-
External sales	137.0	216.2	131.2	48.2	559.2	764.9	-	1,856.7
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/(loss) before taxation	44.4	(73.0)	11.3	13.2	21.5	18.9	-	36.3
Taxation								(26.8)
Profit after taxation								9.5
Other Information								
Depreciation and amortisation	(10.8)	(23.2)	(5.4)	(5.0)	(19.0)	(15.1)	-	(78.5)
Profit/(loss) on disposal								
Plantation land	34.6	-	-	-	-	-	-	34.6
Other assets	0.9	-	-	-	-	5.5	-	6.4
Other non-cash income/(expenses)*	(0.1)	0.2	(0.2)	(0.1)	(1.5)	(7.2)	-	(8.9)

* Other non-cash income/expenses exclude profit/loss on disposal of plantation land and other assets and depreciation and amortisation

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

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 29 May 2017 that will materially affect the financial statements of the financial period under review.

12. Changes in Group Composition

There was change in the composition of the Group during the period under review.

13. Changes in Contingent Liabilities and Contingent Assets

The status of the contingent liability as disclosed in the FY2016 annual financial statements remains unchanged as at 29 May 2017. No other contingent liability has arisen since the financial year end.

14. Commitments

The Group has the following commitments as at 31 March 2017:

	Authorised but not contracted RM million	Authorised and contracted RM million
Capital expenditure	228.0	290.5
Share of joint venture's capital commitment	20.3	36.8
	248.3	327.3

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 2016.

16. Intangible Assets

RM' million	Goodwill	Concession right	Pharmacy manufacturing licence and patents	Rights to supply	Total
Cost					
At 1 January 2017	1,233.9	75.0	23.9	234.7	1,567.5
Additions	-	-	3.1	11.1	14.2
Foreign exchange fluctuation	(0.2)	-	-	-	(0.2)
At 31 March 2017	1,233.7	75.0	27.0	245.8	1,581.5
Accumulated amortisation and impairment					
At 1 January 2017	11.9	50.0	8.3	62.1	132.3
Amortisation	-	2.2	3.6	0.8	6.6
At 31 March 2017	11.9	52.2	11.9	62.9	138.9
Net carrying amount					
At 31 March 2017	1,221.8	22.8	15.1	182.9	1,442.6
At 31 December 2016	1,222.0	25.0	15.6	172.6	1,435.2

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

17. Performance Review

For the 1st quarter, the Group registered an unaudited pre-tax profit of RM71.6 million, which was almost double the last year's corresponding period's profit of RM36.3 million, on the back of better contribution from Plantation, Finance & Investment and Trading & Industrial Divisions. The Group's profit after taxation of RM40.9 million for the current quarter was also better than corresponding period last year's profit of RM9.5 million.

The Group's revenue for the current quarter of RM2.4 billion was 28% above last year's corresponding period's revenue of RM1.9 million. Plantation Division's revenue was better by 38%, driven by buoyant palm product prices and better FFB production. Similarly, Trading & Industrial Division's revenue was higher by 45% against previous year mainly due to increase in fuel price. The revenue for Heavy Industries Division was up by 29% on the back of higher revenue for LCS and ship repair projects. Pharmaceutical Division's revenue was also better by 11% on improved demands from Government hospitals under concession business and growth in private sector business and Indonesia operation. The current quarter's revenue for Property and Finance & Investment Divisions was at par with previous year.

For the 3-month period, Plantation Division posted a higher pre-tax profit of RM57.1 million (2016: RM44.4 million) on the back of better palm product prices and FFB production. Excluding the gain on disposal of plantation assets in the last year's corresponding period of RM34.6 million, the Division's profit was up by 483%. CPO achieved an average selling price of RM3,166 per MT, up by RM899 or 40% from last year's corresponding period's price of RM2,267 per MT. Similarly, PK price of RM3,204 per MT was better by RM1,297 or 68% against last year's corresponding period's price of RM1,907 per MT. FFB production for the current quarter of 209,526 MT was an increase of 13% from 185,205 MT achieved in the same period last year. The crop uptrend was largely attributed to improvement in yields as the palms recover from the effect of El-Nino. Oil and kernel extraction rates averaged at 20.7% (2016: 21.5%) and 4.5% (2016: 4.5%) respectively.

Pharmaceutical Division closed the quarter with a higher pre-tax profit of RM23.2 million (2016: RM21.5 million) on increased contribution from concession business segment and lower amortisation of Pharmacy Information System. In addition, finance cost for the quarter was also lower by 15% as compared with last year's corresponding period. Trading & Industrial Division also ended the 1st quarter with a higher pre-tax profit of RM28.5 million (2016: RM18.9 million). During the period, BHPetrol registered a better contribution on lower stockholding loss as a result of better fuel prices and higher sales volume attained. UAC Berhad also contributed higher profit during the current quarter.

For the 1st quarter, Finance & Investment Division recorded a higher pre-tax profit of RM20.8 million (2016: RM13.2 million). The Division's bottom line had benefitted from the lower net finance cost of RM0.9 million (2016: RM10.1 million) on reduced borrowings and placement of surplus funds from Right Issue proceeds. The contribution from Affin Holdings was also higher mainly due to better other operating income, Islamic banking income and net interest income.

In the 1st quarter, Property Division incurred a deficit of RM7.4 million (2016: surplus of RM11.3 million) mainly due to start-up cost for the newly opened MyTOWN shopping complex under a joint venture, Boustead Ikano. In addition, the Division's bottom line for the previous year was bolstered by the higher margin from the sale of bungalow and petrol station lots.

Heavy Industries Division ended the period with a lower deficit of RM50.6 million (2016: RM73.0 million) mainly due to turnaround by Boustead Naval Shipyard (BNS) and Boustead Heavy Industries Corporation, which had partly compensated for the deficit incurred by MHS Aviation (MHSA). For the period, BNS registered a strong result on the back of better progress of works for the LCS and ship repair projects. The bottom line also benefitted from the reversal of provision for cost on KD Perantau and reversal of long outstanding debts pertaining to the salvage work for Service Life Extension Program (SLEP). On the other hand, the higher deficit incurred by MHSA was mainly due to continued suspension of operation for H225 aircraft in Kerteh.

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

The Group’s pre-tax profit for the current quarter of RM71.6 million was much lower than the preceding quarter’s pre-tax profit of RM261.2 million, as preceding quarter's bottom line was bolstered by the profit on disposal of Boustead Sedili and BPM’s assets as well fair value gain on investment properties. The current quarter's bottom line was also hampered by the deficit in Heavy Industries Division.

Plantation Division’s pre-tax profit for the current quarter of RM57.1 million was lower than the preceding quarter of RM81.1 million as the preceding quarter’s bottom line was bolstered by the gain on disposal of Subsidiary and plantation land of RM33.4 million and RM6.4 million respectively. The Division’s current quarter's performance was largely influenced by better selling prices and lower operating expenditure which compensated for the downtrend in crop production. For the current quarter, the Division achieved higher average prices for CPO and PK of RM3,166 (Preceding quarter: RM2,883) per MT and RM3,204 (Preceding quarter: RM2,891) per MT. Nevertheless, the FFB production of 209,526 MT was lower than preceding quarter’s crop of 248,080 MT by 16%.

Pharmaceutical Division ended the current quarter with a surplus of RM23.2 million (Preceding quarter: deficit of RM1.0 million). The turnaround was mainly due to higher demand from Government’s hospital and improved contribution from overseas operations. For the current quarter, Finance & Investment Division recorded a higher pre-tax profit of RM20.8 million (Preceding quarter: RM16.0 million) as the preceding quarter’s bottom line was hampered by higher impairment losses on trade and other receivables.

Trading & Industrial Division closed the current period with a lower pre-tax profit of RM28.5 million (Preceding quarter: RM67.1 million) in the absence of gain on disposal of BPM's assets. In addition, BPM also suffered stockholding loss as compared with stockholding gain in the preceding quarter.

Property Division ended the 1st quarter with a deficit of RM7.4 million (Preceding quarter: surplus of RM84.2 million) as preceding's quarter strong result was boosted by fair value gain on investment properties. The variance was also due to the start-up cost incurred in current quarter for the newly opened, MyTOWN shopping complex under a joint venture company, Boustead Ikano. For the 1st quarter, Heavy Industries Division incurred a deficit of RM50.6 million (Preceding quarter: surplus of RM13.8 million) mainly due to weaker performance from Boustead Heavy Industries Corporation and MHS Aviation.

19. Prospects

We anticipate 2017 to be a challenging year, in both domestic and international fronts, as the presence of new and prevailing downside risks will continue to dominate the global economy. These include future changes in US policies, uncertainties over the length and outcome of Brexit negotiation between UK and EU as well as other geopolitical risks. On the domestic front, volatility of major commodity prices and slower domestic demand may impede growth. Nevertheless, prospects will continue to be positive as the Malaysian economy is well supported by the underlying strong economic fundamentals, sound financial system, accommodative monetary policy as well as the implementation of various government initiatives. The diversified nature of the Group's business in six segments of the Malaysia economy would augur well for the Group.

Plantation profitability in 2017 is dependent on the price direction for CPO and crop production. FFB yields has improved since the damaging effects of El Nino and the uptrend is anticipated to continue. Crop recovery from the Sarawak estates with land issues is however uncertain. The buoyant CPO prices enjoyed during the quarter has somewhat softened amid bearish news of bumper soybean crop in the United States and South America. This, together with growing pressures over supplies of biodiesel to USA and Europe as well as low crude oil prices has led to a less optimistic price outlook for palm oil. The Group is of the view that market is expected to remain volatile in the second half of the year on expectations of improved CPO production and the build up in inventories.

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 pharmaceutical 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 2017 RM million	Cumulative Quarter 2017 RM million
Malaysian taxation based on profit for the period:		
- Current	33.0	33.0
- Deferred	(2.7)	(2.7)
	30.3	30.3
Under provision of prior years	0.4	0.4
	30.7	30.7

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.

22. Corporate Proposals - Status

(a) Status of Corporate Proposal

(i) On 19 December 2016, the Group's wholly owned Subsidiary Boustead Construction Sdn Bhd (BCSB) entered into a sale and purchase agreement with Lembaga Tabung Angkatan Tentera, to purchase lands measuring 10.74 acres out of 53.39 acres held under PN 31560, Lot No. 37825, Mukim Petaling, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur (collectively known as the Bukit Jalil Lands) for a total cash consideration of RM172,780,035.48 (Proposed Acquisition).

The Proposed Acquisition is pending the approval of the State Authority for the transfer of the Bukit Jalil Lands to BCSB and completion of the infrastructure works by the Vendor.

(ii) On 22 December 2016, 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 (SPA) with Setia Recreation Sdn Bhd (SRSB) for the proposed sale of 5 adjoining parcels of freehold land held under GM 59 Lot 1557, GM 966 Lot 1826, GRN 39095 Lot 1829, GRN 46378 Lot 2457 and GRN 35373 Lot 2466, all within Mukim 06, District of Seberang Perai Utara, Pulau Pinang measuring 677.78 Ha. for a total cash consideration of RM620.1 million (Proposed Disposal). BPB has received a 7% deposit for the Proposed Disposal.

The Proposed Disposal has been approved by BPB's shareholders at the recent extraordinary general meeting and now pending the approvals of the Estate Land Board and Economic Planning Units (if applicable). The Proposed Disposal is expected to be completed in the 3rd quarter of 2017.

There were no other corporate proposals announced or pending completion as at 29 May 2017.

(b) Status on Utilisation of Proceeds from Rights Issue as at 30 April 2017

(In RM Million)	Proposed Utilisation	Actual Utilisation	Time Frame	Deviation Amount	%	Explanation
Repayment of bank borrowings	486.0	486.0	Within 12 months	-		
Property development activities	507.0	54.9	Within 24 months	452.1	89%	To be utilised
Working capital	60.5	60.5	Within 12 months	-		
Right issue expenses	1.3	1.3	Within 6 months	-		
	1,054.8	602.7		452.1		

23. Changes in Material Litigations

In respect of the litigation referred to in Note 38 (a) of 2016 Annual Report, subsequent to the hearing of discharge application on 21 March 2017, new solicitors were appointed by the Plaintiff. At the case management on 25 May 2017, the Federal Court fixed the hearing date on 22 August 2017.

As at 29 May 2017, 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 2016.

24. Earnings Per Share - Basic/diluted

	Current Period		Cumulative Period	
	2017	**2016**	**2017**	**2016**
Net profit for the period (RM million)	**4.2**	(21.5)	**4.2**	(21.5)
Weighted average number of ordinary shares in issue (million)	**2,027.0**	1,640.4	**2,027.0**	1,640.4
Basic/diluted earnings per share (sen)	**0.21**	(1.31)	**0.21**	(1.31)

25. Group Borrowings and Debt Securities

Total group borrowings as at 31 March 2017 are as follows:-

	31.3.2017 RM million	31.12.2016 RM million
Non-current:		
Term loans		
- Denominated in US Dollar	**56.2**	137.3
- Denominated in Great Britain Pound	**68.2**	68.7
- Denominated in Indonesian Rupiah	**90.1**	116.6
- Denominated in RM	**864.0**	845.9
	1,078.5	1,168.5
Asset-backed bonds	**758.2**	758.2
Bank guaranteed medium term notes	**607.6**	763.7
	2,444.3	2,690.4
Less: repayable in 1 year	**1,562.7**	1,249.8
	881.6	1,440.6
Current:		
Bank overdrafts	**29.8**	24.7
Bankers' acceptances		
- Denominated in Indonesian Rupiah	**16.9**	11.1
- Denominated in RM	**323.7**	363.5
Revolving credits	**4,045.7**	4,227.0
Short term loans	**1,562.7**	1,249.8
	5,978.8	5,876.1
Total borrowings	**6,860.4**	7,316.7

26. Retained Earnings

	31.3.2017 RM million	31.12.2016 RM million
Total retained earnings of Boustead Holdings Berhad and its Subsidiaries		
Realised	**2,071.1**	2,174.9
Unrealised	**478.3**	472.5
	2,549.4	2,647.4
Total share of retained earnings of associates and joint ventures		
Realised	**945.9**	920.5
Unrealised	**207.6**	216.2
	3,702.9	3,784.1
Consolidation adjustments	**(1,739.4)**	(1,753.1)
Total retained earnings of the Group as per consolidated accounts	**1,963.5**	2,031.0

27. Additional Disclosures

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

	Current Quarter		Cumulative Quarter	
	2017 RM million	2016 RM million	2017 RM million	2016 RM million
Depreciation and amortisation	**75.6**	78.5	**75.6**	78.5
Provision for and write off of receivables	**1.4**	1.1	**1.4**	1.1
Provision for and write off of inventories	**2.9**	1.8	**2.9**	1.8
Gain on disposal of properties & plantation land	**-**	(35.5)	**-**	(35.5)
Stockholding loss	**0.2**	5.1	**0.2**	5.1
Foreign exchange gain	**(8.5)**	(17.8)	**(8.5)**	(17.8)
Net fair value loss on derivatives	**4.7**	9.6	**4.7**	9.6

28. Plantation Statistics

	Cumulative Period	
	2017	2016
(a) Crop production (MT)		
FFB	**209,526**	185,205
(b) Average selling prices (RM per MT)		
FFB	**712**	535
Crude palm oil (CPO)	**3,166**	2,267
Palm kernel (PK)	**3,204**	1,907

(c) Planted areas (hectares)

		As at 31.3.2017	As at 31.12.2016
Oil palm	- immature	**5,970**	7,071
	- young mature	**12,480**	11,964
	- prime mature	**32,596**	33,199
	- past prime	**13,353**	12,234
		64,399	64,468