Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the quarter ended 30 June 2017	**Current Period**		**Cumulative Period**	
(All figures are stated in RM million)	**2017**	**2016**	**2017**	**2016**
Revenue	**2,386.2**	2,069.0	**4,761.4**	3,925.7
Operating cost	**(2,184.5)**	(1,975.2)	**(4,444.6)**	(3,780.3)
Profit from operations	**201.7**	93.8	**316.8**	145.4
Gain on disposal of plantation land	**-**	89.6	**-**	124.2
Interest income	**10.0**	10.6	**18.7**	21.2
Other investment results	**0.5**	209.9	**0.6**	210.1
Finance cost	**(65.5)**	(77.8)	**(128.5)**	(158.7)
Share of results of associates	**29.4**	20.3	**57.9**	47.8
Share of results of joint ventures	**(14.3)**	(5.3)	**(32.1)**	(12.6)
Profit before taxation	**161.8**	341.1	**233.4**	377.4
Taxation	**(34.8)**	(39.7)	**(65.5)**	(66.5)
Profit for the period	**127.0**	301.4	**167.9**	310.9
Profit for the period attributable to:				
Shareholders of the Company	**59.3**	225.8	**63.5**	204.3
Holders of Perpetual Sukuk	**18.3**	18.3	**36.5**	36.5
Non-controlling interests	**49.4**	57.3	**67.9**	70.1
Profit for the period	**127.0**	301.4	**167.9**	310.9
Earnings per share - sen				
Basic/diluted	**2.93**	13.52	**3.13**	12.34

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 30 June 2017	**Current Period**		**Cumulative Period**	
(All figures are stated in RM million)	**2017**	**2016**	**2017**	**2016**
Profit for the period	**127.0**	301.4	**167.9**	310.9
Other comprehensive income/(loss)				
Items that may be reclassified to profit or loss				
Currency translation difference in respect of foreign operations	**(3.9)**	5.2	**(4.7)**	(2.7)
Net gain/(loss) on available for sale investments				
- fair value changes	**0.3**	(2.1)	**3.6**	(0.8)
Share of OCI of investments accounted for using the equity method	**12.6**	3.2	**19.3**	17.8
Total comprehensive income for the period	**136.0**	307.7	**186.1**	325.2
Attributable to:				
Shareholders of the Company	**70.7**	229.0	**84.6**	220.3
Holders of Perpetual Sukuk	**18.3**	18.3	**36.5**	36.5
Non-controlling interests	**47.0**	60.4	**65.0**	68.4
Total comprehensive income for the period	**136.0**	307.7	**186.1**	325.2

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 30 June 2017	Unaudited As at 30 June	Audited As at 31 December
(All figures are stated in RM million)	**2017**	**2016**
ASSETS		
Non current assets		
Property, plant and equipment	**4,911.1**	4,938.2
Biological assets	**1,248.6**	1,248.6
Investment properties	**1,673.5**	1,641.1
Development properties	**663.2**	636.6
Prepaid land lease payments	**52.9**	54.0
Long term prepayment	**192.8**	183.1
Deferred tax assets	**51.3**	46.3
Associates	**2,031.5**	1,973.7
Joint ventures	**587.1**	619.0
Available for sale investments	**35.8**	32.1
Intangible assets	**1,435.9**	1,435.2
	12,883.7	12,807.9
Current assets		
Inventories	**757.5**	863.9
Property development in progress	**10.7**	32.6
Due from customers on contracts	**1,098.8**	831.8
Receivables	**1,723.0**	1,617.6
Deposits, cash and bank balance	**1,100.0**	1,717.6
Assets classified as held for sale	**60.1**	60.1
	4,750.1	5,123.6
TOTAL ASSETS	**17,633.8**	17,931.5
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the Company		
Share capital	**2,735.7**	1,013.5
Reserves	**2,913.6**	4,672.8
Shareholders' equity	**5,649.3**	5,686.3
Perpetual Sukuk	**1,207.4**	1,207.7
Non-controlling interests	**1,610.0**	1,606.9
Total equity	**8,466.7**	8,500.9
Non current liabilities		
Borrowings	**699.1**	1,440.6
Other payables	**33.9**	34.8
Net decreased in cash and cash equivalent	**140.4**	125.6
	873.4	1,601.0
Current liabilities		
Borrowings	**6,332.5**	5,876.1
Trade and other payables	**1,838.3**	1,799.7
Due to customer on contracts	**78.2**	127.1
Taxation	**44.7**	26.7
	8,293.7	7,829.6
Total liabilities	**9,167.1**	9,430.6
TOTAL EQUITY AND LIABILITIES	**17,633.8**	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 30 June 2017	Share Capital	*Share Premium	*Revaluation & Fair Value Reserve	*Statutory & Regulatory 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	-	-	-	-	(1.8)	-	(1.8)	-	(2.9)	(4.7)
Net gain on available for sale investments										
- fair value changes	-	-	3.6	-	-	-	3.6	-	-	3.6
Share of OCI investments accounted for using equity method	-	-	20.8	-	(1.5)	-	19.3	-	-	19.3
Total other comprehensive income for the period	-	-	24.4	-	(3.3)	-	21.1	-	(2.9)	18.2
Profit for the period	-	-	-	-	-	63.5	63.5	36.5	67.9	167.9
Total comprehensive income for the period	-	-	24.4	-	(3.3)	63.5	84.6	36.5	65.0	186.1
Transactions with owners										
Perpetual Sukuk										
- Distribution	-	-	-	-	-	-	-	(36.8)	-	(36.8)
Adjustments arising from the finalisation of purchase price allocation on acquisition of a Subsidiary	-	-	-	-	-	-	-	-	0.3	0.3
Changes in ownership interests in Subsidiaries										
- Share options granted by a Subsidiary	-	-	-	-	-	-	-	-	3.9	3.9
Transfers during the period ^	-	-	-	(309.4)	-	309.4	-	-	-	-
Dividends	-	-	-	-	-	(121.6)	(121.6)	-	(66.1)	(187.7)
Balance at 30 June 2017	2,735.7	-	78.7	116.4	436.2	2,282.3	5,649.3	1,207.4	1,610.0	8,466.7

Boustead Holdings Berhad (3871-H)

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

For the financial period ended 30 June 2016	Share Capital	*Share Premium	*Revaluation & Fair Value Reserve	*Statutory & Regulatory Reserve	*Other Reserves	Retained Profit	Total	Perpetual Sukuk	Non-Controlling Interests	Total Equity
	Attributable to shareholders of the Company									
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	-	-	-	-	(0.9)	-	(0.9)	-	(1.8)	(2.7)
Net loss on available for sale investments										
- fair value changes	-	-	(0.8)	-	-	-	(0.8)	-	-	(0.8)
Share of OCI investments accounted for using equity method	-	-	30.6		(12.9)		17.7	-	0.1	17.8
Total other comprehensive income for the period	-	-	29.8	-	(13.8)	-	16.0	-	(1.7)	14.3
Profit for the period	-	-	-	-	-	204.3	204.3	36.5	70.1	310.9
Total comprehensive income for the period	-	-	29.8	-	(13.8)	204.3	220.3	36.5	68.4	325.2
Transactions with owners										
Share capital										
- Right issue	206.8	848.0	-	-	-	-	1,054.8	-	-	1,054.8
Perpetual Sukuk										
- Distribution	-	-	-	-	-	-	-	(36.8)	-	(36.8)
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)
Transfers during the period	-	-	-	(8.2)	-	8.2	-	-	-	-
Dividends	-	-	-	-	-	(93.1)	(93.1)	-	(60.4)	(153.5)
Balance at 30 June 2016	723.9	2,013.1	84.0	379.1	423.8	2,095.9	5,719.8	1,207.4	1,608.5	8,535.7

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.

^ Pursuant to Revised Policy Documents on Capital Funds and Capital Funds for Islamic Banks issued by Bank Negara Malaysia on 3 May 2017, the banking subsidiaries of an associate no longer require to maintain the Statutory Reserve. Hence, for period ended 30 June 2017, the entire balance of Statutory Reserve of RM1,806.7 million, of which our share is RM373.8 million, was transferred to Retained Profit.

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 30 June 2017

(All figures are stated in RM million)	**2017**	**2016**
Operating activities		
Receipts from customers	**4,741.9**	3,827.2
Cash paid to suppliers and employees	**(4,494.2)**	(3,783.8)
	247.7	43.4
Income taxes paid less refund	**(64.4)**	(36.5)
Net cash from operating activities	**183.3**	6.9
Investing activities		
Biological assets and property, plant & equipment purchased	**(103.5)**	(135.2)
Purchase and development of investment property & development property	**(41.2)**	(62.7)
Contribution to a joint venture's capital expenditure	**(39.6)**	(75.3)
Purchase of intangible assets	**(16.1)**	(15.9)
Disposal of property plant & equipment and biological assets	**0.9**	147.2
Acquisition of a Subsidiary, net of cash acquired	**-**	(3.5)
Additional investment in a Subsidiary	**-**	(11.9)
Disposal of an associate	**-**	167.2
Deposit received on disposal of land	**43.4**	-
Others	**38.5**	42.9
Net cash (used in)/from investing activities	**(117.6)**	52.8
Financing activities		
Transactions with owners	**(121.6)**	951.4
Transactions with holders of Perpetual Sukuk	**(36.8)**	(36.8)
New loans	**23.8**	116.3
Loans repayment	**(459.7)**	(301.5)
Other borrowings	**142.7**	(817.0)
Interest paid	**(181.4)**	(218.9)
Dividends paid to non-controlling interests	**(66.1)**	(60.4)
Net cash used in financing activities	**(699.1)**	(366.9)
Net decrease in cash and cash equivalent	**(633.4)**	(307.2)
Foreign currency translation difference	**(0.5)**	0.3
Cash and cash equivalent at beginning of period	**1,692.9**	1,278.5
Cash and cash equivalent at end of period	**1,059.0**	971.6
Analysis of cash and cash equivalents		
Deposits, cash and bank balances	**1,100.0**	985.8
Overdrafts	**(41.0)**	(14.2)
Cash and cash equivalent at end of period	**1,059.0**	971.6

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 30 June 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. Certain comparative figures had been restated to conform with current year's presentation.

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:

Effective for annual period beginning on or after 1 January 2018

- 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

Deferred

- 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. Net decreased in cash and cash equivalent

(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. 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

(i) On 28 March 2017, the Company paid 4th 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).

(ii) On 23 June 2017, the Company paid 1st 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 financial year ending 31 December 2017 amounting to RM50.7 million (2016: RM51.7 million).

For the current quarter, the Directors have declared a 2nd interim dividend of 3.0 sen (2016: 4.0 sen) per share in respect of the financial year ending 31 December 2017. The dividend will be paid on 28 September 2017 to shareholders registered in the Register of Members at the close of business on 18 September 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	358.5	725.3	280.0	97.1	1,136.3	2,172.0	(7.8)	4,761.4
Inter-segment sales	-	-	(7.8)	-	-	-	7.8	-
External sales	358.5	725.3	272.2	97.1	1,136.3	2,172.0	-	4,761.4
Result								
Segment result								
- external	95.2	80.5	39.4	1.4	46.2	54.1	-	316.8
Finance cost	(18.0)	(44.7)	(38.5)	(43.9)	(17.7)	(8.3)	42.6	(128.5)
Interest income	6.7	2.4	7.1	44.6	0.2	0.3	(42.6)	18.7
Other investment result	-	-	-	0.1	-	0.5	-	0.6
Share of result of associates	2.0	-	(2.2)	57.3	-	0.8	-	57.9
Share of result of joint ventures	-	7.7	(20.8)	(19.0)	-	-	-	(32.1)
Profit/(loss) before taxation	85.9	45.9	(15.0)	40.5	28.7	47.4	-	233.4
Taxation								(65.5)
Profit after taxation								167.9
Other Information								
Depreciation and amortisation	(21.7)	(46.1)	(10.7)	(10.1)	(27.7)	(33.1)	-	(149.4)
Profit on disposal								
- Other assets	-	-	-	-	-	0.8	-	0.8
Other non-cash income/(expenses)*	2.5	(4.1)	-	(1.3)	(3.6)	(9.4)	-	(15.9)

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	311.9	515.7	271.5	93.5	1,091.0	1,648.0	(5.9)	3,925.7
Inter-segment sales	-	-	(5.9)	-	-	-	5.9	-
External sales	311.9	515.7	265.6	93.5	1,091.0	1,648.0	-	3,925.7
Result								
Segment result								
- external	41.4	(55.9)	44.4	(1.5)	58.5	58.5	-	145.4
Gain on disposal of plantation land	124.2	-	-	-	-	-		124.2
Finance cost	(21.6)	(46.8)	(38.9)	(57.1)	(21.2)	(10.7)	37.6	(158.7)
Interest income	7.3	3.3	7.0	38.5	0.6	2.1	(37.6)	21.2
Other investment result	-	-	209.5	0.1	-	0.5	-	210.1
Share of result of associates	(0.1)	-	(8.2)	55.4	-	0.7	-	47.8
Share of result of joint ventures	-	(0.2)	(1.6)	(10.8)	-	-	-	(12.6)
Profit/(loss) before taxation	151.2	(99.6)	212.2	24.6	37.9	51.1	-	377.4
Taxation								(66.5)
Profit after taxation								310.9
Other Information								
Depreciation and amortisation	(21.5)	(46.0)	(10.9)	(10.0)	(39.6)	(30.4)	-	(158.4)
Profit on disposal								
Plantation land	124.2	-	-	-	-	-	-	124.2
Associates	-	-	209.5	-	-	-	-	209.5
Other assets	-	-	10.1	-	-	6.0	-	16.1
Other non-cash income/(expenses)*	3.4	2.5	(14.3)	(1.4)	(2.1)	(0.2)	-	(12.1)

* Other non-cash income/expenses exclude profit/loss on disposal of plantation land, Associate 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

On 10 July 2017, Boustead DCNS Naval Corporation Sdn Bhd, the joint venture company of Boustead Heavy Industries Corporation Berhad (BHIC), received a letter from Ministry of Defence claiming for Liquidated Damages amounting to RM53.2 million and EUR19.3 million for the In-Service Support for Royal Malaysia Navy SCORPENE Submarines contract. The management of BHIC is currently reviewing the claim and is in the process of compiling all justifications and documentations to ascertain the claim.

There were no other subsequent events as at 23 August 2017 that will materially affect the financial statements of the financial period under review.

12. Changes in Group Composition

There was no 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 23 August 2017. No other contingent liability has arisen since the financial year end.

14. Commitments

The Group has the following commitments as at 30 June 2017:

	Authorised but not contracted RM million	Authorised and contracted RM million
Capital expenditure	204.9	302.9
Share of joint venture's capital commitment	20.3	90.0
	225.2	392.9

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	13.0	16.1
Adjustment arising from the finalisation of purchase price allocation	(0.7)	-	0.6	-	(0.1)
Foreign exchange fluctuation	(2.1)	-	(0.8)	-	(2.9)
At 30 June 2017	1,231.1	75.0	26.8	247.7	1,580.6
Accumulated amortisation and impairment					
At 1 January 2017	11.9	50.0	8.3	62.1	132.3
Amortisation	-	4.3	1.4	7.2	12.9
Foreign exchange fluctuation	(0.2)	-	(0.3)	-	(0.5)
At 30 June 2017	11.7	54.3	9.4	69.3	144.7
Net carrying amount					
At 30 June 2017	1,219.4	20.7	17.4	178.4	1,435.9
At 31 December 2016	1,222.0	25.0	15.6	172.6	1,435.2

During the period, the Group has completed the purchase price allocation exercise for the acquisition of Bio-Collagen Technologies Sdn Bhd (Bio-Collagen). Based on the exercise, the fair value of identifiable net assets of Bio-Collagen attributable to the Group at acquisition date had increased to RM0.7 million. This had resulted the goodwill on acquisition of Bio-Collagen to decrease by the same amount.

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

17. Performance Review

For the half-year period ended 30 June 2017, the Group registered an unaudited pre-tax profit of RM233.4 million, a 38% decrease compared with RM377.4 million in the previous year's corresponding period. Last year's pre-tax profit was higher mainly due to gains realised on divestment of the Group's associate company Jendela Hikmat and disposal of plantation land, amounting to RM209.5 million and RM124.2 million respectively. Excluding these gains, the Group's pre-tax profit for the current period was higher by RM189.7 million or 434%. The Group's profit after taxation of RM167.9 million was also lower compared with RM310.9 million in the same period last year, primarily due to the gains realised.

The Group posted a higher revenue of RM4.8 billion for its first six months, up by 21% from RM3.9 billion recorded in last year's corresponding period. For the six-month period, the Plantation Division's revenue rose by 15% to RM358.5 million, on the back of buoyant palm product prices and better FFB production. The Trading & Industrial Division's revenue was 32% higher compared with last year's corresponding period, mainly due to increased fuel prices. The Heavy Industries Division revenue increased by 41% on higher billings for its LCS and ship repair projects, as well as recognition of revenue from its Littoral Mission Ship project. Revenue for the Pharmaceutical, Property and Finance & Investment Divisions was marginally better than last year's corresponding period.

For the half-year period, the Plantation Division registered a lower pre-tax profit of RM85.9 million (2016: RM151.2 million). Pre-tax profit for last year's corresponding period was bolstered by the gain on disposal of plantation land amounting to RM124.2 million. Excluding this gain, the current year's pre-tax profit was higher by 218%, on the back of higher palm product prices, improved crop production and lower finance cost. The average selling price of CPO for the first six months was RM2,969 per MT, up by RM545 per MT or 22% from RM2,424 per MT in last year's corresponding period. Similarly, the average PK price of RM2,620 per MT was better by RM500 per MT or 24%, compared with RM2,120 per MT in the same period last year. FFB production for the six-month period was 440,075 MT, an improvement of 10% from 398,418 MT in the same period last year. The crop uptrend was primarily due to improved yields post El-Nino. Oil and kernel extraction rates averaged at 20.8% (2016: 21.4%) and 4.3% (2016: 4.4%) respectively.

For the six-month period, the Heavy Industries Division registered a pre-tax profit of RM45.9 million, marking an improvement from the deficit of RM99.6 million in the previous year's corresponding period. This was achieved on the back of an improved contribution from Boustead Naval Shipyard (BNS), which made good progress on the LCS and ship repair projects, as well as recognising income from the new Littoral Mission Ship (LMS) project. BNS had also benefitted from the reversal of provision for Liquidated Ascertain Damages (LAD) for KD Kasturi and KD Perantau. MHS Aviation contributed to the Division's stronger results as well, turning in a profit mainly due to recognition of monthly standing charges that were previously deferred pending negotiations with Petronas on the Joint Operations contract.

The Finance & Investment Division closed the half-year period with a higher pre-tax profit of RM40.5 million (2016: RM24.6 million). The Division had benefitted from a net interest income of RM0.7 million (2016: net finance cost of RM18.6 million) arising from reduced borrowings and placement of surplus funds from Rights issue proceeds. The contribution from Affin Holdings was also stronger, mainly due to an increase in other operating income, Islamic banking income and net interest income.

For the six-month period, the Pharmaceutical Division recorded a lower pre-tax profit of RM28.7 million (2016: RM37.9 million). Despite stronger contributions from its concession and private sector businesses, the Division was impacted by the temporary closure of certain production lines for preparatory works to facilitate the commercialisation of new products, which resulted in lower production by the Division's manufacturing facilities for the period. The Trading & Industrial Division posted a lower pre-tax profit of RM47.4 million for the six-month period (2016: RM51.1 million). Despite an improved contribution from UAC Berhad, the Division was impacted by a stockholding loss incurred by Boustead Petroleum Marketing (BPM).

The Property Division recorded a deficit of RM15.0 million for the first six months, compared with a pre-tax profit of RM212.2 million in last year's corresponding period. However, last year's pre-tax profit included a gain on disposal of an associate company, Jendela Hikmat, amounting to RM209.5 million. The current period's deficit was mainly due to start-up costs for the newly opened MyTOWN Shopping Centre under a joint venture, Boustead Ikano.

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

For its second quarter ended 30 June 2017, the Group posted a pre-tax profit of RM161.8 million, an improvement compared with RM71.6 million in the preceding quarter. This was mainly due to the strong contribution from the Heavy Industries Division, which mitigated the weaker performance from the other Divisions.

The Heavy Industries Division recorded a pre-tax profit of RM96.5 million for the current quarter (Preceding quarter: deficit of RM50.6 million). This was primarily due to improved results from all its operating units. The main contributing factors were higher progress billings for LCS, LMS and ship repair projects, recognition of revenue that was previously deferred, reversal of LAD for KD Kasturi, recognition of income from conditional approved variation orders for the Belum Topside project and higher share of profit in joint venture companies.

The Plantation Division registered a lower pre-tax profit of RM28.8 million for the quarter under review (Preceding quarter: RM57.1 million), mainly caused by softer palm product prices and higher operating expenditure, which was partly mitigated by better crop production. In the current quarter, average prices for CPO and PK were lower at RM2,786 (Preceding quarter: RM3,166) per MT and RM2,068 (Preceding quarter: RM3,204) per MT respectively. Nevertheless, FFB production for the quarter increased by 10% to 230,549 MT compared with 209,526 MT in the preceding quarter.

The Pharmaceutical Division recorded a lower pre-tax profit of RM5.5 million for the second quarter (Preceding quarter: RM23.2 million). This was primarily attributable to reduced demand from Government hospitals and lower production by the Division’s manufacturing facilities during the quarter under review, arising from the temporary closure of certain production lines for preparatory works to facilitate the commercialisation of new products.

The Trading & Industrial Division posted a lower pre-tax profit of RM18.9 million for the quarter under review (Preceding quarter: RM28.5 million) mainly due to a higher stockholding loss incurred by Boustead Petroleum Marketing. The Finance & Investment Division registered a slightly lower pre-tax profit of RM19.7 million for the quarter (Preceding quarter: RM20.8 million). Meanwhile, the Property Division closed the current quarter with a deficit of RM7.6 million which was largely at par with the preceding quarter.

19. Prospects

The second half of 2017 is expected to be challenging, both globally and domestically. Policy uncertainties in Europe, the potential retreat of globalisation in advanced economies and other geopolitical risks are key factors which could impact global growth. On the domestic front, volatile commodities prices and slower domestic demand may impede growth. Despite this tough backdrop, long-term prospects are positive for the Malaysian economy, which is supported by strong economic fundamentals, a sound financial system, an accommodative monetary policy as well as the implementation of various Government initiatives. As such, the diversified nature of BHB in six core areas of the Malaysian economy certainly augurs well for the Group.

The Plantation Division’s profitability is dependent on the price direction of CPO and crop production. FFB yields are improving in Peninsular Malaysia and Sabah regions but labour shortage coupled with difficult ground conditions in Sarawak may hamper crop production. CPO prices are expected to soften in the second half of the year amid slower demand from traditional markets, higher CPO production, as well as reduced biodiesel production in Indonesia. Lower yields of soybean production in the United States could also influence CPO prices.

The 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 on this growth potential, coupled with its focus to implement continuous cost optimisation measures across its operations in order to strengthen earnings potential and deliver sustained results.

In the Property Division, progress billings from ongoing and upcoming housing projects will continue to strengthen the Division’s bottom line. Furthermore, the Division's portfolio of prime investment properties are on-track to generate solid rentals as well as appreciation in value over time. Meanwhile, the Division's hotel activities are expected to achieve a satisfactory performance moving forward, although occupancies and rates will remain key challenges. In the Heavy Industries Division, the LCS and LMS projects as well as defence related maintenance, repair and overhaul activities are expected to contribute to the Division's performance. The Finance & Investment Division's earnings will largely be driven by Affin Holdings, while the Trading & Industrial Division will continue to be propelled by BPM and UAC Berhad.

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	24.9	57.9
- Deferred	12.3	9.6
	37.2	67.5
Under provision of prior years	(2.4)	(2.0)
	34.8	65.5

The Group's effective rate for the current quarter is lower than statutory rate mainly due to utilisation of carried forward losses by certain Subsidiaries. On the other hand, the Group's effective tax rate for the cumulative 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 had been approved by BPB’s shareholders, Estate Land Board and Economic Planning Unit and is expected to be completed in the 3rd quarter of 2017.

(iii) On 22 August 2017, BPB announced that its wholly-owned Subsidiary, Boustead Rimba Nilai Sdn Bhd (BRNSB) had issued a letter of intent (LOI) dated 18 August 2017 to Pertama Land & Development Sdn Bhd (the Vendor). The LOI is for the Intention to Acquire 42 parcels of plantation land measuring 11,579.31 hectares within the district of Labuk and Sugut, Sabah (inclusive of all moveable fixed assets, machineries and vehicles located at the property) for the indicative cash consideration (Indicative Consideration) of RM750 million. The LOI was accepted by the Vendor on 22 August 2017. On the even date, BRNSB has also paid a 2% refundable deposit on the Indicative Consideration.

The Intention to Acquire is subject to the outcome of due diligence exercise to be conducted by BRNSB.

There were no other corporate proposals announced or pending completion as at 23 August 2017.

(b) Status on Utilisation of Proceeds from Rights Issue as at 31 July 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	62.1	Within 24 months	444.9	88%	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	609.9		444.9		

23. Changes in Material Litigations

(i) 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. During the hearing of appeal at the Federal Court on 22 August 2017, the judges unanimously set aside the decision of the Court of Appeal and High Court and ordered the matter to be tried at the Ipoh High Court. The court has also fixed 29 August 2017 for mention.

(ii) In respect of Notice of Arbitration issued by MHS Aviation (MHSA) to PETRONAS Carigali Sdn Bhd referred to in Note 44 (e) of 2016 Annual Report, MHSA had received a termination notice dated 9 June 2017 from PCSB giving 90 days notice to terminate the Contract without cause. MHSA received the said notice of termination while discussions between the parties regarding the above arbitration proceedings were ongoing.

Pursuant to the PCSB's termination of the Contract, on 16 June 2017, MHSA had also received termination notice from Sapura Exploration Production (PM) Inc. On 19 June 2017, MHSA received the termination notice from EQ Petroleum Production Malaysia Ltd and ExxonMobil Exploration and Production Malaysia Inc. Together with PCSB, all the three companies above are Joint Operating Partners for the Contract.

MHSA has put on record that it did not agree that these termination notices have been validly issued. MHSA views this as a breach of the Contract and will treat any attempt to terminate the said Contract on the basis of such notice as a repudiatory breach of the Contract.

Currently, MHSA is in the midst of discussing with PCSB on a settlement sum for the losses incurred due to the termination including the sum outstanding under the arbitration claim.

As at 23 August 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)	**59.3**	225.8	**63.5**	204.3
Weighted average number of ordinary shares in issue (million)	**2,027.0**	1,670.1	**2,027.0**	1,655.3
Basic/diluted earnings per share (sen)	**2.93**	13.52	**3.13**	12.34

25. Group Borrowings and Debt Securities

Total group borrowings as at 30 June 2017 are as follows:-

	30.6.2017 RM million	**31.12.2016 RM million**
Non-current:		
Term loans		
- Denominated in US Dollar	**54.5**	137.3
- Denominated in Great Britain Pound	**67.6**	68.7
- Denominated in Indonesian Rupiah	**94.3**	116.6
- Denominated in RM	**1,222.5**	845.9
	1,438.9	1,168.5
Asset-backed bonds	**208.6**	758.2
Bank guaranteed medium term notes	**598.8**	763.7
	2,246.3	2,690.4
Less: repayable in 1 year	**1,547.2**	1,249.8
	699.1	1,440.6
Current:		
Bank overdrafts	**41.0**	24.7
Bankers' acceptances		
- Denominated in Indonesian Rupiah	**15.8**	11.1
- Denominated in RM	**279.2**	363.5
Revolving credits	**4,449.3**	4,227.0
Short term loans	**1,547.2**	1,249.8
	6,332.5	5,876.1
Total borrowings	**7,031.6**	7,316.7

26. Retained Earnings

	30.6.2017 RM million	31.12.2016 RM million
Total retained earnings of Boustead Holdings Berhad and its Subsidiaries		
Realised	**2,128.6**	2,168.1
Unrealised	**467.5**	479.4
	2,596.1	2,647.5
Total share of retained earnings of associates and joint ventures		
Realised	**817.9**	490.2
Unrealised	**203.0**	216.2
	3,617.0	3,353.9
Consolidation adjustments	**(1,334.7)**	(1,322.9)
Total retained earnings of the Group as per consolidated accounts	**2,282.3**	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	**73.8**	79.9	**149.4**	158.4
Provision for and write off of receivables	**3.4**	2.6	**4.8**	3.7
Provision for and write off of inventories	**1.6**	0.4	**4.5**	2.2
Gain on disposal of properties & plantation land	-	(104.3)	-	(139.8)
(Gain)/loss on disposal of other property, plant and equipment	**(0.9)**	4.2	**(0.9)**	4.2
Gain on disposal of an associate	-	209.5	-	209.5
Stockholding loss/(gain)	**12.4**	(8.2)	**12.6**	(3.1)
Foreign exchange (gain)/loss	**(5.5)**	17.5	**(14.0)**	(0.3)
Net fair value loss/(gain) on derivatives	**5.3**	(3.7)	**10.0**	5.9

28. Plantation Statistics

	Cumulative Period	
	2017	**2016**
(a) Crop production (MT)		
FFB	**440,075**	398,418
(b) Average selling prices (RM per MT)		
FFB	**651**	545
Crude palm oil (CPO)	**2,969**	2,424
Palm kernel (PK)	**2,620**	2,120

(c) Planted areas (hectares)

	As at 30.6.2017	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