Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the quarter ended 30 June 2012	**Current Period**		**Cumulative Period**	
(All figures are stated in RM million)	**2012**	**2011**	**2012**	**2011**
Revenue	**2,547.1**	2,225.3	**4,951.5**	3,812.8
Operating cost	**(2,456.1)**	(2,053.1)	**(4,650.5)**	(3,483.4)
Profit from operations	**91.0**	172.2	**301.0**	329.4
Gain on disposal of plantation assets	**-**	94.6	**-**	94.6
Interest income	**4.0**	3.0	**7.2**	4.1
Other investment results	**8.1**	1.4	**35.8**	22.8
Finance cost	**(49.6)**	(50.0)	**(105.7)**	(87.9)
Share of results of Associates	**26.9**	29.4	**66.2**	55.8
Profit before taxation	**80.4**	250.6	**304.5**	418.8
Taxation	**(24.3)**	(27.6)	**(59.1)**	(61.3)
Profit for the period	**56.1**	223.0	**245.4**	357.5
Profit for the period attributable to:				
Shareholders of the Company	**43.7**	185.2	**188.3**	297.4
Non-controlling interests	**12.4**	37.8	**57.1**	60.1
Profit for the period	**56.1**	223.0	**245.4**	357.5
Earnings per share - sen				
Basic	**4.23**	17.91	**18.21**	28.76

The condensed consolidated income statement should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2011.

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

For the quarter ended 30 June 2012	Current Period		Cumulative Period	
(All figures are stated in RM million)	**2012**	**2011**	**2012**	**2011**
Profit for the period	**56.1**	223.0	**245.4**	357.5
Other comprehensive income/(loss)				
Currency translation difference in respect of foreign operations	**4.3**	1.3	**(3.6)**	2.2
Net gain on available for sale investments				
- fair value changes	**(6.5)**	7.8	**85.7**	5.0
- transfer to profit or loss on disposal	**(0.1)**	(0.6)	**(0.6)**	(0.7)
Total comprehensive income for the period	**53.8**	231.5	**326.9**	364.0
Attributable to:				
Shareholders of the Company	**39.8**	193.6	**272.3**	303.6
Non-controlling interests	**14.0**	37.9	**54.6**	60.4
Total comprehensive income for the period	**53.8**	231.5	**326.9**	364.0

The unaudited condensed statement of consolidated comprehensive Income should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2011.

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012 (All figures are stated in RM million)	Unaudited 30 June 2012	Audited 31 December 2011
ASSETS		
Non current assets		
Property, plant and equipment	**3,412.4**	3,445.0
Biological assets	**348.6**	347.6
Investment properties	**1,209.1**	1,212.9
Development properties	**235.3**	227.1
Prepaid land lease payments	**38.9**	39.6
Long term prepayment	**144.5**	143.3
Deferred tax assets	**68.1**	60.2
Associates	**1,354.3**	1,274.7
Available for sale investments	**678.9**	592.8
Intangible assets	**1,319.2**	1,257.4
	8,809.3	8,600.6
Current assets		
Inventories	**692.7**	680.3
Property development in progress	**28.8**	12.2
Due from customers on contracts	**880.2**	731.3
Receivables	**1,646.8**	1,507.1
Deposits, cash and bank balance	**775.3**	1,140.7
Assets of a disposal group classified as held for sale	**50.7**	50.7
	4,074.5	4,122.3
TOTAL ASSETS	**12,883.8**	12,722.9
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	**517.1**	470.1
Reserves	**4,028.3**	3,981.3
Shareholders' equity	**4,545.4**	4,451.4
Non-controlling interests	**840.2**	751.9
Total equity	**5,385.6**	5,203.3
Non current liabilities		
Borrowings	**1,919.6**	1,159.3
Other payable	**28.0**	27.5
Deferred tax liabilities	**95.8**	95.2
	2,043.4	1,282.0
Current liabilities		
Borrowings	**3,392.3**	3,936.2
Trade and other payables	**1,655.6**	2,177.5
Due to customer on contracts	**345.6**	59.7
Taxation	**56.5**	59.4
Liabilities directly associated with a disposal group classified as held for sale	**4.8**	4.8
	5,454.8	6,237.6
Total liabilities	**7,498.2**	7,519.6
TOTAL EQUITY AND LIABILITIES	**12,883.8**	12,722.9

The condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2011.

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 30 June 2012

	Attributable to shareholders of the Company								
RM million	**Share Capital**	***Share Premium**	***Revaluation & Fair Value Reserve**	***Statutory Reserve**	***Other Reserves**	**Retained Profit**	**Total**	**Non-Controlling Interests**	**Total Equity**
As at 1 January 2012	**470.1**	**1,212.1**	**217.1**	**225.4**	**116.2**	**2,210.5**	**4,451.4**	**751.9**	**5,203.3**
Total comprehensive income for the period	**-**	**-**	**84.6**	**-**	**(0.6)**	**188.3**	**272.3**	**54.6**	**326.9**
Transactions with owners									
Changes in ownership interests in Subsidiaries									
- Additional investment in Subsidiaries	**-**	**-**	**-**	**-**	**-**	**(14.1)**	**(14.1)**	**(3.9)**	**(18.0)**
- Partial disposal of a Subsidiary	**-**	**-**	**-**	**-**	**(0.2)**	**7.0**	**6.8**	**69.5**	**76.3**
- Disposal of a Subsidiary	**-**	**-**	**-**	**-**	**(0.4)**	**-**	**(0.4)**	**(3.0)**	**(3.4)**
Bonus issue during the period	**47.0**	**(47.0)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividends	**-**	**-**	**-**	**-**	**-**	**(170.6)**	**(170.6)**	**(28.9)**	**(199.5)**
Balance at 30 June 2012	**517.1**	**1,165.1**	**301.7**	**225.4**	**115.0**	**2,221.1**	**4,545.4**	**840.2**	**5,385.6**
As at 1 January 2011	470.1	1,212.1	184.6	196.9	114.8	2,049.4	4,227.9	470.8	4,698.7
Total comprehensive income for the period	-	-	4.1	-	2.1	297.4	303.6	60.4	364.0
Transactions with owners									
Changes in ownership interests in Subsidiaries									
- Acquisition of Subsidiaries	-	-	-	-	-	-	-	77.3	77.3
Issue of shares by Subsidiaries	-	-	-	-	-	-	-	0.4	0.4
Dividends	-	-	-	-	-	(188.0)	(188.0)	(10.1)	(198.1)
Balance at 30 June 2011	470.1	1,212.1	188.7	196.9	116.9	2,158.8	4,343.5	598.8	4,942.3

NOTES

* Denotes non distributable reserves.

The condensed consolidated statements of changes in equity should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2011.

Boustead Holdings Berhad (3871-H)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter ended 30 June 2012

(All figures are stated in RM million)	**2012**	**2011**
Operating activities		
Receipts from customers	**4,437.5**	3,663.5
Cash paid to suppliers and employees	**(4,618.3)**	(3,505.2)
	(180.8)	158.3
Income taxes paid less refund	**(72.5)**	(23.9)
Net cash (used in)/from operating activities	**(253.3)**	134.4
Investing activities		
Capital expenditure & construction of investment property	**(132.0)**	(233.2)
Disposal of investment property	**45.0**	-
Disposal of property plant & equipment and biological assets	**48.6**	189.8
Partial disposal of shares in a Subsidiary	**76.5**	-
Acquisition of Subsidiaries, net of cash acquired	**14.1**	(650.4)
Settlement on acquisition of a Subsidiary	**(48.9)**	-
Additional investments in Associates & Subsidiaries	**(38.0)**	(8.7)
Dividends received	**34.1**	53.8
Others	**6.9**	-
Net cash from/(used in) investing activities	**6.3**	(648.7)
Financing activities		
Transactions with owners	**(170.7)**	(188.0)
New loans	**825.4**	340.9
Loans repayment	**(161.6)**	(96.2)
Other borrowings	**(476.9)**	761.9
Interest paid	**(134.3)**	(82.5)
Refund of pledged deposit	**500.0**	-
Others	**(29.0)**	(9.7)
Net cash from financing activities	**352.9**	726.4
Net increase in cash and cash equivalents	**105.9**	212.1
Cash and cash equivalent at beginning of period	**589.9**	398.3
Cash and cash equivalent at end of period	**695.8**	610.4
Analysis of cash and cash equivalents		
Deposits, cash and bank balances	**775.3**	661.1
Overdrafts	**(79.5)**	(50.7)
Cash and cash equivalent at end of period	**695.8**	610.4

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 2011.

Boustead Holdings Berhad (3871-H)

Notes to the interim financial report for the quarter ended 30 June 2012

Part A - Explanatory Notes Pursuant to FRS 134

A1. 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 2011. All figures are stated in RM million, unless otherwise stated.

A2. Accounting Policies

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

On 1 January 2012, the Group adopted the following new and amended FRS and IC Interpretations:-

- Amendments to IC Interpretation 19 Extinguishing financial liabilities with equity instruments
- Amendments to FRS 7 Disclosures – Transfers of financial assets
- Amendments to FRS 112 Deferred Tax – Recovery of underlying assets
- FRS 124 Related party disclosures

Adoption of the above standards and interpretations did not have any effect on the financial performance or presentation of the financial statements of the Group.

(ii) Standards Issued but not yet Effective

The Group has not early adopted the following new and amended FRS and IC Interpretations that are not yet effective:

	Effective for annual period beginning on or after
• Amendments to FRS 101 Presentation of other Items of other comprehensive income	1 July 2012
• FRS 9 Financial instruments (issued by IASB in October 2011)	1 January 2015
• FRS 10 Consolidated financial statements	1 January 2013
• FRS 11 Joint arrangements	1 January 2013
• FRS 12 Disclosures on interests in other entities	1 January 2013
• FRS 13 Fair value measurements	1 January 2013
• FRS 119 Employee benefits	1 January 2013
• FRS 127 Separate financial statements	1 January 2013
• FRS 128 Investments in associates and joint ventures	1 January 2013
• Amendments to FRS 7 Financial instruments disclosures: offsetting financial assets and financial liabilities	1 January 2014
• Amendments to FRS 132 Financial instruments presentation: offsetting financial assets and financial liabilities	1 January 2014

(iii) MFRS Framework

On 30 June 2012, the Malaysian Accounting Standards Board (MASB) announced its decision to allow agriculture and real estate companies (Transitioning Entities) to defer the adoption of the Malaysian Financial Reporting Standards (the MFRS Framework) for another year. MFRS will therefore be mandated for all companies for annual periods beginning on or after 1 January 2014. In respect of the MFRS Framework which is effective for annual periods beginning on or after 1 January 2014, the Group which falls under the scope definition of Transitioning Entities has opted to adopt MFRS for annual periods beginning on 1 January 2014. When the Group presents its first MFRS financial statements in 1 January 2014, 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 expects to fully comply with the requirements of the MFRS Framework for the financial year beginning on 1 January 2014.

A3. Auditors' Report on Preceding Annual Financial Statements

The audit report of the preceding audited financial statements was not qualified.

A4. 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.

A5. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows.

A6. Change in Estimates

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

A7. Dividends

(i) On 30 March 2012, the Company paid a 4th interim single tier dividend of 9 sen (2010: 12 sen) per share in respect of the previous financial year ended 31 December 2011 amounting to RM93.1 million (2010: RM112.8 million).

(ii) On 29 June 2012, the Company had a 1st interim single tier dividend of 7.5 sen (2011: 8 sen) per share in respect of the year ending 31 December 2012 amounting to RM77.6 million (2011: RM75.2 million).

For the current quarter, the Directors have declared a single tier dividend of 7.5 sen (2011: 10 sen) per share in respect of the year ending 31 December 2012. The dividend will be paid on 28 September 2012 to shareholders registered in the Register of Members at the close of business on 14 September 2012.

A8. Segmental Information

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

RM million	Plantation	Heavy Industries	Property	Finance & Investment	Pharmaceutical	Trading & Manufacture	Elim'n	Total
2012								
Revenue								
Group total sales	493.6	697.7	238.0	64.2	903.5	2,569.6	(15.1)	4,951.5
Inter-segment sales	-	-	(15.1)	-	-	-	15.1	-
External sales	493.6	697.7	222.9	64.2	903.5	2,569.6	-	4,951.5
Result								
Segment result								
- external	77.5	9.7	69.2	(1.6)	72.6	73.6	-	301.0
Finance cost	(4.5)	(52.3)	(13.1)	(52.6)	(17.9)	(20.1)	54.8	(105.7)
Interest income	11.2	3.7	3.1	35.2	0.3	8.5	(54.8)	7.2
Other investment result	26.9	7.7	-	-	-	1.2	-	35.8
Share of result of Associates	1.3	-	(3.6)	68.5	-	-	-	66.2
Profit before taxation	112.4	(31.2)	55.6	49.5	55.0	63.2	-	304.5
Taxation								(59.1)
Profit for the period								245.4
2011								
Revenue								
Group total sales	507.8	363.1	202.6	53.7	460.7	2,238.3	(13.4)	3,812.8
Inter-segment sales	-	-	(13.4)	-	-	-	13.4	-
External sales	507.8	363.1	189.2	53.7	460.7	2,238.3	-	3,812.8
Result								
Segment result								
- external	145.2	35.3	43.9	(5.0)	45.4	64.6	-	329.4
Finance cost	(4.3)	(37.7)	(8.7)	(40.3)	(9.1)	(17.4)	29.6	(87.9)
Interest income	8.2	0.9	2.5	15.4	0.2	6.5	(29.6)	4.1
Other investment result	20.8	0.2	-	-	-	1.8	-	22.8
Share of result of Associates	2.9	(0.7)	(1.5)	55.3	(0.2)	-	-	55.8
	172.8	(2.0)	36.2	25.4	36.3	55.5	-	324.2
Gain on disposal of plantation assets								94.6
Profit before taxation								418.8
Taxation								(61.3)
Profit for the period								357.5

A9. Debts and Equity Securities

(i) On 10 January 2012, the Company's issued and paid up share capital was increased from RM470.1 million to RM517.1 million by way of a bonus issue of 94,015,554 ordinary shares of RM0.50 each.

(ii) During the 1st quarter, the Company issued RM162 million MTNs with a maturity date of 3 years from the date of issue. The AAA(bg) MTNs bear interest at an effective interest rate of 5.1% per annum.

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.

A10. Carrying Amount of Revalued Assets

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

A11. Subsequent Events

There were no subsequent events as at 16 August 2012 that will materially affect the financial statements of the financial period under review.

A12. Changes in Group Composition

(i) The Company's interest in Boustead Petroleum Sdn Bhd was increased from 52.8% to 59.8% during the 1st quarter.

(ii) On 21 June 2012, the Company's interest in Pharmaniaga Berhad was reduced from 67.2% to 56.4% pursuant to the divestment as described in Note B22(a)(ii).

(iii) On 29 June 2012, Boustead Penang Shipyard Sdn Bhd (BPS), a wholly-owned subsidiary of the Group's 65% Subsidiary Boustead Heavy Industries Corporation Berhad, had disposed of its entire stake in PSC Tema Shipyard Limited (PSCT) for a cash consideration of USD 6.36 million, of which USD 5.12 million (subject to tax) is in respect of the equity investment, and USD 1.24 million is in respect of the agreed settlement of certain accounts between PSCT and BPS.

There were no other changes in the composition of the Group during the period under review.

A13. Changes in Contingent Liabilities and Contingent Assets

Other than the changes in the material litigations as described in Note B24, the status of the contingent liabilities disclosed in the FY2011 annual financial statements remains unchanged as at 16 August 2012. No other contingent liability has arisen since the financial year end.

A14. Capital Commitments

The Group has the following commitments as at 30 June 2012:

	Authorised and contracted RM million	Authorised but not contracted RM million
Capital expenditure	357.8	828.5

A15. 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 2011.

A16. Intangible Assets

RM' million	Goodwill	Concession right	Right to supply	Total
Cost				
At 1 January 2012	1,177.2	75.0	12.1	1,264.3
Additions	-	-	74.4	74.4
At 30 June 2012	1,177.2	75.0	86.5	1,338.7
Accumulated amortisation and impairment				
At 1 January 2012	-	6.5	0.4	6.9
Amortisation	-	4.3	8.3	12.6
At 30 June 2012	-	10.8	8.7	19.5
Net carrying amount				
At 30 June 2012	1,177.2	64.2	77.8	1,319.2
At 31 December 2011	1,177.2	68.5	11.7	1,257.4

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

B17. Performance Review

For the 2nd quarter, the Group posted an unaudited profit before tax of RM80.4 million which was 68% lower than the profit of RM250.6 million posted for the 2nd quarter of FY2011. The drop in profit was due to a gain of RM95 million in the previous year resulting from the disposal of plantation assets, while the current quarter's results were strongly influenced by the lower crude palm oil prices and a slowdown in the maritime sector which had impacted the Heavy Industries Division.

Cumulatively, the Group's profit after tax totalling RM245.4 million was lower than last year's net profit of RM357.5 million by RM112.1 million or 31%.

Group revenue for the 6 months of RM4.95 billion was 30% higher than that recorded during the corresponding period last year, as most of the Divisions had recorded an increase. Higher sales volume had contributed to a 15% increase in revenue for the Trading & Manufacturing Division, while the Plantation Division's revenue had declined by 3% mainly due to lower crop while palm product prices were also lower. The Pharmaceutical Division's revenue was sharply higher at RM903.5 million (2011: RM460.7 million) reflecting the consolidation of Pharmaniaga. The Heavy Industries Division's revenue for the half year of RM697.7 million was 92% more than that for the corresponding period last year, largely on the consolidation of MHS Aviation which had contributed a turnover of RM193 million and progress billings from the second generation patrol vessels (SGPV) project.

The Group's cumulative pre-tax profit of RM304.5 million was lower than the gain of RM418.8 million for the previous year. For the half year, the Plantation Division was impacted by commodity prices and a decline in crop production to contribute a lower pre-tax operating profit of RM112.4 million (2011: RM172.8 million). The cumulative FFB crop totalling 523,048 MT was 5% short of last year. During the period, the Division achieved an average palm oil price of RM3,168 per MT, representing a decrease of RM273 or 8% against last year corresponding period's average of RM3,441 per MT.

The Pharmaceutical Division delivered a strong pre-tax profit of RM55.0 million for the first half of the year compared with RM36.3 million for the same period last year, representing a jump of 52%. Profits were driven by Pharmaniaga Berhad which saw higher sales volume to the Government sector coupled with the improvement in operational efficiencies in both its domestic and overseas businesses.

The Heavy Industries Division posted a deficit of RM31.2 million (2011: RM2.0 million) for the cumulative period mainly due to losses from the commercial shipbuilding operations brought on by cost escalations. The maintenance, repair and overhaul business also saw depressed business conditions and the slowdown of the chartering business had also affected the Division's bottom line.

The Finance & Investment Division posted a cumulative pre-tax profit of RM49.5 million, as compared with RM25.4 million for the last year corresponding period. This represents an increase of 50%, driven largely by the strong contributions from the Affin Group and improved results generated by Cadbury Confectionery and the University of Nottingham in Malaysia.

The Property Division reported a pre-tax profit of RM55.6 million for the 6-month period compared with RM36.2 million for the same period last year. This represents a year on year growth of profit of 53% which was attributable to the disposal of a vacant land during the 1st quarter of the year.

The Trading & Manufacturing Division's pre-tax profit for the current cumulative period was higher at RM63.2 million (2011: RM55.5 million) mainly on improved earnings delivered by Boustead Petroleum Marketing which had achieved a higher sales volume and a RM13.6 million gain on sale of property which had helped to offset against the stockholding loss of RM8 million (2011: Gain of RM10 million).

B18. Material Changes in Quarterly Results Compared to The Results of the Immediate Preceding Quarter

The current quarter's pre-tax profit of RM80.4 million was lower than the preceding quarter's result of RM224.1 million.

The Plantation Division's pre-tax profit for the current quarter of RM20.2 million was behind the preceding quarter's surplus of RM92.2 million mainly due to the 16% decline in FFB crop although CPO prices realised had averaged 2% higher at RM3,197 (Last quarter: RM3,143) per MT. The previous quarter's result was also boosted by the dividend income from Boustead REIT totalling RM26.9 million.

The performance of the Heavy Industries Division for the current quarter remained lacklustre, incurring a deficit of RM25.8 million (Preceding quarter: RM5.4 million). After excluding the non-recurring gain from the sale of a Subsidiary and aircraft for the 2nd and 1st quarter respectively, the current quarter's deficit of RM33.5 million (Preceding quarter: RM23.8 million) was less favourable, largely on losses from the heavy engineering and chartering segments.

B18. Material Changes in Quarterly Results Compared to The Results of the Immediate Preceding Quarter (Cont'd.)

The Pharmaceutical Division’s profit for the current quarter had dipped to RM19.3 million (Last quarter: RM35.7 million) mainly due to the one-off impact arising from the elimination of unrealised profit on goods supplied by Idaman Pharma Manufacturing to the Pharmaniaga Group.

The Trading & Manufacturing Division’s performance for the current quarter was lower than the preceding quarter mainly due to higher stockholding loss incurred by the BHPetrol operations. The Property Division’s profit for the current quarter was lower at RM15.2 million (Preceding quarter: RM40.4 million), as the preceding quarter’s result had included the RM25 million gain from the sale of an investment property.

B19. Prospects for the Year

The global economic outlook remains uncertain, due to the unabating Eurozone debt crisis and the cooling down of China's economy. On the other hand, the Malaysian economy will largely be domestic-driven, helped by the supportive government policy measures and ETP initiatives.

While a generally bearish outlook for palm oil prices for the rest of the year has been forecast by some industrial experts, the unfavourable weather conditions in the US and Europe may adversely affect the supply of soyoil and increase the price premium of soyoil over palm oil thus generating more demand for palm oil as a cheaper substitute. Hence, the Group expects CPO prices to stay at attractive levels for the remainder of the year.

The Heavy Industries Division's earnings will largely be derived from the SGPV project, the aerospace electronics manufacturing as well as the maintenance, repair and overhaul activities. The Surian Residences in Mutiara Damansara which was 98% sold and expected to be completed in mid 2013 will be the main contributor for the Property Division in 2012. For the remainder of the year, the Property Division's hotels and retail mall operations are also anticipated to perform satisfactorily.

The prospects for the Malaysian pharmaceutical industry remain reasonably bright. With better manufacturing efficiency and improved delivery systems, Pharmaniaga Berhad is expected to register a good growth during the year. The Trading and Manufacturing Division's earnings for the remainder of the year will be driven by Boustead Petroleum Marketing which is expected to produce improved results on the back of its BHPetrol operations.

B20. 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.

B21. Taxation

	Current Period 2012 RM million	Cumulative Period 2012 RM million
Malaysian taxation based on profit for the period:		
- Current	38.2	79.2
- Deferred	(13.4)	(14.0)
	24.8	65.2
Over provision of prior years	(0.5)	(6.1)
	24.3	59.1

The Group's effective tax rate for the current quarter is higher than the statutory tax rate mainly due to non-deductible expenses and unutilised tax losses, while certain income is not subject to income tax.

B22. Corporate Proposals

(a) Status of Corporate Proposals

(i) On 2 November 2010, the Company had executed agreements to undertake a RM1 Billion Guaranteed Medium Term Notes (MTN) Programme. The Guaranteed MTN Programme which has a long term AAA(bg) rating will have tenures of up to 7 years from the first issuance date. OCBC Bank, Public Bank and The Bank of East Asia Limited, Labuan Branch are acting as guarantor banks. At the end of the current financial period, the Group had issued RM840 million of MTNs, with the balance of RM160 million of MTNs expected to be issued in 2012.

B22. Corporate Proposals (Cont'd.)

(a) Status of Corporate Proposals

(ii) Further to the Company's proposals to address the public shareholder spread of Pharmaniaga as set out in Note 42(a) of the annual financial statements, the Company had on 21 June 2012, completed the divestment of 12.68 million ordinary shares of RM1.00 each of Pharmaniaga for a cash consideration of RM68 million or RM5.35 per share. Trading of the shares of Pharmaniaga was accordingly was resumed on 15 June 2012.

(iii) The Novation Agreement between Idaman Pharma Sdn Bhd and Pharmaniaga's wholly owned Subsidiaries Pharmaniaga Logistics Sdn Bhd and Idaman Pharma Manufacturing Sdn Bhd (IPMSB) for a cash consideration of RM51,083,000 as referred to in Note 42(i) of the annual financial statements was effective from 23 March 2012. The Novation Consideration of RM30.0 million (First Tranche Payment) was settled on 18 April 2012, while the remaining balance of RM21.1 million (Second Tranche Payment) together with interest at a rate of 4.5% per annum will be paid in April 2013.

(iv) On 11 January 2012, Bounty Crop Sdn Bhd (Bounty Crop), a wholly-owned Subsidiary of Boustead Plantations Berhad, which in turn is a wholly-owned Subsidiary of the Company, and Supriadi Zainal entered into a sale and purchase agreement (SPA) with PT Agro Investama Gemilang (PTAIG) for the disposal of 712,576 shares of PT Dendymarker Indahlestari (PTDI) with a nominal value of Rp1,000,000 per share representing 95% of the issued and paid-up share capital of PTDI for a total cash consideration of US$38,000,000 (or RM119.5 million). The sum of US$4 million was received upon signing of the SPA.

The completion of the SPA is subject to the submission and/or obtainment of Badan Koordinasi Penanaman Modal’s (BKPM) approval with respect to the change of shareholders of PTDI and the receipt by PTDI and completion of the verification exercise by PTAIG to the satisfaction of PTAIG.

(v) At the request of Boustead Holdings Berhad (BHB), the Group's Subsidiary UAC Berhad (UAC), had on 21 May 2012 announced its intention to undertake a selective capital reduction and repayment exercise pursuant to Section 64 of the Companies Act, 1965 (Proposed SCR) and a proposed dividend of RM1.00 (net of tax) per ordinary share of RM1.00 each in UAC (Proposed Dividend).

Under the Proposed SCR, all entitled shareholders (excluding BHB) will receive a total cash payment of RM85,431,463 which represents a cash amount of RM3.30 per UAC share (SCR Offer Price). BHB will waive its entitlement to the repayment of capital pursuant to the Proposed SCR in favour of the remaining entitled shareholders. The Proposed SCR and Proposed Dividend are inter-conditional with each other. Upon completion of these proposals, UAC’s resulting issued and paid-up share capital will be RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, all of which will be held by BHB.

The above proposals are subject to the approvals of the relevant authorities, and the approval by the shareholders of UAC (other than BHB and persons connected to it) at the extraordinary general meeting of UAC that will be convened in due course.

(vi) On 27 June 2012, the Company's wholly owned Subsidiary Boustead Building Materials Sdn Bhd (BBM) had entered into a share sale agreement (SSA) with LTAT to acquire 82,473,610 ordinary shares of RM1.00 each representing 97.14% equity interest in Johan Ceramics Berhad (JCB) held by LTAT for a cash consideration of RM28,865,763.50 or RM0.35 per share.

The completion of the SSA is conditional upon the satisfactory outcome from the due diligence review by BBM not later than three months from the date of this SSA.

(vii) On 9 July 2012, Mecuro Properties Sdn Bhd (MPSB) the Group's wholly owned Subsidiary announced its proposal to issue up to RM900.0 million of bonds (Proposed Issuance). The Proposed Issuance which will involve the issuance of seven (7) different classes of bonds by MPSB consisting of four (4) classes of Senior Bonds and three (3) classes of Guaranteed Bonds have been rated by RAM Rating Services Berhad. The bonds totalling RM900 million comprising Senior Bonds which are rated AAA, AA2 and A1 and the Guaranteed Bonds which have been rated AAA(fg) and AA2(bg) were fully issued on 31 July 2012.

There were no other corporate proposals announced or pending completion as at 16 August 2012.

(b) Status on Utilisation of Proceeds from Issue of MTNs as at 31 July 2012

Proceeds from the issue of the RM840 million of MTNs were fully utilised as at the end of March 2012. The balance of the MTN programme comprising RM160 million of MTNs will be issued during 2012.

(c) Status on Utilisation of Proceeds from Issue of bonds by MPSB as at 31 July 2012

Proceeds from the issue of the RM900 million which were received on 31 July 2012 have yet to be utilised on that date.

B23. Group Borrowings and Debt Securities

Total group borrowings as at 30 June 2012 are as follows:-

	30.6.2012 RM million	31.12.2011 RM million
Non-current:		
Term loans		
- Denominated in US Dollars	68.1	71.1
- Denominated in Indonesian Rupiah	38.1	37.3
- Denominated in RM	1,253.4	749.3
	1,359.6	857.7
Bank guaranteed medium term notes	837.6	674.1
	2,197.2	1,531.8
Less: repayable in 1 year	277.6	372.5
	1,919.6	1,159.3
Current:		
Bank overdrafts	79.5	51.6
Bankers' acceptances	318.7	367.0
Revolving credits		
- Denominated in US Dollars	36.4	36.2
- Denominated in RM	2,680.1	3,108.9
Short term loans	277.6	372.5
	3,392.3	3,936.2
Total borrowings	5,311.9	5,095.5

B24. Changes in Material Litigations

(i) On 30 April 2012, the Sibu High Court had delivered its decision on the litigation referred to in Note 35(a) of the Company's FY2011 annual financial statements, judging in favour of the Plaintiff's claim and found the joint venture agreement dated 6 May 1998 between Boustead Plantations Berhad (BPlant) and the 1st Defendant null and void. The Sibu High Court further declared that the Principal Deed dated 14 January 2002 executed between the 1st Defendant, the 3rd Defendant and the Plaintiffs in relation to the development of the NCR Lands is deemed null and void. In the same judgment, the Sibu High Court had dismissed BPlant's (4th Defendant) and Boustead Pelita Kanowit Plantations Sdn Bhd (BPK)'s (5th Defendant) counter claim against the Plaintiffs with costs.

BPlant and BPK had on 4 May 2012 filed the formal stay application which the Sibu High Court has set for mention on 17 May 2012 in relation to the formal stay application. When the mention of the matter was held on 17 May 2012, 8 June 2012 and 6 July 2012 the Sibu High Court had fixed 31 July 2012 for the Further Mention, pending the filing of the affidavit in opposition by the Plaintiffs. At the Further Mention on 31 July 2012, the Sibu High Court had fixed for Clarification before the High Court on 25 September 2012.

As at 16 August 2012, 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 2011.

B25. Earnings Per Share - Basic

	Current Period		Cumulative Period	
	2012	2011	**2012**	2011
Net profit for the period (RM million)	**43.7**	185.2	**188.3**	297.4
Weighted average number of ordinary shares in issue (million)	**1,034.2**	1,034.2	**1,034.2**	1,034.2
Basic earnings per share (sen)	**4.23**	17.91	**18.21**	28.76

The weighted average number of ordinary shares in issue for the purpose of the computation of the earnings per share for the corresponding period last year has been adjusted retrospectively to reflect the Company's bonus issue which was completed on 10 January 2012.

B26. Retained Earnings

	30.6.2012 RM million	31.12.2011 RM million
Total retained earnings of Boustead Holdings Berhad and its Subsidiaries		
Realised	**2,232.3**	2,236.9
Unrealised	**270.2**	236.2
	2,502.5	2,473.1
Total share of retained earnings of Associates		
Realised	**619.9**	561.2
Unrealised	**8.5**	7.7
	3,130.9	3,042.0
Consolidation adjustments	**(909.8)**	(831.5)
Total retained earnings of the Group as per consolidated accounts	**2,221.1**	2,210.5

B27. Additional Disclosures

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

	Current Quarter		Cumulative Quarter	
	2012	**2011**	**2012**	**2011**
	RM million	**RM million**	**RM million**	**RM million**
Gain on disposal of a Subsidiary	**(7.7)**	-	**(7.7)**	-
Gain on sale of quoted and unquoted investments	**-**	(1.0)	**(0.7)**	(1.2)
Depreciation and amortisation	**64.1**	38.5	**122.1**	69.3
Provision for and write off of receivables	**0.9**	0.6	**11.7**	2.0
Provision for and write off of inventories	**0.5**	0.1	**1.3**	0.1
Impairment of assets	**-**	-	**-**	3.0
Gain on disposal of properties	**(14.7)**	-	**(40.2)**	-
Stockholding loss/(gain)	**19.9**	0.3	**8.0**	(10.0)
Foreign exchange loss	**10.7**	5.9	**4.8**	2.1
Net fair value gain on derivatives	**(8.4)**	(7.4)	**(2.8)**	(10.6)

28. Plantation Statistics

		Cumulative Period	
		2012	**2011**
(a) Planted areas (hectares)			
Oil palm	- prime mature	**59,594**	60,730
	- young mature	**8,036**	7,183
	- immature	**6,832**	6,271
		74,462	74,184

* Includes 48,873 hectares leased under the Asset Backed Securitisation Programme and from Al Hadharah Boustead REIT.

	Cumulative Period	
	2012	**2011**
(b) Crop production (MT)		
FFB	**523,048**	550,454
(c) Average selling prices (RM per MT)		
FFB	**680**	774
Palm oil	**3,168**	3,441
Palm kernel	**1,848**	2,672

29. Economic Profit

	2012	**2011**
	RM million	**RM million**
For the period ended 30 June	**11.0**	129.4

30. Headline KPIs

	2012	**2012**
	(6 month) Actual	**(12 months) Target**
Return on Equity (ROE)	4.2%	10.5%
Return on Assets (ROA)	3.2%	7.5%