Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the quarter ended 30 September 2012	**Current Period**		**Cumulative Period**	
(All figures are stated in RM million)	**2012**	**2011**	**2012**	**2011**
Revenue	**2,580.6**	2,188.7	**7,532.1**	6,001.5
Operating cost	**(2,449.4)**	(2,019.4)	**(7,099.9)**	(5,502.8)
Profit from operations	**131.2**	169.3	**432.2**	498.7
Gain on disposal of plantation assets	**-**	-	**-**	94.6
Interest income	**3.6**	2.3	**10.8**	6.4
Other investment results	**17.3**	13.7	**53.1**	36.5
Finance cost	**(47.6)**	(51.6)	**(153.3)**	(139.5)
Share of results of Associates	**36.8**	33.4	**103.0**	89.2
Profit before taxation	**141.3**	167.1	**445.8**	585.9
Taxation	**(34.3)**	(22.8)	**(93.4)**	(84.1)
Profit for the period	**107.0**	144.3	**352.4**	501.8
Profit for the period attributable to:				
Shareholders of the Company	**77.9**	120.9	**266.2**	418.3
Non-controlling interests	**29.1**	23.4	**86.2**	83.5
Profit for the period	**107.0**	144.3	**352.4**	501.8
Earnings per share - sen				
Basic	**7.53**	11.69	**25.74**	40.45

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 September 2012	Current Period		Cumulative Period	
(All figures are stated in RM million)	**2012**	**2011**	**2012**	**2011**
Profit for the period	**107.0**	144.3	**352.4**	501.8
Other comprehensive income/(loss)				
Currency translation difference in respect of foreign operations	**(4.3)**	(3.0)	**(7.9)**	(0.8)
Net gain on available for sale investments				
- fair value changes	**72.5**	(12.8)	**158.2**	(7.8)
- transfer to profit or loss on disposal	**(0.3)**	(0.1)	**(0.9)**	(0.8)
Total comprehensive income for the period	**174.9**	128.4	**501.8**	492.4
Attributable to:				
Shareholders of the Company	**147.2**	106.9	**419.5**	410.5
Non-controlling interests	**27.7**	21.5	**82.3**	81.9
Total comprehensive income for the period	**174.9**	128.4	**501.8**	492.4

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

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 September 2012 (All figures are stated in RM million)	Unaudited 30 September 2012	Audited 31 December 2011
ASSETS		
Non current assets		
Property, plant and equipment	**3,461.9**	3,445.0
Biological assets	**348.0**	347.6
Investment properties	**1,204.2**	1,212.9
Development properties	**250.6**	227.1
Prepaid land lease payments	**42.8**	39.6
Long term prepayment	**143.1**	143.3
Deferred tax assets	**79.2**	60.2
Associates	**1,389.0**	1,274.7
Available for sale investments	**751.8**	592.8
Intangible assets	**1,316.5**	1,257.4
	8,987.1	8,600.6
Current assets		
Inventories	**780.9**	680.3
Property development in progress	**22.8**	12.2
Due from customers on contracts	**1,000.0**	731.3
Receivables	**1,889.6**	1,507.1
Deposits, cash and bank balance	**718.0**	1,140.7
Assets of a disposal group classified as held for sale	**50.7**	50.7
	4,462.0	4,122.3
TOTAL ASSETS	**13,449.1**	12,722.9
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	**517.1**	470.1
Reserves	**4,097.8**	3,981.3
Shareholders' equity	**4,614.9**	4,451.4
Non-controlling interests	**862.3**	751.9
Total equity	**5,477.2**	5,203.3
Non current liabilities		
Borrowings	**2,811.7**	1,159.3
Other payable	**27.9**	27.5
Deferred tax liabilities	**106.8**	95.2
	2,946.4	1,282.0
Current liabilities		
Borrowings	**2,885.2**	3,936.2
Trade and other payables	**1,741.3**	2,177.5
Due to customer on contracts	**336.2**	59.7
Taxation	**58.0**	59.4
Liabilities directly associated with a disposal group classified as held for sale	**4.8**	4.8
	5,025.5	6,237.6
Total liabilities	**7,971.9**	7,519.6
TOTAL EQUITY AND LIABILITIES	**13,449.1**	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 September 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	-	-	**157.4**	-	**(4.1)**	**266.2**	**419.5**	**82.3**	**501.8**
Transactions with owners									
Changes in ownership									
- Acquisition of a Subsidiary	-	-	-	-	-	-	-	**0.5**	**0.5**
- Additional investment in Subsidiaries	-	-	-	-	-	**(14.1)**	**(14.1)**	**(3.6)**	**(17.7)**
- 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)**
Transfers during the period	-	-	-	**25.4**	-	**(25.4)**	-	-	-
Bonus issue during the period	**47.0**	**(47.0)**	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	**(248.3)**	**(248.3)**	**(35.3)**	**(283.6)**
Balance at 30 September 2012	**517.1**	**1,165.1**	**374.5**	**250.8**	**111.5**	**2,195.9**	**4,614.9**	**862.3**	**5,477.2**
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	-	-	(6.8)	-	(1.0)	418.3	410.5	81.9	492.4
Transactions with owners									
Changes in ownership interests in Subsidiaries									
- Acquisition of Subsidiaries	-	-	-	-	-	-	-	78.1	78.1
Transfers during the period	-	-	-	20.8	-	(20.8)	-	-	-
Issue of shares by Subsidiaries	-	-	-	-	-	-	-	10.5	10.5
Dividends	-	-	-	-	-	(282.0)	(282.0)	(17.0)	(299.0)
Balance at 30 September 2011	470.1	1,212.1	177.8	217.7	113.8	2,164.9	4,356.4	624.3	4,980.7

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 September 2012

(All figures are stated in RM million)	**2012**	**2011**
Operating activities		
Receipts from customers	**6,719.7**	5,974.8
Cash paid to suppliers and employees	**(7,077.9)**	(5,715.6)
	(358.2)	259.2
Income taxes paid less refund	**(118.3)**	(71.2)
Net cash (used in)/from operating activities	**(476.5)**	188.0
Investing activities		
Capital expenditure & construction of investment property	**(208.5)**	(312.1)
Disposal of investment property	**45.0**	-
Disposal of property plant & equipment and biological assets	**65.4**	195.6
Disposal of Subsidiary	**14.1**	-
Partial disposal of shares in a Subsidiary	**76.5**	-
Acquisition of Subsidiaries, net of cash acquired	**(31.7)**	(650.4)
Settlement on acquisition of a Subsidiary	**(48.9)**	-
Additional investments in Associates & Subsidiaries	**(38.0)**	(8.7)
Dividends received	**53.0**	60.9
Others	**10.4**	12.2
Net cash used in investing activities	**(62.7)**	(702.5)
Financing activities		
Transactions with owners	**(248.3)**	(188.0)
New loans	**1,728.3**	351.2
Loans repayment	**(264.2)**	(118.6)
Other borrowings	**(846.0)**	757.9
Interest paid	**(188.7)**	(131.7)
Refund of pledged deposit	**500.0**	-
Others	**(48.2)**	(6.6)
Net cash from financing activities	**632.9**	664.2
Net increase in cash and cash equivalents	**93.7**	149.7
Foreign currency translation difference	**-**	0.5
Cash and cash equivalent at beginning of period	**589.9**	398.3
Cash and cash equivalent at end of period	**683.6**	548.5
Analysis of cash and cash equivalents		
Deposits, cash and bank balances	**718.0**	579.1
Overdrafts	**(34.4)**	(30.6)
Cash and cash equivalent at end of period	**683.6**	548.5

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 2011.

Boustead Holdings Berhad (3871-H)

Notes to the interim financial report for the quarter ended 30 September 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 paid 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).

(ii) On 29 September 2012, the Company paid a 2nd interim single tier dividend of 7.5 sen (2011: 10 sen) per share in respect of the year ending 31 December 2012 amounting to RM77.6 million (2011: RM94.0 million).

For the current quarter, the Directors have declared a single tier dividend of 10 sen (2011: 12 sen) per share in respect of the year ending 31 December 2012. The dividend will be paid on 28 December 2012 to shareholders registered in the Register of Members at the close of business on 17 December 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	705.0	1,178.4	373.0	97.8	1,329.9	3,869.3	(21.3)	7,532.1
Inter-segment sales	-	-	(21.3)	-	-	-	21.3	-
External sales	705.0	1,178.4	351.7	97.8	1,329.9	3,869.3	-	7,532.1
Result								
Segment result - external	107.4	8.7	94.0	-	105.4	116.7	-	432.2
Finance cost	(6.5)	(72.8)	(21.1)	(78.6)	(27.0)	(27.9)	80.6	(153.3)
Interest income	16.9	5.6	6.6	50.8	0.4	11.1	(80.6)	10.8
Other investment result	42.0	7.8	-	0.1	-	3.2	-	53.1
Share of result of Associates	2.0	-	(3.9)	104.9	-	-	-	103.0
Profit before taxation	161.8	(50.7)	75.6	77.2	78.8	103.1	-	445.8
Taxation								(93.4)
Profit for the period								352.4

A8. Segmental Information (Cont'd.)

RM million	Plantation	Heavy Industries	Property	Finance & Investment	Pharmaceutical	Trading & Manufacture	Elim'n	Total
2011								
Revenue								
Group total sales	754.1	578.0	330.6	82.2	858.3	3,418.1	(19.8)	6,001.5
Inter-segment sales	-	-	(19.8)	-	-	-	19.8	-
External sales	754.1	578.0	310.8	82.2	858.3	3,418.1	-	6,001.5
Result								
Segment result								
- external	219.5	58.2	69.2	(6.2)	67.6	90.4	-	498.7
Finance cost	(6.4)	(57.7)	(14.3)	(66.7)	(16.8)	(27.0)	49.4	(139.5)
Interest income	15.3	1.5	3.6	25.0	0.4	10.0	(49.4)	6.4
Other investment result	34.2	0.2	-	0.1	-	2.0	-	36.5
Share of result of Associates	4.5	(0.7)	(0.7)	85.8	(0.2)	0.5	-	89.2
	267.1	1.5	57.8	38.0	51.0	75.9	-	491.3
Gain on disposal of plantation assets								94.6
Profit before taxation								585.9
Taxation								(84.1)
Profit for the period								501.8

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 of medium term notes which were rated AAA(bg) with a maturity date of 3 years from the date of issue.

(iii) During the current quarter, the Group's wholly owned Subsidiary Mecuro Properties Sdn Bhd (MPSB) completed the issuance of bonds totalling RM900 million, comprising four classes of Senior Bonds which are rated AAA, AA2 and A1, and three classes of Guaranteed Bonds which are rated AAA(fg) and AA2(bg) respectively.

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 20 November 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%.

(iii) On 29 June 2012, PSC Tema Shipyard Limited (PSCT) ceased to be a Subsidiary of the Group.

(iv) During the current quarter, Johan Ceramics Berhad (JCB) became a Subsidiary of the Group.

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 20 November 2012. No other contingent liability has arisen since the financial year end.

A14. Capital Commitments

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

	Authorised and contracted RM million	**Authorised but not contracted RM million**
Capital expenditure	840.3	473.1

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 to supply**	**Total**
Cost				
At 1 January 2012	1,177.2	75.0	12.1	1,264.3
Additions	10.1	-	71.9	82.0
At 30 September 2012	1,187.3	75.0	84.0	1,346.3
Accumulated amortisation and impairment				
At 1 January 2012	-	6.5	0.4	6.9
Amortisation	-	6.5	16.4	22.9
At 30 September 2012	-	13.0	16.8	29.8
Net carrying amount				
At 30 September 2012	1,187.3	62.0	67.2	1,316.5
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 3rd quarter, the Group posted an unaudited pre-tax profit of RM141.3 million which was an improvement over the preceding quarter's profit of RM80.4 million. The current period's result was lower when compared with the pre-tax profit for the corresponding period last year mainly due to the reduction in plantation earnings.

Cumulatively, the Group's profit after tax totalling RM352.4 million was lower than last year's net profit of RM501.8 million by RM149.4 million or 30%.

Group revenue for the 9-month period of RM7.53 billion was 26% 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 13% increase in revenue for the Trading & Manufacturing Division, while the Plantation Division’s revenue had dipped 7% mainly due to lower crop while palm product prices were also lower. The Pharmaceutical Division’s revenue was 55% higher at RM1.33 billion (2011: RM858.3 million) reflecting the consolidation of 9 months’ operations of Pharmaniaga. The Heavy Industries Division’s revenue for the 9-month period of RM1.2 billion was double that for the corresponding period last year, largely on the consolidation of MHS Aviation which had contributed turnover of RM293 million and higher progress of work from the second generation patrol vessels (SGPV) project.

The Group’s cumulative pre-tax profit of RM445.8 million was lower than the gain of RM585.9 million for the previous year. Cumulatively, the Plantation Division contributed a lower pre-tax profit of RM161.8 million (2011: RM267.1 million) as earnings were impacted by the decline in palm product prices and FFB crop production. For the nine-month period, the FFB crop of 814,580 MT was 5% short of last year. During the period, the Division achieved an average palm oil price of RM3,076 per MT, a decrease of RM274 or 8% against last year corresponding period's average of RM3,350 per MT.

B17. Performance Review (Cont'd.)

The Trading and Manufacturing Division reported a pre-tax profit of RM103.1 million compared with RM75.9 million for the same period last year. Improved earnings coupled with higher sales volume were the key factors which contributed to the Division's earnings.

The Pharmaceutical Division's contribution to the Group for the first nine months of the year was RM78.8 million compared with RM51.0 million for last year, marking a 55% growth in profitability. With the inclusion of Pharmaniaga Berhad from April 2011, it had contributed significantly towards the profitability of the Group, with enhanced operational efficiencies in both its domestic and overseas businesses as well as higher sales volume to the Government sector.

Cumulatively, the Finance and Investment Division had also performed exceedingly well recording a profit of RM77.2 million for the nine-month period compared with RM38.0 million for last year. Improvements in profitability were due to strong contributions from the Affin Group as well as enhanced results generated by the business units within the Division.

The Property Division registered a pre-tax profit of RM75.6 million for the nine-month period compared with RM57.8 million for last year. This was mainly driven by gains attributable to the disposal of a vacant land during the first quarter of this financial year.

The Heavy Industries Division posted a deficit of RM50.7 million for the nine-month period, primarily due to losses from the commercial shipbuilding operations brought about by cost escalations. The maintenance, repair and overhaul businesses also experienced a dip which affected the Division's bottom line.

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

The current quarter's pre-tax profit of RM141.3 million was higher than the preceding quarter's result of RM80.4 million.

The Plantation Division's pre-tax profit for the current quarter of RM49.5 million was better than the preceding quarter's surplus of RM20.3 million mainly due to the inclusion of the dividend income from Al-Hadharah Boustead REIT, as well as the 21% increase in FFB crop which had helped to cushion against the lower CPO prices realised of RM2,883 (Last quarter: RM3,197) per MT.

The Trading & Manufacturing Division's pre-tax profit for the current quarter of RM39.9 million was better than the preceding quarter of RM28.1 million mainly on stockholding gains.

The Pharmaceutical Division's profit for the current quarter was better at RM23.7 million (Last quarter: RM19.3 million), while the Property Division's profit for the current quarter was also higher at RM20.0 million (Preceding quarter: RM15.2 million). The performance of the Heavy Industries Division for the current quarter remained lacklustre, the Division had managed however to post a lower deficit of RM19.5 million (Preceding quarter: RM25.8 million).

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 be domestic-driven, helped by the supportive government policy measures and ETP initiatives.

CPO prices for the 4^{th} quarter are expected to be adversely affected by the higher Malaysian CPO inventories and the softening of demand from China and other markets. However, the implementation of governmental measures such as the reduction of CPO export duty in 2013 should boost CPO prices in the coming year.

The prospects for the Malaysian pharmaceutical industry remain reasonably bright. The MOH concession business will be the main growth driver to boost the Pharmaceutical Division's earnings. 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.

Progress billings from on-going housing phases will contribute positively to the Property Division's bottom line, while the Division's portfolio of well located investment properties will generate good rentals as well as appreciation in value over time. 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.

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	22.8	102.0
- Deferred	13.5	(0.5)
	36.3	101.5
Over provision of prior years	(2.0)	(8.1)
	34.3	93.4

The Group's effective tax rate for the current and cumulative 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) 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 RM51.1 million 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 accruing from 23 March 2012 will be paid in April 2013.

(ii) 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.

On 28 September 2012, the parties entered into the supplemental agreement to the SPA to dispose additional 47,488 new PTDI Shares to be subscribed by Bounty Crop (Additional PTDI Shares).

On even date, the parties also entered into the supplemental agreement to the Option Agreement whereby pursuant to the Vendor's subscription of the Additional PTDI Shares, the new total number of Option Shares under the Put and Call Option Agreement shall be 40,003 PTDI Shares comprising 37,504 Option Shares and the 2,499 Additional Option Shares to be subscribed by Bounty pursuant to the Supplemental Agreement to the SPA (Additional Option Shares)

(iii) 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 were duly approved by the shareholders of UAC on 10 October 2012. Payment of the Deemed Offer Price of RM4.30 to the entitled shareholders is expected to be made in December 2012 after the court approval for the SCR is received. De-listing of the UAC shares is expected to take place by early January 2013.

B22. Corporate Proposals (Cont'd.)

(a) Status of Corporate Proposals

(iv) Upon completion of the Group's acquisition of 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 RM28.9 million or RM0.35 per share, the Group had on 26 September announced the unconditional take-over offer to acquire all the remaining 2,424,900 ordinary shares of RM1.00 each in JCB for a cash offer price of RM0.40 per offer share. The final closing date of the take-over offer was fixed at 12 December 2012.

(v) The Group’s wholly owned Subsidiary, Mutiara Rini Sdn Bhd (MRSB) had on 6 November 2012 entered into a Sale and Purchase Agreement (SPA) to purchase from LTAT three parcels of freehold land totalling 12.84 acres in Cochrane, Kuala Lumpur (Proposed Acquisition). The cash purchase price of RM106.7 million, which was on a willing-seller-willing-buyer basis arrived at after deducting costs incurred amounting to RM8.3 million (the Incurred Costs) on behalf of LTAT to relocate occupants of Government quarters, demolish existing houses and to upgrade facilities for a sports school.

The Proposed Acquisition is conditional upon the approval of the State Authority being obtained within three (3) months from the date of the SPA or any extended period to be mutually agreed upon by the parties.

There were no other corporate proposals announced or pending completion as at 20 November 2012.

(b) Status on Utilisation of Proceeds from Issue of MTNs as at 31 October 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 has yet to be issued.

B23. Group Borrowings and Debt Securities

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

	30.9.2012 RM million	**31.12.2011 RM million**
Non-current:		
Term loans		
- Denominated in US Dollars	64.1	71.1
- Denominated in Indonesian Rupiah	37.3	37.3
- Denominated in RM	1,156.4	749.3
	1,257.8	857.7
Bank guaranteed medium term notes	1,737.6	674.1
	2,995.4	1,531.8
Less: repayable in 1 year	183.7	372.5
	2,811.7	1,159.3
Current:		
Bank overdrafts	34.4	51.6
Bankers' acceptances	342.7	367.0
Revolving credits		
- Denominated in US Dollars	35.0	36.2
- Denominated in RM	2,289.4	3,108.9
Short term loans	183.7	372.5
	2,885.2	3,936.2
Total borrowings	5,696.9	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. Upon the Mention (converted into clarification/decision) of the matter on 30 October 2012, the Sibu High Court had granted the 4th and 5th Defendants' application for Stay of Execution. Further, the Court of Appeal on 17 October 2012 has allowed the Notice of Motion by the State-Attorney General to amend their Memorandum of Appeal. The date of the next hearing has not been fixed by the High Court.

(ii) On 4 September 2012, the Group's Subsidiary Boustead Naval Shipyard Sdn Bhd (BN Shipyard) was served with a Writ of Summons by Ingat Kawan (M) Sdn Bhd (Plaintiff). The Plaintiff is claiming against BN Shipyard for unspecified general damages, special damages of RM50 million, interest at 10% per annum on the said amount of RM50 million calculated from 7 September 2011 until full settlement, interest at 8% per annum on the said amount of RM50 million calculated from the date of filing the Writ of Summons until full settlement, costs and other reliefs that the Court deems fit, arising from an alleged breach of contract by BN Shipyard.

BN Shipyard had on 4 October 2012 filed its Statement of Defence and a Counterclaim against the Plaintiff and five former staffs. The Court has fixed the matter for case management on 6 November 2012.

As at 20 November 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)	**77.9**	120.9	**266.2**	418.3
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)	**7.53**	11.69	**25.74**	40.45

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

	30.9.2012 RM million	**31.12.2011 RM million**
Total retained earnings of Boustead Holdings Berhad and its Subsidiaries		
Realised	**2,045.0**	2,236.9
Unrealised	**311.3**	236.2
	2,356.3	2,473.1
Total share of retained earnings of Associates		
Realised	**654.4**	561.2
Unrealised	**10.7**	7.7
	3,021.4	3,042.0
Consolidation adjustments	**(825.5)**	(831.5)
Total retained earnings of the Group as per consolidated accounts	**2,195.9**	2,210.5

B27. Additional Disclosures

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

	Current Quarter		Cumulative Quarter	
RM' million	**2012**	**2011**	**2012**	**2011**
Gain on disposal of a Subsidiary	**-**	-	**(7.7)**	-
Gain on sale of quoted and unquoted investments	**(0.5)**	-	**(1.2)**	(1.2)
Depreciation and amortisation	**64.1**	28.4	**186.2**	97.7
Provision for and write off of receivables	**0.1**	1.1	**11.8**	3.1
Provision for and write off of inventories	**3.1**	2.3	**4.4**	2.4
Impairment of assets	**-**	-	**-**	3.0
Gain on disposal of properties	**-**	-	**(40.2)**	-
Stockholding gain	**(12.0)**	(1.0)	**(4.0)**	(11.0)
Foreign exchange (gain)/loss	**(16.9)**	17.8	**(12.1)**	19.9
Net fair value loss/(gain) on derivatives	**13.6**	(11.6)	**10.8**	(22.2)

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 as at 30 September 2012.

	Cumulative Period	
	2012	**2011**
(b) Crop production (MT)		
FFB	**814,580**	854,006
(c) Average selling prices (RM per MT)		
FFB	**646**	730
Palm oil	**3,076**	3,350
Palm kernel	**1,720**	2,413

29. Economic Profit

	2012	**2011**
	RM million	**RM million**
For the period ended 30 September	**(8.4)**	170.7

30. Headline KPIs

	2012	**2012**
	(9 months) Actual	**(12 months) Target**
Return on Equity (ROE)	5.9%	10.5%
Return on Assets (ROA)	4.6%	7.5%