Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the quarter ended 30 June 2013	**Current Period**		**Cumulative Period**	
(All figures are stated in RM million)	**2013**	**2012 (Restated)**	**2013**	**2012 (Restated)**
Revenue	**2,390.1**	2,496.9	**4,921.2**	4,854.9
Operating cost	**(2,273.8)**	(2,404.9)	**(4,627.9)**	(4,554.8)
Profit from operations	**116.3**	92.0	**293.3**	300.1
Interest income	**2.1**	2.5	**3.9**	5.0
Other investment results	**0.7**	8.2	**20.0**	35.9
Finance cost	**(64.5)**	(49.6)	**(124.7)**	(105.6)
Share of results of associates & joint ventures	**38.5**	26.3	**75.5**	66.9
Profit before taxation	**93.1**	79.4	**268.0**	302.3
Taxation	**(18.4)**	(23.4)	**(59.2)**	(57.6)
Profit for the period	**74.7**	56.0	**208.8**	244.7
Profit for the period attributable to:				
Shareholders of the Company	**61.2**	43.7	**161.1**	188.3
Non-controlling interests	**13.5**	12.3	**47.7**	56.4
Profit for the period	**74.7**	56.0	**208.8**	244.7
Earnings per share - sen				
Basic	**5.92**	4.23	**15.58**	18.21

The condensed consolidated income statement should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2012.

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

For the quarter ended 30 June 2013	Current Period		Cumulative Period	
(All figures are stated in RM million)	2013	2012 (Restated)	2013	2012 (Restated)
Profit for the period	**74.7**	56.0	**208.8**	244.7
Other comprehensive income/(loss)				
Currency translation difference in respect of foreign operations	**0.1**	4.3	**0.1**	(3.6)
Net gain on available for sale investments				
- fair value changes	**3.0**	(6.5)	**10.5**	85.7
- transfer to profit or loss on disposal	**0.1**	(0.1)	**(0.4)**	(0.6)
Total comprehensive income for the period	**77.9**	53.7	**219.0**	326.2
Attributable to:				
Shareholders of the Company	**64.2**	39.8	**171.1**	272.3
Non-controlling interests	**13.7**	13.9	**47.9**	53.9
Total comprehensive income for the period	**77.9**	53.7	**219.0**	326.2

The unaudited condensed statement of consolidated comprehensive Income should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2012.

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013	**Unaudited As at 30 June**	**Audited As at 31 December**	**Audited As at 1 January**
(All figures are stated in RM million)	**2013**	**2012**	**2012**
		(Restated)	**(Restated)**
ASSETS			
Non current assets			
Property, plant and equipment	**3,677.0**	3,706.8	3,424.1
Biological assets	**670.7**	664.5	347.6
Investment properties	**1,273.5**	1,273.4	1,212.9
Development properties	**262.5**	247.7	227.1
Prepaid land lease payments	**66.7**	68.8	39.6
Long term prepayment	**149.6**	157.3	143.3
Deferred tax assets	**61.5**	54.5	60.2
Associates & joint ventures	**1,543.4**	1,461.8	1,327.7
Available for sale investments	**699.1**	693.5	592.8
Intangible assets	**1,295.1**	1,304.9	1,254.9
	9,699.1	9,633.2	8,630.2
Current assets			
Inventories	**693.0**	762.5	645.3
Property development in progress	**76.1**	42.9	12.2
Due from customers on contracts	**1,737.2**	1,284.1	730.9
Receivables	**1,644.5**	1,552.3	1,528.9
Deposits, cash and bank balance	**424.8**	375.1	919.8
Assets of a disposal group classified as held for sale	**5.8**	5.8	50.7
	4,581.4	4,022.7	3,887.8
TOTAL ASSETS	**14,280.5**	13,655.9	12,518.0
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	**517.1**	517.1	470.1
Reserves	**4,153.7**	4,138.9	3,981.3
Shareholders' equity	**4,670.8**	4,656.0	4,451.4
Non-controlling interests	**692.5**	665.9	711.0
Total equity	**5,363.3**	5,321.9	5,162.4
Non current liabilities			
Borrowings	**2,765.3**	2,682.2	1,159.3
Other payable	**28.0**	29.4	27.5
Deferred tax liabilities	**59.1**	55.7	94.3
	2,852.4	2,767.3	1,281.1
Current liabilities			
Borrowings	**4,429.2**	3,927.4	3,929.4
Trade and other payables	**1,484.4**	1,605.6	2,021.4
Due to customer on contracts	**107.1**	7.6	59.5
Taxation	**44.1**	26.1	59.4
Liabilities directly associated with a disposal group classified as held for sale	**-**	-	4.8
	6,064.8	5,566.7	6,074.5
Total liabilities	**8,917.2**	8,334.0	7,355.6
TOTAL EQUITY AND LIABILITIES	**14,280.5**	13,655.9	12,518.0

The condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2012.

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company								
For the financial period ended 30 June 2013	**Share Capital**	***Share Premium**	***Revaluation & Fair Value Reserve**	***Statutory Reserve**	***Other Reserves**	**Retained Profit**	**Total**	**Non-Controlling Interests**	**Total Equity**
(All figures are stated in RM million)									
As at 1 January 2013	**517.1**	**1,165.1**	**314.9**	**259.6**	**157.5**	**2,241.8**	**4,656.0**	**665.9**	**5,321.9**
Total comprehensive income for the period	**-**	**-**	**10.0**	**-**	**-**	**161.1**	**171.1**	**47.9**	**219.0**
Transactions with owners									
Changes in ownership interests in Subsidiaries									
- Additional investment in Subsidiaries	**-**	**-**	**-**	**-**	**-**	**(1.1)**	**(1.1)**	**(2.4)**	**(3.5)**
Dividends	**-**	**-**	**-**	**-**	**-**	**(155.2)**	**(155.2)**	**(18.9)**	**(174.1)**
Balance at 30 June 2013	**517.1**	**1,165.1**	**324.9**	**259.6**	**157.5**	**2,246.6**	**4,670.8**	**692.5**	**5,363.3**
As at 1 January 2012	470.1	1,212.1	217.1	225.4	116.2	2,210.5	4,451.4	711.0	5,162.4
Total comprehensive income for the period	-	-	84.6	-	(0.6)	188.3	272.3	53.9	326.2
Transactions with owners									
Changes in ownership interests in Subsidiaries									
- Additional investment in a Subsidiary	-	-	-	-	-	(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	-	-	-	-	-	(170.7)	(170.7)	(28.9)	(199.6)
Balance at 30 June 2012	517.1	1,165.1	301.7	225.4	115.0	2,221.0	4,545.3	798.6	5,343.9

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 2012.

Boustead Holdings Berhad (3871-H)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter ended 30 June 2013

(All figures are stated in RM million)	**2013**	**2012 (Restated)**
Operating activities		
Receipts from customers	**4,476.6**	4,152.1
Cash paid to suppliers and employees	**(4,604.0)**	(4,403.2)
	(127.4)	(251.1)
Income taxes paid less refund	**(26.9)**	(71.2)
Net cash (used in)/from operating activities	**(154.3)**	(322.3)
Investing activities		
Capital expenditure & construction of investment property	**(191.0)**	(129.0)
Disposal of investment property	**113.9**	45.0
Disposal of property plant & equipment and biological assets	**36.2**	48.6
Partial disposal of shares in a Subsidiary	**-**	76.5
Acquisition of Subsidiaries, net of cash acquired	**-**	14.1
Settlement on acquisition of a Subsidiary	**-**	(48.9)
Additional investments in Associate & Subsidiary	**(15.7)**	(38.0)
Dividends received	**25.0**	34.1
Others	**(23.0)**	4.7
Net cash used in investing activities	**(54.6)**	7.1
Financing activities		
Transactions with owners	**(155.2)**	(170.7)
New loans	**198.8**	825.4
Loans repayment	**(73.1)**	(161.6)
Other borrowings	**480.6**	(472.3)
Interest paid	**(150.9)**	(134.3)
Refund of pledged deposit	**-**	500.0
Others	**(18.9)**	(29.0)
Net cash from financing activities	**281.3**	357.5
Net increase in cash and cash equivalents	**72.4**	42.3
Cash and cash equivalent at beginning of period	**324.9**	370.3
Cash and cash equivalent at end of period	**397.3**	412.6
Analysis of cash and cash equivalents		
Deposits, cash and bank balances	**424.8**	492.1
Overdrafts	**(27.5)**	(79.5)
Cash and cash equivalent at end of period	**397.3**	412.6

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 2012.

Boustead Holdings Berhad (3871-H)

Notes to the interim financial report for the quarter ended 30 June 2013

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 2012. All figures are stated in RM million, unless otherwise stated.

2. **Accounting Policies**

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

On 1 January 2013, the Group adopted the following new and amended FRS and IC Interpretations:-

- Improvements to FRS (2012)
- Amendments to FRS 7 Disclosures – Offsetting financial assets and financial liabilities
- Amendments to FRS 101 Presentation of other Items of other comprehensive income
- FRS 10 Consolidated financial statements
- FRS 11 Joint arrangements
- FRS 12 Disclosures on interests in other entities
- FRS 13 Fair value measurements
- FRS 119 Employee benefits
- FRS 127 Separate financial statements
- FRS 128 Investments in associates and joint ventures

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, except for the changes arising from FRS 10 and FRS 11 as described below:

FRS 10 replaces part of FRS 127 Consolidated and Separate Financial Statements (FRS 127) that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its investment with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor’s returns. This new control model differs from how previously companies were assessed to be a subsidiary. Under FRS 127, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control.

FRS 11 replaces FRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-Controlled Entities – Non-monetary Contributions by Venturers. The classification of joint arrangements under FRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under FRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. FRS 11 removes the option to account for jointly controlled entities (JCE) using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

Boustead Ikano Sdn Bhd was previously treated as an Associate of the Group and accounted for using the equity accounting method. The Directors have assessed and noted that this is a joint venture under FRS 11. Other than reclassification, the change has no impact on the amounts reported in the Group’s consolidated financial statements.

The Group's investments in BHIC Bofors Sdn Bhd, BYO Marine Sdn Bhd, Boustead DCNS Naval Corporation Sdn Bhd, Contraves Advanced Devices Sdn Bhd, BHIC MSM Sdn Bhd and BHIC Aeroservices Sdn Bhd held through Boustead Heavy Industries Corporation Berhad were previously accounted for as subsidiaries in the Group's consolidated financial statements. Following the adoption of FRS 10 and FRS 11, the Directors have assessed that these companies are joint ventures rather than subsidiaries and are to be equity accounted for in the Group's consolidated financial statements.

2. Accounting Policies (Cont'd.)

(i) Adoption of FRSs, Amendments to FRSs and IC Interpretations (Cont'd.)

The effects of the above changes which were applied retrospectively, are as follows:

(a) Effects on statement of financial position

	As at 31 December 2012			As at 1 January 2012		
RM million	**As Previously Reported**	**Effects of FRS 10 & FRS 11**	**As Restated**	**As Previously Reported**	**Effects of FRS 10 & FRS 11**	**As Restated**
Non-controlling interests	725.6	(59.7)	**665.9**	751.9	(40.9)	**711.0**
Total equity	5,381.6	(59.7)	**5,321.9**	5,203.3	(40.9)	**5,162.4**
Property plant and equipment	3,745.2	(38.4)	**3,706.8**	3,445.0	(20.9)	**3,424.1**
Investment in associates and joint venture	1,386.5	75.3	**1,461.8**	1,274.7	53.0	**1,327.7**
Intangible assets	1,307.4	(2.5)	**1,304.9**	1,257.4	(2.5)	**1,254.9**
Inventories	780.0	(17.5)	**762.5**	680.3	(35.0)	**645.3**
Due from customers on contract	900.8	383.3	**1,284.1**	731.3	(0.4)	**730.9**
Receivables	1,809.8	(257.5)	**1,552.3**	1,507.1	21.8	**1,528.9**
Cash and bank balances	749.2	(374.1)	**375.1**	1,140.7	(220.9)	**919.8**
Short term borrowings	3,927.4	-	**3,927.4**	3,936.2	(6.8)	**3,929.4**
Payables	1,737.4	(131.8)	**1,605.6**	2,177.5	(156.1)	**2,021.4**
Due to customers on contract	46.6	(39.0)	**7.6**	59.7	(0.2)	**59.5**
Non-current liabilities	2,768.2	(0.9)	**2,767.3**	1,282.0	(0.9)	**1,281.1**

(b) Effects on income statement for FPE 30 June 2012

	Current Period			Cumulative Period		
RM million	**As Previously Reported**	**Effects of FRS 10**	**As Restated**	**As Previously Reported**	**Effects of FRS 10**	**As Restated**
Revenue	2,547.1	(50.2)	2,496.9	4,951.5	(96.6)	4,854.9
Share of results of Associates & joint ventures	26.9	(0.6)	26.3	66.2	0.7	66.9
Profit before taxation	80.4	(1.0)	79.4	304.5	(2.2)	302.3
Taxation	(24.3)	0.9	(23.4)	(59.1)	1.5	(57.6)
Non-controlling interests	(12.4)	0.1	(12.3)	(57.1)	0.7	(56.4)

(c) Effects on statement of cash flows

	FPE 30 June 2012		
RM million	**As Previously Reported**	**Effects of FRS 10**	**As Restated**
Net cash inflow/(outflow) from:			
- Operating activities	(253.3)	(69.0)	(322.3)
- Investing activities	6.3	0.8	7.1
- Financing activities	352.9	4.6	357.5
Cash and cash equivalents:			
- At beginning of period	589.9	(219.6)	370.3
- At end of period	695.8	(283.2)	412.6

2. Accounting Policies (Cont'd.)

(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:

• FRS 9 Financial instruments (issued by IASB in October 2011)	1 January 2015
• FRS 10 Consolidated financial statements investment entities	1 January 2014
• FRS 12 Disclosures on interests in other entities investing entities	1 January 2014
• FRS 127 Separate financial statements investing entities	1 January 2014
• FRS 132 Financial instruments presentation offsetting financial assets and financial liabilities	1 January 2014
• 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 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 7 August 2013, MASB announced that it will permit agriculture and real estate companies to defer the adoption of MFRS for a further year, until annual periods beginning on or after 1 January 2015. The deferral of the mandatory application date for these entities responds to the expected timing of the IASB's projects on revenue recognition and bearer plants. Accordingly, the Group which falls under the scope definition of Transitioning Entities has opted to adopt MFRS for annual periods beginning on 1 January 2015. When the Group presents its first MFRS financial statements in 1 January 2015, 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.

3. Auditors' Report on Preceding Annual Financial Statements

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

4. Comments about Seasonal or Cyclical Factors

Plantation's result is influenced by both CPO prices and FFB crop production. The cyclical swing in FFB crop production is generally at its lowest in the first half of the year, with gradual increase to peak production towards the second half. The remainder of the Group's operations are not materially affected by any seasonal or cyclical events.

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

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

6. Change in Estimates

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.

7. Dividends

(i) On 29 March 2013, the Company paid a 4th interim single tier dividend of 7.5 sen (2011: 9 sen) per share in respect of the previous financial year ended 31 December 2012 amounting to RM77.6 million (2011: RM93.1 million).

(ii) On 28 June 2013, the Company paid a 1st interim single tier dividend of 7.5 sen (2012: 7.5 sen) per share in respect of the year ending 31 December 2013 amounting to RM77.6 million (2012: RM77.6 million).

For the current quarter, the Directors have declared a single tier dividend of 7.5 sen (2012: 7.5 sen) per share in respect of the year ending 31 December 2013. The dividend will be paid on 30 September 2013 to shareholders registered in the Register of Members at the close of business on 13 September 2013.

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's	Total
2013								
Revenue								
Group total sales	333.6	731.0	321.9	79.0	938.0	2,531.8	(14.2)	4,921.1
Inter-segment sales	-	-	(14.2)	-	-	-	14.2	-
External sales	333.6	731.0	307.7	79.0	938.0	2,531.8	-	4,921.1
Result								
Segment result - external	4.7	67.8	100.2	(4.2)	49.2	75.6	-	293.3
Finance cost	(17.2)	(46.0)	(34.5)	(42.9)	(17.7)	(15.1)	48.7	(124.7)
Interest income	7.9	0.7	14.9	26.0	0.6	2.5	(48.7)	3.9
Other investment result	18.5	0.1	-	-	-	1.4	-	20.0
Share of result of associates & joint ventures	2.1	6.6	(3.7)	70.5	-	-	-	75.5
Profit before taxation	16.0	29.2	76.9	49.4	32.1	64.4	-	268.0
Taxation								(59.2)
Profit for the period								208.8
2012 (Restated)								
Revenue								
Group total sales	493.6	601.1	238.0	64.2	903.5	2,569.6	(15.1)	4,854.9
Inter-segment sales	-	-	(15.1)	-	-	-	15.1	-
External sales	493.6	601.1	222.9	64.2	903.5	2,569.6	-	4,854.9
Result								
Segment result - external	77.5	8.8	69.2	(1.6)	72.6	73.6	-	300.1
Finance cost	(4.5)	(52.2)	(13.1)	(52.6)	(17.9)	(20.1)	54.8	(105.6)
Interest income	11.2	1.5	3.1	35.2	0.3	8.5	(54.8)	5.0
Other investment result	26.9	7.8	-	-	-	1.2	-	35.9
Share of result of associates & joint ventures	1.3	0.7	(3.6)	68.5	-	-	-	66.9
Profit before taxation	112.4	(33.4)	55.6	49.5	55.0	63.2	-	302.3
Taxation								(57.6)
Profit for the period								244.7

9. Debts and Equity Securities

During the current quarter, the Company issued RM160 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 5.25% 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.

10. Carrying Amount of Revalued Assets

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

11. Subsequent Events

There were no subsequent events as at 21 August 2013 that will materially affect the financial statements of the financial period under review.

12. Changes in Group Composition

During the current quarter, BHIC Allied Defence Technology Sdn Bhd (formerly known as Atlas Defence Technology Sdn Bhd) became a wholly owned subsidiary of the Boustead Heavy Industries Berhad (BHIC).

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

13. Changes in Contingent Liabilities and Contingent Assets

Other than the changes in the material litigations as described in Note 24, the status of the contingent liabilities disclosed in the FY2012 annual financial statements remains unchanged as at 21 August 2013. No other contingent liability has arisen since the financial year end.

14. Commitments

The Group has the following commitments as at 30 June 2013:

	Authorised but not contracted RM million	Authorised and contracted RM million
Capital expenditure	425.2	244.8
Proposed acquisition of Subsidiaries	741.3	-
	1,166.5	244.8

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 2012.

16. Intangible Assets

RM' million	Goodwill	Concession right	Right to supply	Total
Cost				
At 1 January 2013	1,180.3	75.0	89.8	1,345.1
Additions	-	-	11.4	11.4
At 30 June 2013	1,180.3	75.0	101.2	1,356.5
Accumulated amortisation and impairment				
At 1 January 2013	-	15.2	25.0	40.2
Amortisation	-	4.3	16.9	21.2
At 30 June 2013	-	19.5	41.9	61.4
Net carrying amount				
At 30 June 2013	1,180.3	55.5	59.3	1,295.1
At 31 December 2012	1,180.3	59.8	64.8	1,304.9

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

17. Performance Review

For the 2nd quarter, the Group posted an unaudited profit before tax of RM93.1 million, up by 17% from the profit of RM79.4 million for the corresponding period last year. The Group recorded a profit after tax of RM74.7 million for the current quarter, a 33% increase compared with last year's corresponding quarter.

For the cumulative period, Group revenue totalling RM4.92 billion was marginally better than that recorded during the corresponding period last year, as most of the Divisions had recorded an increase. While the Trading & Industrial Division turnover was largely the same as the corresponding period last year, the Plantation Division's revenue had dipped 32% mainly due to the soft palm product prices which were significantly lower. The Pharmaceutical Division's revenue was 4% higher at RM938.0 million (2012: RM903.5 million) with increases coming from the non-concession segment. Property Division's revenue for the half year of RM307.7 million was 38% better on account of higher progress billings and the sale of a corporate lot. The Heavy Industries Division's revenue for the 6-month period of RM731.0 million was 22% better than the corresponding period last year, on higher progress of work from the Littoral Combat Ship project.

The Group's cumulative pre-tax profit of RM268.0 million for the half year was lower than the gain of RM302.3 million for the previous year. For the 6-month period, the Plantation Division contributed a lower pre-tax profit of RM16.0 million (2012: RM112.4 million) as it was once again affected by the dipping CPO prices. The average CPO price realised for the half year was RM2,328 per MT, a decrease of RM862 or 27% against last year's corresponding period's average of RM3,190 per MT. At the same time, lower FFB crop totalling 485,346 MT which was 4% short of the previous year had also impacted the Division.

17. Performance Review (Cont'd.)

The Property Division was the biggest contributor to the Group, delivering a pre-tax profit of RM76.9 million for the 6-month period, marking a 38% increase compared with last year's profit of RM55.6 million. The Division's strong results were attributed to the sale of a corporate lot in Mutiara Damansara, Selangor in addition to increased progress billings from property development projects as well as a gain of RM15.0 million (2012: RM25.5 million) from the disposal of an investment property.

The Pharmaceutical Division reported a pre-tax profit of RM32.1 million, a drop compared with last year’s corresponding period mainly as a result of reduced sales from the Division's concession business, provision for doubtful debts and the drop in production volume.

The Trading & Industrial Division achieved a pre-tax profit of RM64.4 million, an improvement compared with the gain of RM63.2 million for the same period last year despite sluggish sales in the building materials segment. This was primarily due to the 12% increase in profit from BHPetrol as a result of higher sales volume and a gain from sale of a property.

The Heavy Industries Division registered a turnaround during the half year, recording a pre-tax profit of RM29.2 million (2012: loss of RM33.4 million). The heavy engineering segment registered a profit during the period under review, as its performance was no longer impacted by costs from the old shipbuilding projects. Another positive factor for the improved bottom line was the higher progress achieved on the Littoral Combat Ship (LCS) project. MHS Aviation had turned in a pre-tax profit of RM14.6 million (2012: RM12.0 million) for the half-year on lower maintenance cost.

The Finance & Investment Division posted a cumulative pre-tax profit of RM49.4 million for the half year, largely consistent with the result for the same period last year. The Affin Group contributed significantly towards the Division’s bottom line, recording a pre-tax profit of RM422 million (2012: RM409 million), while Associate Cadbury also achieved satisfactory results on improvement in both revenue and margins.

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

The current quarter’s pre-tax profit of RM93.1 million was lower than the preceding quarter’s result of RM174.9 million.

The Plantation Division posted a deficit of RM14.9 million for the current quarter, as opposed to the preceding quarter’s surplus of RM30.9 million, attributable mainly to the decline in FFB crop and higher estate costs particularly on manuring. FFB production for the current quarter of 226,952 MT fell 12% from the preceding quarter's crop of 258,394 MT. The average CPO price realised for the second quarter of RM2,321 per MT was also marginally lower than the preceding quarter’s average of RM2,334 per MT.

The Trading & Industrial Division’s pre-tax for the current quarter of RM34.5 million was higher than the preceding quarter's profit of RM29.9 million reflecting the gain from the sale of land. The Property Division’s profit for the current quarter had improved to RM43.6 million (Preceding quarter: RM33.3 million) as the bottom line was bolstered by the gain from sale of an investment property. The Pharmaceutical Division’s profit for the current quarter was lower at RM2.5 million (Last quarter: RM29.6 million) mainly due to a 13% drop in sales and the under-absorption of manufacturing overheads.

The Heavy Industries Division's profit for the current quarter was lower at RM3.2 million (Preceding quarter: RM26.1 million). Compared to the preceding quarter, the profit contribution from LCS project and MRO related activities had improved by about 25% in tandem with the progress of work. On the other hand, the air transportation and support services segment under MHS Aviation reported a deficit of RM5.6 million (Preceding quarter: profit of RM20.2 million) on lower revenue and higher depreciation and funding cost on 2 new aircraft, while the preceding quarter’s result had benefited from the profit from sale of aircraft.

19. Prospects for the Year

The global economic outlook continues to be challenging on lingering fears over the liquidity crunch in China and uncertainty over the US Federal Reserve's plans to roll back its quantitative easing (QE) stimulus. On the domestic front, the Malaysian economy is expected to be helped by the supportive government policy measures and ETP initiatives.

Price outlook for CPO for the remainder of the year will likely be sluggish, in tandem with the global decline in commodity prices due to jitters over the eventual unwinding of QE stimulus. While CPO stockpile may have fallen, weak demands may exert downward pressures on CPO prices.

The MOH concession business will be the main growth driver to boost the Pharmaceutical Division's earnings, while the recently awarded European Union (EU) certification would open up opportunities for contract manufacturing projects from multinational companies in the EU.

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 Littoral Combat Ship project and the on-going MRO activities.

The diversified nature of the Group's businesses in six segments of the Malaysian economy augurs well for the Group, and would enable the Group to deliver a satisfactory set of results for the year under review.

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 Period 2013 RM million	Cumulative Period 2013 RM million
Malaysian taxation based on profit for the period:		
- Current	23.5	61.8
- Deferred	(3.8)	3.5
	19.7	65.3
Over provision of prior years	(1.3)	(6.1)
	18.4	59.2

The Group's effective tax rate for the current quarter is lower than the statutory tax rate mainly due to the utilisation of previously unrecognised tax losses and capital allowances, while certain income is not subject to income tax, while certain expenses are non-deductible for tax purposes.

22. Corporate Proposals - Status

(i) On 16 July 2013, the Company's wholly owned Subsidiary Boustead Plantations Berhad (BPB) issued a letter to the Board of Boustead REIT Managers Sdn Bhd (Manager) and CIMB Islamic Trustee Berhad (Trustee), being the manager and trustee of Al-Hadharah Boustead REIT (BREIT) respectively, to notify that BPB intends to convert the BREIT from being a collective investment scheme to a private property trust.

In this regard, BPB had requested the Manager to undertake the redemption of all undivided interest in BREIT as constituted by the Trust Deed (Units) held by the fund's unitholders (save and except for the Units held by BPB) on the basis of a cash repayment of RM1.90 per Unit to the fund's unitholders (excluding BPB) (Proposed SUR) and a proposed special dividend of RM0.20 per Unit to all unitholders (including BPB) of the fund (Special Dividend). The cash payment under the Proposed SUR and the Special Dividend will collectively amount to RM2.10 per Unit.

The Proposed SUR and the Special Dividend are inter-conditional, and the completion of these proposals is subject to the approval of the shareholders of BHB and the BREIT's unitholders.

(ii) Pharmaniaga had entered into a joint venture agreement (JVA) with Modern on 20 May 2013 to form and operate a joint venture limited liability company (JV Company) in the Kingdom of Saudi Arabia (KSA). Upon incorporation of the JV Company, each Party will have a 50% equity interest in share capital of the JV Company.

(iii) The Group's Subsidiaries Astacanggih Sdn Bhd and Bakti Wira Development Sdn Bhd entered into an agreement with a third party to acquire 200 acres of development land located in Bukit Raja (Land Acquisition), Klang, Selangor for a total cash consideration of RM130 million. The land will be acquired free from all charges, liens and encumbrances with vacant possession, and the completion of the Land Acquisition is subject to the approvals of relevant authorities.

(iv) On 2 April 2013, a Memorandum of Understanding (MOU) was entered into by Pharmaniaga Berhad and Glenn Rahyu Adli Ariff and Sutjipto Tjengudororo and Hendrijanto Surjosuseno in relation to the proposed acquisition of 40,000 ordinary shares in PT Errita Pharma (PTEP) representing the entire issued and paid up share capital of PTEP. Under the MOU, Pharmaniaga will take up a 75% stake in PTEP.

There were no other corporate proposals announced or pending completion as at 21 August 2013.

23. Changes in Material Litigations

In respect of the litigation referred to in Note 35(b) of the FY2012 annual financial statements, the Federal Court had on 25 July 2013 dismissed with costs of RM20,000 Meridien's application for leave to appeal to the Federal Court against the Court of Appeal's decision.

As at 21 August 2013, 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 2012.

24. Earnings Per Share - Basic

	Current Period		Cumulative Period	
	2013	**2012**	**2013**	**2012**
Net profit for the period (RM million)	**61.2**	43.7	**161.1**	188.3
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)	**5.92**	4.23	**15.58**	18.21

25. Group Borrowings and Debt Securities

Total group borrowings as at 30 June 2013 are as follows:-

	30.6.2013 RM million	31.12.2012 RM million	1.1.2012 RM million
Non-current:		(Restated)	(Restated)
Term loans			
- Denominated in US Dollars	**27.8**	29.8	71.1
- Denominated in Indonesian Rupiah	**40.4**	36.4	37.3
- Denominated in RM	**1,573.7**	1,607.9	749.3
	1,641.9	1,674.1	857.7
Asset-backed bonds	**895.9**	895.5	-
Bank guaranteed medium term notes	**997.5**	838.7	674.1
	3,535.3	3,408.3	1,531.8
Less: repayable in 1 year	**770.0**	726.1	372.5
	2,765.3	2,682.2	1,159.3
Current:			
Bank overdrafts	**27.5**	50.2	50.3
Bankers' acceptances	**262.3**	308.0	367.0
Revolving credits			
- Denominated in US Dollars	**36.4**	34.9	36.2
- Denominated in RM	**3,333.0**	2,808.2	3,103.4
Short term loans	**770.0**	726.1	372.5
	4,429.2	3,927.4	3,929.4
Total borrowings	**7,194.5**	6,609.6	5,088.7

26. Retained Earnings

	30.6.2013 RM million	31.12.2012 RM million	1.1.2012 RM million
Total retained earnings of Boustead Holdings Berhad and its Subsidiaries			
Realised	**2,202.9**	2,235.1	2,236.1
Unrealised	**292.4**	299.3	237.0
	2,495.3	2,534.4	2,473.1
Total share of retained earnings of Associates			
Realised	**730.5**	648.4	580.8
Unrealised	**48.2**	53.9	7.6
	3,274.0	3,236.7	3,061.5
Consolidation adjustments	**(1,027.4)**	(994.9)	(851.0)
Total retained earnings of the Group as per consolidated accounts	**2,246.6**	2,241.8	2,210.5

27. Additional Disclosures

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

	Current Quarter		Cumulative Quarter	
	2013 RM million	2012 RM million	2013 RM million	2012 RM million
		(Restated)		(Restated)
Depreciation and amortisation	**68.1**	65.0	**133.7**	122.1
Provision for and write off of receivables	**7.3**	0.9	**14.2**	11.7
Provision for and write off of inventories	**3.5**	0.5	**4.2**	1.3
Gain on disposal of a Subsidiary	**-**	(7.7)	**-**	(7.7)
Gain on sale of quoted and unquoted investments	**(1.0)**	-	**(1.0)**	(0.7)
Gain on disposal of properties	**(23.8)**	(14.7)	**(23.8)**	(40.2)
Stockholding loss	**4.8**	19.9	**1.4**	8.0
Foreign exchange loss	**3.9**	10.0	**4.2**	3.4
Net fair value gain on derivatives	**(2.3)**	(8.4)	**(1.7)**	(2.8)

28. Plantation Statistics

		Cumulative Period	
		2013	**2012**
(a)	**Planted areas (hectares)**		
	Oil palm - prime mature	**55,468**	54,741
	- young mature	**7,601**	8,036
	- immature	**5,459**	5,598
		68,528	68,375

* Includes 19,945 hectares leased from Al-Hadharah Boustead REIT.

		Cumulative Period	
		2013	**2012**
(b)	**Crop production (MT)**		
	FFB	**485,346**	505,077
(c)	**Average selling prices (RM per MT)**		
	FFB	**469**	680
	Palm oil	**2,328**	3,190
	Palm kernel	**1,143**	1,869

29. Economic Profit

	Cumulative Period	
	2013	**2012**
	RM million	**RM million**
For the period ended 30 June	**(37.8)**	(67.2)

30. Headline KPIs

	2013 (6 month) Actual	**2013 (12 months) Target**
Return on Equity (ROE)	3.5%	9.5%
Return on Assets (ROA)	2.8%	6.5%