Boustead Holdings Berhad 3871-H

(A member of LTAT Group)

Integrity

Towards Excellence

annual report 2013

rationale

We have been growing as a Group, expanding our vast portfolio of investments. To accomplish this, we are driven by a strong principle of integrity accompanied by a deep sense of delivering excellence in the work that we do. The cover design mirrors this commitment, as the clean visual encapsulates our dedicated focus to our philosophy of Integrity Towards Excellence.

inside this report

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_At a Glance

Revenue RM 11.2 billion	Profit Before Tax RM 708 million	Profit After Tax RM 560 million	EBITDA RM 1.3 billion
• Significant 14% increase year-on-year.	• 19% year-on-year increase.	• Achieved, due to our diverse investments.	• 11% of revenue.
CAPEX & Acquisition RM 1.0 billion	Total Assets RM 15.1 billion	Employees 16,135	Dividend 30 sen
• Propelling organic and inorganic growth.	• 10% growth year-on-year.	• Strong talent pool.	• 5.3% yield on closing price at year end.

Our Prime Assets

- Pharmaniaga, Malaysia's largest listed integrated pharmaceutical group.
- BHPetrol, Malaysia's only other national retail petroleum network.
- The Royale chain of hotels, a leading hotel chain in Malaysia.
- University of Nottingham Malaysia Campus, a top private university in Malaysia.
- MHS Aviation, a leading provider of air transportation to the oil and gas sector.
- Boustead Naval Shipyard, Malaysia's leading solutions provider for naval vessels.
- Mutiara Rini, an award winning developer expanding its reach to Cochrane.
- Portfolio of prime investment properties and plantation assets.

About Us

Today, the Boustead Group stands strong with a vast array of investments across several industries in the Malaysian economy. Our businesses range from plantation, property, finance & investment, pharmaceutical, trading & industrial as well as heavy industries.

With a rich history of well over 180 years, we are at the forefront of multiple sectors, delivering value to our clientele and contributing to nation building. Our talent pool is in excess of 16,000 employees, from listed and non-listed subsidiaries. The Group's total assets amount to over RM15.1 billion and shareholders' funds stand at RM5.2 billion at the close of the financial year. The Boustead Group is honoured to be part of the stable of investments of Lembaga Tabung Angkatan Tentera, one of the foremost provident funds in Malaysia.

_Our Core Business

PLANTATION DIVISION

The Plantation Division is primarily involved in the cultivation of oil palm and the processing of crude palm oil. Over the years, this Division has also made its mark as a frontrunner in the research of oil palm tissue culture and genetics.

PROPERTY DIVISION

The Property Division is involved in the development and investment of properties, management of projects and properties and hotel operations. Reflecting its active participation in the property sector, it has an extensive portfolio which includes popular residential and commercial developments as well as a successful chain of hotels.

PHARMACEUTICAL DIVISION

The Pharmaceutical Division is driven by its core businesses, namely the manufacturing of generic pharmaceutical products, research and development, marketing and sales, warehousing, logistics, distribution of pharmaceutical and medical products as well as supply, trading and installation of medical and hospital equipment.

HEAVY INDUSTRIES DIVISION

The Heavy Industries Division is involved in the marine sector both from a commercial as well as a naval perspective. This encompasses shipbuilding, fabrication of offshore structures as well as the restoration and maintenance of vessels and defence-related products. The Division also has investments in the oil and gas and aviation sectors.

TRADING & INDUSTRIAL DIVISION

The Trading and Industrial Division owns and operates Malaysia's only other national retail petroleum network. This Division also engages in manufacturing and distribution of building materials.

FINANCE & INVESTMENT DIVISION

We have a strong portfolio of businesses within this Division, propelled by our investments in consumer banking, investment banking, Islamic banking and insurance. The Division also has investments in education, travel and shipping services as well as fast-moving consumer goods.

_Chairman's Statement

GEN. TAN SRI DATO' MOHD GHAZALI HJ. CHE MAT (R)
Chairman

Dear Shareholders,

Our mandate has remained resolute, which is to enhance and unlock the value of our diversified business streams in order to sustain profitability. This was all the more apparent during 2013 as we undertook a major corporate exercise, leveraging on our strengths while growing organically. On this score, your Group was able to deliver a higher profit before tax of RM708 million.

I am pleased to present to you our annual report for the financial year ended 31 December 2013.

Mutiara Rini Township, Johor

ECONOMIC LANDSCAPE

The global economy remains fragile. Parts of the Eurozone are still struggling from the previous years' financial crisis, while the United States of America is beginning to see early signs of a mild recovery. Asia, particularly China, continues to chug along albeit at a gradual pace.

The economic health of our nation remains intact as gross domestic product grew to 4.7% in 2013, primarily due to heightened private sector demand and improved exports. Domestic demand was a key driver during the year, along with robust private consumption and investment. This was supported by ongoing initiatives under the Government's Economic Transformation Programme, which is gaining momentum as our economy strengthens.

Although the major economic sectors remained resilient, growth was moderated by a weaker performance in the commodities sector as a result of lower production of rubber, palm oil and crude oil, which had an impact on businesses related to these sectors.

FINANCIAL PERFORMANCE

The Group registered a strong performance with a profit after tax of RM560 million for the year under review. The key contributor was the Property Division followed by the corporate exercise which unlocked gain for the Group. The other Divisions performed fairly, despite challenges in their various segments.

Earnings per share ended at 46 sen and net assets per share was RM5.06. Shareholders' funds stood at RM5.2 billion as at year end.

DIVIDEND

It is our intention to ensure that our loyal shareholders are rewarded with positive yields. This commitment is reflected in our dividend policy to deliver enhanced shareholder value via strong dividends.

The Group's dividend was 30 sen per share, a 5.3% yield based on the closing price for the financial year. To date, dividends totalling 22.5 sen have been paid out to shareholders. The remaining 7.5 sen will be paid on 31 March 2014 to shareholders on the register as at 17 March 2014.

We are fully supportive of the Government's objective to produce a highly skilled workforce, on par with international standards.

HUMAN CAPITAL

As we grow, we are cognisant of the importance of strengthening our existing workforce in order to propel the Group forward. We are fully supportive of the Government's objective to produce a highly skilled workforce, on par with international standards, to cater to the demands of Malaysia's expanding job market. This drive to elevate our nation's talent base is also clearly indicated as one of the key thrusts in the 2014 National Budget announcement, 'Inculcating Excellence in Human Capital'.

In line with this, as one of Malaysia's leading conglomerates, we have gone to great lengths to implement comprehensive human capital development initiatives on a holistic scale, balancing skills and capabilities with our core values and competencies. We remain dedicated to developing our talent pool, ensuring we are well prepared for the opportunities that lie ahead as we move up the value chain.

OUTLOOK

Initial signs for 2014 indicate a mildly improving global economy which should augur well for Malaysia. Fiscal discipline for the nation both from a Government and household perspective would be the order of the day in 2014. This will have a chain reaction on most of our businesses.

We are optimistic that there will be organic growth within our Divisions in the year ahead. Nevertheless, prudence and a stronger resolve will be needed for us to keep our targets in sight. We will be focused on exploring growth opportunities with a view to realising the Government's vision of a high-income economy.

ACKNOWLEDGEMENT

I would like to convey my sincere gratitude to our Board members for their invaluable expertise and guidance in steering the Group in the right direction. My deepest appreciation to our management and staff for their hard work and determination. Their ability to consistently rise to the occasion, regardless of what challenges we may face, is what enables us to move forward and stay ahead.

I would also like to thank our major shareholder, Lembaga Tabung Angkatan Tentera for their trust in us, along with our shareholders, financiers, business associates, consultants and the regulatory authorities for their support in helping us weather another year.

GEN. TAN SRI DATO' MOHD GHAZALI HJ. CHE MAT (R)
Chairman

3 March 2014

_Chief Executive's Review

Dear Shareholders,

We have once again proven our mettle by delivering strong financial results, both bottom and top line. Our core businesses remain intact, with robust growth from some Divisions while most other Divisions contributed positively.

We undertook a major corporate exercise during the year which has already benefitted our bottom line. This initiative complemented by organic growth has enabled the Boustead Group to weather volatile global economic patterns as well as the changing domestic landscape.

TAN SRI DATO' SERI LODIN WOK KAMARUDDIN
Deputy Chairman/Group Managing Director

FINANCIAL PERFORMANCE

We delivered a strong profit before tax of RM708 million. This includes a one-off gain of RM137 million from the privatisation of Al-Hadharah Boustead REIT. For the year under review, we recorded a revenue of RM11.2 billion, a 14% increase from the previous year. Leading in profit contribution was our Property Division, followed by Trading & Industrial, Plantation, Finance & Investment and Pharmaceutical. The Heavy Industries Division was weighed down by a deficit of RM89 million due to a downward revision in profit margin for the Littoral Combat Ship project and cost overruns from ship repair projects.

Our financial health is strong and poised to grow even further, as the Group's best years are still ahead. Our balance sheet is in a good position, with shareholders' funds in excess of RM5.2 billion.

As a conglomerate, we apply equal and urgent attention to each of our investments to ensure that they contribute to our bottom line. On this score, our profit after tax came in at RM560 million, a 12% increase compared with 2012. On the back of these fundamentals, our shareholders have benefitted from another year of attractive dividends. Total dividend for the year is 30 sen per share, representing a total payout of RM310 million. Our gearing ratio is 1.1 times compared with 1.2 times in the previous year. Strong cash flows, sustained profits and growing turnover are cornerstones for a healthy company, and these attributes resound strongly within your Group.

Reflective of our performance, we met all our KPIs for the year.

KPI	Actual	Target
Return on Equity	9.7%	9.5%
Return on Asset	6.7%	6.5%
Dividend	30 sen	30 sen

Our Divisions have performed well organically. The star for the year was the Property Division which delivered a solid profit of RM215 million, a 34% increase from the previous year. The Division's profit contribution to the Group was 30%.

The Trading & Industrial Division saw a minor dip in profit to RM140 million, as a result of a lower gain on disposal of property. Despite this, we experienced strong growth led by Boustead Petroleum Marketing Sdn Bhd (BHPetrol) due to higher sales volume. The Division contributed 20% to the Group's profit.

The Plantation Division recorded a profit of RM131 million, representing a contribution of 19% to the Group. Admittedly, the Division was impacted by commodity prices which had a knock-on effect on the bottom line.

The Finance & Investment Division performed well, contributing 15% to the Group's profit. The key contributor to the Division was the Affin Group which Boustead has a 21% stake in.

The Pharmaceutical Division recorded a profit of RM71 million, representing a contribution to the Group's bottom line of 10%. Despite the minor drop in profits, the Division is broadening its prospects, given the contribution to its profitability from strong growth in its non-concession business.

The Heavy Industries Division was impacted by a downward revision of profit margin for the Littoral Combat Ship project. We maintain that once this project shifts into full gear, the Division should be able to contribute to the Group's bottom line.

CORPORATE INITIATIVES

It was a historical year for us as we undertook the privatisation of Al-Hadharah Boustead REIT. We also had the honour of being the key proponent in Malaysia's only Islamic plantation REIT.

With the privatisation exercise, we were able to unlock value for the Group as we net a gain of RM137 million for the year under review. As we have communicated many times before, our vision is to unlock value, be it organically or inorganically. The privatisation is a reflection of a successful exercise in unlocking value.

An artist's impression of the Cochrane development

Our listed subsidiary, Pharmaniaga Berhad, sought to improve the liquidity of its shares via a share split exercise which was completed during the year. This entailed the subdivision of every one existing ordinary share of RM1 each into two ordinary shares of 50 sen each. In tandem with this, Pharmaniaga also concluded a bonus issue of new ordinary shares on the basis of one bonus share for every ten subdivided shares held.

We are firm believers that our balance sheet must at all times work positively for us. On this premise, we undertook a major fundraising exercise involving the establishment of a Junior Islamic Medium Term Note Programme of up to RM1.2 billion in nominal value. The programme is unique, as it entails the issuance of hybrid equity in the form of perpetual Junior Sukuk. This is indeed timely as the Group will be able to raise required funds as and when appropriate opportunities present themselves.

Over the years we have taken great pains to improve our corporate structure, particularly our varied investments. Our rule of thumb is not a complicated one – if an investment has potential, we will commit to re-invest in it. However if a particular investment does not have the potential to improve and contribute to our bottom line in the long run, we will dispose of it. Towards this end, we have divested our stake in Asia Smart Cards Centre Sdn Bhd and closed down Boustead Emastulin Automobile Sdn Bhd.

In addition, as part of our efforts to improve performance and enhance efficiencies, we are scaling down the operations of some of the Group's smaller less profitable companies. We will continue to review this and divest in companies that see persistent losses or poor prospects. This is an ongoing exercise that we will undertake to ensure that all our investments remain meaningful.

OUTLOOK

The coming financial year holds much potential. We will undertake a significant corporate exercise with the listing of Boustead Plantations Berhad. We are actively working to meet internal deadlines and all regulatory requirements, and we are optimistic that this will see the successful listing of another listed subsidiary in our fold. We are confident that this exercise will expand the Group's prospects in the plantation sector, what more given our vast experience and strong track record in managing plantation assets.

_Chief Executive's Review

Though the plantation sector was impacted by depressed crude palm oil (CPO) prices in 2013, this was tempered in the last quarter of the year as CPO saw a gradual recovery which continued into the new year. Prospects are more optimistic for 2014 as market conditions have improved on the back of higher biodiesel mandates in Malaysia and Indonesia and a slump in palm oil stocks, which are expected to shore up CPO prices.

The property sector performed well in 2013. The new Real Property Gains Tax (RPGT) regime which takes effect 1 January 2014 and other cooling measures will have implications for the property sector in 2014 and beyond. We are confident that this will prove to be a move in the right direction for the industry, ensuring stable growth via proper fiscal management. The Government's intention to increase RPGT, particularly for gains on properties disposed within three years to 30%, should temper speculative buying especially in popular areas.

With this promising backdrop, the Property Division will remain a strong driver of growth for the Group as we move forward. Our Jalan Cochrane property development project has taken off, with construction having commenced in 2013. Targeted for completion by 2016, this will ensure the long-term sustainability of this Division with the establishment of a mixed development comprising retail, residential and commercial properties in a prime location in the heart of Kuala Lumpur.

In addition, we believe that the Government's initiative to promote the hospitality sector via the extension of the application period for Pioneer Status and Investment Tax Allowance incentives for another three years will have a positive bearing in terms of encouraging investments, particularly in new four and five-star hotels. We are confident that our chain of hotels will be able to reap the benefits of this.

In order to capitalise on Malaysia's booming healthcare industry, our Pharmaceutical Division is taking steps to expand the non-concession business which holds vast potential for growth. At the same time, we are pursuing new opportunities with the launch of our retail pharmacy business, RoyalePharma Pharmacy. With the success of our flagship outlet, we intend to expand and open more outlets in order to capture a wide network of consumers.

In our Trading & Industrial Division, BHPetrol has plans in the pipeline to grow its retail network with additional service stations. In line with these ongoing expansion efforts, four new stations have been completed and are set to open in the first quarter of 2014.

At our Finance & Investment Division, the Affin Group is optimistic that it will be able to complete the acquisition of HwangDBS Investment Bank Berhad by the second quarter of 2014, which will certainly bring about multiple benefits, enabling this financial services group to strengthen its position and improve its product offerings, while broadening its market base. We are confident that our other investments in this Division will support the growth of the Group as well.

The Heavy Industries Division will see better contributions as it progresses in the Littoral Combat Ship project. These initial phases are indeed crucial, as foundational and design elements must be exact and rigorous before proceeding to the fabrication stage.

With 2013 concluded, shareholders should take heart that despite the economic challenges and exceptionally volatile market conditions, your Group has worked hard to deliver impressive results. As we look to 2014, we will apply the same verve in order to keep up this momentum. Of course we are certain there will be challenges; what is important is how we overcome them and thrive in a competitive market, even with external and internal forces weighing down on our prospects.

We hope you will find the following pages informative as we review the six Divisions. Furthermore, given our role as one of the leading Government-linked companies in Malaysia, we are steadfast in our efforts to contribute to society. A summary of our corporate social responsibility initiatives is detailed herein, reflecting our dedication towards building a better nation for all Malaysians.

As we forge ahead, we remain dedicated in our commitment to deliver growth to our shareholders. To this end, we will not waver in our pursuit to unlock our potential and add value to our diverse stable of businesses.

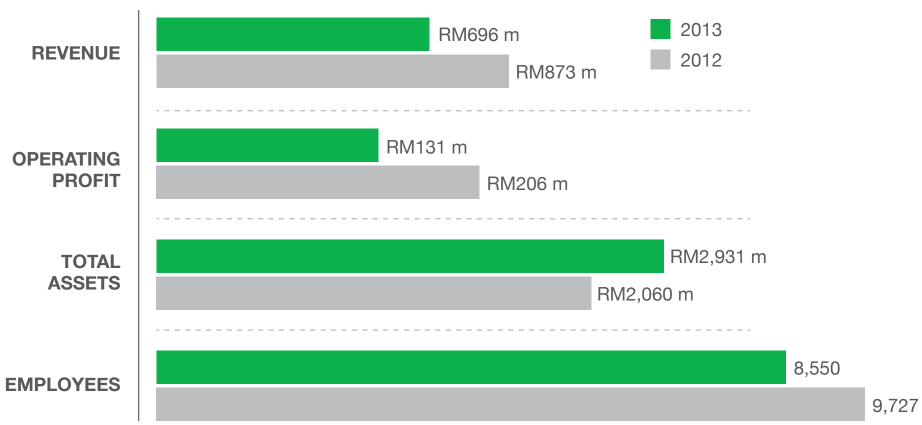
TAN SRI DATO' SERI LODIN WOK KAMARUDDIN
Deputy Chairman/Group Managing Director

3 March 2014

In Plantation

Our plantation assets provide a solid earnings base for the Group. Our upstream activities are located in Peninsular and East Malaysia. The Division also invests in substantial research and development with the aim of achieving higher yields.

PLANTATION DIVISION



REVENUE

RM 696 million

PROFIT BEFORE TAX

RM 131 million

The Plantation Division experienced a challenging year in 2013 impacted by depressed crude palm oil (CPO) prices and lower production which had a knock-on effect on profitability.

These conditions resulted in an operating profit of RM131 million for the year under review, a reduction from RM206 million in the previous year. Emphasising this point, our average CPO price for 2013 was RM2,353 per metric tonne (MT), a 19% dip from last year, while the average palm kernel price declined to RM1,284 per MT.

MARKET REVIEW

Commodities in general and CPO particularly bore the brunt of fickle world economic growth. This took centre stage as CPO prices were hit in the first three quarters of the year, trading within a narrow range of RM2,230 to RM2,485 per MT.

Negative factors that pulled down CPO prices included the abolishment of the duty-free CPO export quota along with historically high palm oil stocks. With global stocks reaching a record 11.6 million MT as of 1 January 2013, these burgeoning levels could not be absorbed by the market, particularly due to sluggish biodiesel production in several countries. Meanwhile, the global economic slowdown affected vegetable oil demand, which subsequently caused downward pressure on CPO prices.

Towards the tail end of 2013, CPO prices rebounded. Demand picked up due to lower than expected palm oil production in Indonesia, coupled with aggressive domestic mandates for palm biodiesel by Indonesia and Malaysia. Furthermore, the prospect of lower palm oil stocks drove CPO prices up to RM2,680 per MT in the fourth quarter. Albeit this positive turn of events, it was too late to prevent a drop in the Division's average CPO price for the year under review.

ESTATES AND MILLS

The combined land bank of the Group currently stands at 82,900 hectares (ha), compared with 80,600 ha in the previous year. The increase in land bank was mainly due to the acquisition of an oil palm plantation estate in Sabah. Total planted area under oil palm cultivation is 70,300 ha, comprising 65,000 ha of mature fields and 5,300 ha of immature fields.

Fresh fruit bunches (FFB) production was 1,043,000 MT, a 5% reduction from 1,100,000 MT in the previous year. The average FFB yield was 16.6 MT per ha (2012: 17.5 MT). Our Peninsular estates saw yields averaging at 19.9 MT per ha, a 5% decline from last year (2012: 20.9 MT). This was mainly due to a cyclical downtrend in yield which impacted the northern estates. Our Sabah estates recorded fair yields averaging at 17.4 MT per ha (2012: 17.2 MT).

Meanwhile, our Sarawak estates recorded low yields with an average of 11.4 MT per ha (2012: 13.6 MT). The Sarawak region was weighed down by disturbances in harvesting operations by land owners in Kelimut and Maong, as well as the native community in Bukit Limau.

The increase in land bank was mainly due to the acquisition of an oil palm plantation estate in Sabah.

_Chief Executive Review

The new tilting steriliser installed in Segaria Palm Oil Mill in Sabah

Utilisation of the Cantas cutter

Our ten palm oil mills processed a total of 1,142,000 MT of FFB (2012: 1,204,000 MT). The average oil extraction rate (OER) was 20.9% (2012: 20.8%) and the average kernel extraction rate was 4.6% (2012: 4.7%). The highest OER recorded for the year was at the Sungai Jernih palm oil mill with 23.4%, while the top performer in Sabah was the Segaria palm oil mill with 22.3%.

Palm oil production cost was RM1,436 per MT (2012: RM1,456) and FFB production cost was RM295 per MT (2012: RM302). The drop was due to cost optimisation measures, coupled with lower fertiliser prices. This enabled us to minimise the gap in terms of operational costs on a year-on-year basis. Milling cost for the year was slightly higher at RM59 per MT (2012: RM55).

We remain committed in our drive to improving production efficiency and minimising operating costs. In line with this, during the year we successfully commenced operations of a tilting type steriliser in our Segaria palm oil mill, which will facilitate the reduction of labour and operational costs.

We pursued mechanisation efforts via handheld motorised FFB cutters or CANTAS to harvest FFB from palms below 15 years of age. This has enhanced the productivity of our harvesters and reduced dependency on harvesting labour, resulting in an improved land labour ratio of 35 ha per harvester compared with 18 ha per harvester. In tandem with these efforts, we have integrated the use of motorised FFB cutters with mechanical bin system for evacuating FFB from the fields to the mills. Currently the use of CANTAS is restricted to flat and undulating terrain.

In addition, we have utilised 60 units of graphite harvesting poles to harvest taller palms which exceed a height of 14 metres, improving productivity by 15%. This is currently being assessed for wider application. We have also implemented mechanical fertiliser spreaders for manuring suitably undulating mature areas. We are also utilising control droplet applicators along with power sprayers for control of weeds, pests and diseases.

To enhance our yields we utilised the BAAR-MIS Map Management System, a proprietary decision making tool developed to improve productivity and operational efficiency. Its functions include the management of harvesting frequency, crop evacuation, manuring, circle spraying and weeding. We replanted 1,672 ha using clonal and semi-clonal planting materials as part of our yield improvement efforts.

We are cognisant that sustainable agricultural practices are critical to the long-term growth of our plantation business. To this end, we have retained our Roundtable of Sustainable Palm Oil (RSPO) certification status for our Sungai Jernih Business Unit, which to date has produced and sold approximately 3,442 MT of certified sustainable palm oil amounting to 18.5% of its CPO production. We are in the process of obtaining RSPO certification for our Nak Business Unit in Sandakan, Sabah, which is expected to be granted in 2014.

In support of the Government's objective to reduce carbon emissions as one of the Entry Point Projects under the Economic Transformation Programme, we have kicked off efforts to commence construction of our first biogas plant in our Telok Sengat palm oil mill in 2014, with the ultimate objective of installing biogas plants in all our palm oil mills by 2020. These will be utilised to fuel our biomass boilers and generate electricity in an energy efficient, environmentally friendly manner.

At the same time, our Group Engineering Department (GED) provided services for construction of new palm oil mills, mills upgrading, palm oil mill engineering services and audit visits for own mills as well as for external clients. Our strong track record and reputation in the industry has enabled GED to successfully secure consultancy services for the construction of two new palm oil mills with a milling throughput of 40 MT of FFB per hour each. These mills are expected to be completed and commissioned in 2015 and 2016 respectively.

RESEARCH AND DEVELOPMENT

Our Research and Development (R&D) initiatives are driven by Applied Agricultural Resources Sdn Bhd (AAR), an associate research arm which provides valuable expertise in developing improved oil palm planting materials, as well as enhancing productivity and efficacy of planting practices.

Significant progress was undertaken in determining the effectiveness of micro-organisms in improving fertiliser efficiency, nutrient uptake, disease control, growth and productivity of oil palms. These measures will assist in reducing nutrient losses in mature palm areas and replanting operations. In ensuring a holistic approach to improving agronomic practices, a study of the plantation ecosystem was undertaken, involving the collection of 500 species of insects to investigate amongst others environmentally friendly and cost-effective pest control measures.

Advances were made in the ongoing research to eradicate Ganoderma disease in mature palms, including the use of microbial candidates to deter the infection, as well as early detection via an Electrical Impedance Tomograph (EIT).

We undertook investigation on field supervision via remote monitoring systems in order to pinpoint and identify problems. Unmanned aerial vehicles fitted with infrared cameras were utilised to gather extensive aerial information in a quick and efficient manner, with the aim of carrying out immediate corrective action.

The AAR oil palm breeding program continues to yield results with the production of the AA Hybrida I Semi-clonal planting material, an elite variety of AA Hybrida I, and the optimum planting density is being investigated. Meanwhile, the current AA Vitroa planting material produced by AAR's tissue culture laboratory, which is the sole ISO 9001:2008 certified oil palm tissue culture laboratory in Malaysia, remains a premium planting material with proven high oil extraction rates.

OUTLOOK

In reviewing vegetable oil trends over the last two years, it is our view that 2014 may be another challenging year for this commodity. The supply of 10 major oil seeds is expected to be sufficiently high in 2014. On this premise, it is likely that global vegetable oil prices will remain weak as supply outstrips demand, barring unpredictable adverse weather conditions which could affect harvests and yields of oilseeds. The fundamentals of oilseeds and vegetable oils are clearly bearish, mainly attributable to record high forecasts for the soybean crop harvest in South America, which is due to hit the market in early 2014. However, if the early current dry spell affecting soybean planting in Brazil and Argentina persists, yields might be affected.

Stock trends for CPO may take a different journey, as traditionally the early quarters of the year may benefit price trends. Another accompanying factor that might have a positive impact would be tighter controls on the use of trans-fats in the United States, which should shore up demand for CPO. Plans to ban artificial trans-fats in processed foods could strip away as much as 15% of the nation's edible soyoil demands and give way to alternative vegetable oils such as palm oil to replace the hydrogenated soyoil used in processed foods. Palm oil is regarded as an accessible alternative due to its ample availability, low cost and chemical stability.

Industry experts opine that the CPO market could see better days on the back of higher palm biodiesel use, fuelled by Malaysia and Indonesia's biodiesel policies. Soyoil was the leading feedstock in 2013, with approximately 7.1 million MT used for biodiesel, followed by palm oil with 6.3 million MT. Indonesia has raised its biodiesel blending mandate from 7.5% to 10% in 2014, which translates to a target of almost three million MT of biodiesel. This 10% blending requirement will be extended to non-subsidised fuel and industrial users, while power plants will be required to use a 20% blend.

Bunches derived from AA Hybrida IS breed

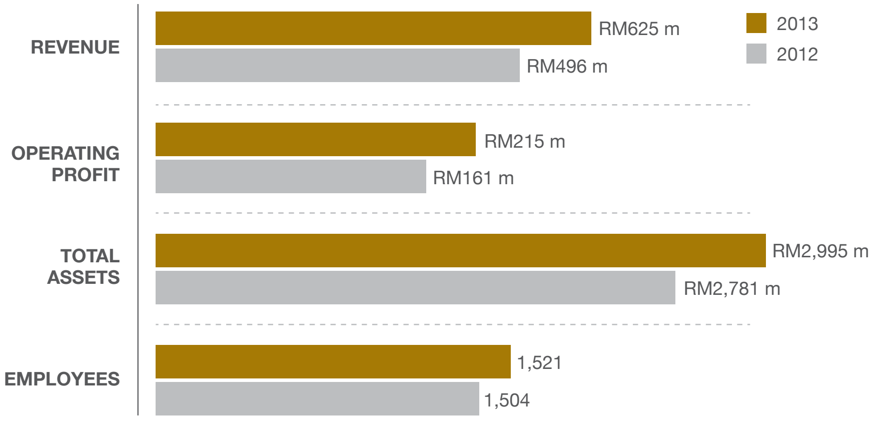
Malaysia may introduce a higher blending requirement of 7%, in a bid to whittle down palm oil stocks and cushion prices in the face of growing competition from edible oils. It is expected that domestic mandates for palm biodiesel in Indonesia and Malaysia will be effective as long as palm oil prices remain competitive with Brent crude prices.

We will monitor price trends and potential contributing factors that will influence these trends. Operationally, we will strengthen efforts to improve yields while keeping operating costs down. We have also put in place a firm strategy to manage the issues inherent in our Sarawak estates. Options are being studied with our joint venture partner Pelita, a Sarawak State Government Agency to revitalise the Kanowit project, which should have a positive bearing on our estates.

In Property

As a key participant in Malaysia's property sector, the Division has a firm footing in this highly competitive industry via its core activities, namely property investment, property development and hotel operations.

PROPERTY DIVISION




Surian
Tower

The Property Division performed exceptionally well in 2013, taking the lead in terms of profit contribution to the Group, registering a profit of RM215 million compared with RM161 million last year. These strong results were primarily due to the sale of corporate lots at our Mutiara Damansara development, as well as the disposal of 183 Ampang condominiums. We recorded a fair value gain of RM40 million from our investment properties in 2013. Additional compensation resulting from an appeal made on land compulsorily acquired by the Government added further to the Division's bottom line.

PROPERTY DEVELOPMENT

Our property development segment fared well in 2013, registering a profit of RM114 million, a substantial jump from RM45 million in the previous year. The results were mainly due to the successful completion of the sale of two corporate lots in Mutiara Damansara and strong take up of residential units at Taman Mutiara Rini, Johor.

To further enhance the appeal of Mutiara Damansara as a preferred corporate address and shopping destination, construction is also underway to put in place a new highway link from Penchala Link to Mutiara Damansara's corporate lots, which will enhance accessibility. Construction of the Mass Rapid Transit (MRT) public transportation system commenced during the year. The MRT will be located above Persiaran Surian and linked to Surian Tower, enroute to the Curve, Mutiara Damansara Commercial Centre and the corporate offices.

Our next property development project at Jalan Cochrane has kicked off successfully with the commencement of earthworks and sub-structure works of the shopping mall to be built here. This joint-venture development of the 18-acre shopping mall between Boustead and the Ikano Group is expected to be ready for shoppers by the third quarter of 2016. The shopping mall will be linked to an IKEA Home Furnishing Store. Apart from the shopping mall, Boustead will be developing residential and commercial properties in the surrounding land which the Group acquired in 2012.

In our flagship property development project in Johor, Taman Mutiara Rini, we kicked off the launch and balloting process for our affordable homes programme, officiated by the Menteri Besar of Johor, YAB Datuk Seri Mohamed Khaled Nordin. This comprises 1,055 units of affordable homes and low-medium cost houses. A portion of the homes have also been allocated for Armed Forces personnel. In addition, we launched a total of 521 units of mainly double storey terrace houses in Taman Mutiara Rini in 2013 and handed over 448 units of houses to purchasers.

Phase 2E3 Taman Mutiara Rini

REVENUE

RM **625** million

PROFIT BEFORE TAX

RM **215** million

Affordable homes programme, officiated by the Menteri Besar of Johor, YAB Datuk Seri Mohamed Khaled Nordin.

Street Clock @ the Curve

PROPERTY INVESTMENT

This segment recorded a profit of RM96 million compared with RM110 million in the previous year. A slightly lower gain in fair values of our investment properties accounted mainly for the 13% drop in profits. During the year, the disposal of our investment property, 183 Ampang condominiums was completed and this gave rise to the realisation of gains from the disposal. Our stable of office investment properties in Kuala Lumpur namely Menara Boustead, Menara Affin and Wisma Boustead continue to deliver handsome returns to the Division both from a rental income perspective in addition to appreciation in values via the recognition of fair value gains.

Despite the fact that the market has become increasingly saturated with shopping malls, particularly in the Klang Valley, our retail investment properties, the Curve and eCurve are very much well-patronised. This is reflected in the 6% and 13% increase respectively, in visitorships on a year-on-year basis, tracked by an application system known as CountIT, developed by Nortech International (Pty) Ltd.

We continue to refresh our tenant mix to enhance consumer appeal by introducing a variety of new outlets, from fashion and accessories to health and wellness, as well as home furnishings, food and beverage, and entertainment, amongst others. This comprised international as well as premium home-grown retailers who have opened up at the Curve, such as the first Johnny Rockets diner in Malaysia along with Victoria's Secret, Pandora, Inaho Sushi Japanese Restaurant and Lego Store.

New retailers at eCurve included NAV Family Karaoke, Pastryville Bakery, Uniqtee Concept Store, U Mobile and Escape Room.

Major events at the Curve and eCurve held throughout the year which pulled in shoppers included promotional campaigns during the various festive periods, namely Hari Raya Aidil Fitri, Chinese New Year and Christmas. Other annual core attractions that drew shoppers to our malls were Fashion Week, the CIMB Malaysian Open Squash Championship, BH Petrol Orange Run, Ministry of Defence Open Day, Festival Filem Malaysia, Anugerah Skrin Roadshow and the New Year's Eve Street Party and Fireworks display, which saw a substantial turnout.

In order to maintain its attractiveness with shoppers, a number of enhancement efforts were undertaken at the Curve. This included repainting of internal walls and ceilings, the commissioning of a clock tower at the street area and pylon signage at the food court. In addition, 113 units of dedicated single female and mothers with infants parking bays were completed, as well as two police beat bases. We also undertook the installation of mechanical and engineering work for new retail kiosks on the ground floor and first floor of the Curve. A series of other enhancement works were also completed including the refurbishment of the baby care room and installation of LED decorative lights along the building perimeter. At eCurve, a number of upgrading initiatives were completed including improvements to the existing restroom facilities and installing a new escalator from the ground floor to the basement shop floor to improve shopper traffic flow.

Bunga Emas Restaurant, The Royale Chulan Kuala Lumpur

Ice-skating rink, The Royale Chulan Damansara

HOTELS

In the midst of Malaysia's highly competitive hospitality industry, our stable of hotels was able to maintain profitability during the year. Our newly re-branded The Royale Chulan Damansara (previously The Royale Bintang Damansara Hotel), the only hotel in Malaysia with an ice-skating rink, generated strong revenue via its banqueting business. In a notable achievement, The Royale Chulan Damansara was awarded five-star rating from the Ministry of Tourism.

Our other five-star hotel which we manage, The Royale Chulan Kuala Lumpur, remained a prime venue for a number of prestigious conferences and events. This included the Armed Forces Anniversary Dinner and functions by Bank Negara Malaysia, the Attorney General's Chambers, the Malaysian Investment Banking Association and the Malaysian Bar Council. The hotel's fine-dining Malay restaurant, Bunga Emas, was also recognised for culinary excellence, receiving the award for Best Marketed Restaurant and Best Value Menu in The Malaysia International Gourmet Festival Awards 2013.

As part of our ongoing drive to raise the standard of our hotels, we completed the renovation of 364 hotel rooms in The Royale Bintang Kuala Lumpur. The remaining 36 rooms are due to undergo renovation in early 2014. Via its competitive pricing model and an internet-based sales strategy to maximise business volume, The Royale Bintang Kuala Lumpur generated strong room and revenue rates in 2013. In line with our enhancement efforts, all the rooms in The Royale Bintang the Curve were renovated as well, which has resulted in stronger occupancy rates.

The Royale Bintang Resort & Spa Seremban performed well with good room occupancy and average room rates. The robust meeting and convention banquet business of the hotel contributed to its profitability as well. We also improved the deluxe rooms via soft upgrades and the installation of new television sets.

OUTLOOK

Taking a long-term view, we are optimistic the Division is moving in the right direction vis-à-vis rapid changes taking place in the industry and heightened competition in our various business segments. The plans we have put in place will ensure sustainable growth both for the mid-term and long-term, taking cognisance of the challenges faced by the industry, including the re-introduction of property taxes, restrictions placed on foreign purchasers and stringent borrowing conditions.

Our focus is to continue with upgrading efforts in our investment properties, both commercial and retail. In the Klang Valley, the Jalan Cochrane development will contribute to the Group's earnings as this mixed development progresses.

Taman Mutiara Rini in Skudai, Johor, our flagship development since 1995 has developed into a matured township with hypermarkets and a commercial precinct. With this additional catalyst in place, our remaining phases are expected to continue to be in demand by the locals as well as foreign investors.

We are pleased to inform that the Penang State Government has agreed to compensate the Boustead Group RM20.8 million in losses incurred as a result of having to scale down the size of The Royale Bintang Penang Hotel in Weld Quay to comply with requirements in order to maintain George Town's status as a UNESCO World Heritage site.

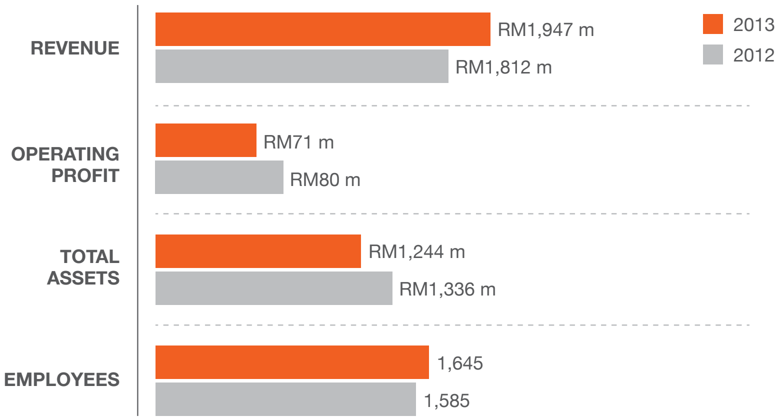
The Royale Bintang Penang received its Certificate of Fitness in February 2014 and we look forward to expanding our Royale hospitality up north in Penang. Meanwhile in Pahang, the construction of our latest development in our stable of hotels, The Royale Cherating Resort & Spa, is proceeding smoothly.

We are optimistic of our prospects ahead and will aim to deliver on them as we strengthen our position as one of the leading property developers and participants in this sector.

In Pharmaceutical

Our involvement in the pharmaceutical sector spans logistics, distribution, manufacturing and an investment in a public listed entity in Indonesia.

PHARMACEUTICAL DIVISION



REVENUE

RM **1,947** million

PROFIT BEFORE TAX

RM **71** million

We received total orders in excess of 116,000 and 99.5% of these orders were successfully delivered to MOH within the stipulated delivery time

The Pharmaceutical Division delivered a profit of RM71 million compared with RM80 million in the previous year. The key factor that impacted profit was due to a one-off take up of provisions during the financial year.

LOGISTICS AND DISTRIBUTION

Profit for the year for this business segment came in at RM19 million compared with RM61 million in the previous year. The primary consideration for the reduction was the drop in profitability in the concession business, mainly due to the amortisation of the Pharmacy Information System development costs. Other factors included the provision of doubtful debts, and impairment of goodwill.

Revenue for the year was RM1.95 billion, a 7% increase from the previous financial year. Driving this were sales attributable to our Approved Products Purchase List, of which 70% of sales were from our Central Distribution Centre in Bukit Raja, Selangor.

The Concession Agreement (CA) with the Ministry of Health (MOH) for the supply and distribution of pharmaceutical and medical products continues to be a core driver of the Division. The MOH concession revenue was RM1.12 billion, a 2% increase from the previous year. The non-concession business which consists of contracts that fall beyond the ambit of the CA with MOH registered a revenue of RM415 million in 2013, a 28% jump from RM325 million in the previous financial year. This significant increase clearly demonstrates the effort and energy invested during the year to grow this part of the pharmaceutical business.

In line with stockholding standards set under the CA, we ensured optimal availability of our stocks in terms of quality, quantity and warehouse location. To this end, we received total orders in excess of 116,000 and 99.5% of these orders were successfully delivered to MOH within the stipulated delivery time of seven to ten working days. This resulted in a marked improvement in customer service levels, with minimal customer complaints at 0.2% within the last two years.

MOH remains our most important client and we are heartened to have their continued trust. As testament to our good standing with MOH, a bi-annual Customer Satisfaction Survey indicated favourable ratings from MOH for our services as well as on the quality of the products delivered. We have instituted ongoing Dialogue Sessions with Jabatan Kesihatan Negeri, an official platform for our public sector customers to address any concession-related matters.

In strengthening our role and collaboration with our major client, we are currently developing the Pharmacy Information System. This will prove to be a highly effective tool for Government hospitals to improve dispensing of drugs to patients and better manage their stock levels. The commitment to develop this system is integral to the CA and the investment that we are placing for the development of this information technology is imperative to ensure the success of the CA.

On the non-CA front, we strengthened our brand positioning through various activities in 2013. This included our proprietary medical seminar, Rediscover General Practice, which resulted in a steady stream of participation from general practitioners.

Our wide portfolio of products performed well, with our key products in the primary care and specialty care range registering strong sales. In particular, our Paracetemol 650 milligram brand, Zithrolide, the generic brand of Azithromycin, and our anti-obesity product Cuvarlix (Orlistat) are market leaders in their respective fields. Our other products Bacampicillin, Cephalexin, Benalix and Simvastatin recorded encouraging sales during the year.

In consumer healthcare, our Citrex range of products was introduced to retail pharmacy outlets and has shown a good rate of acceptance. We launched several new lifestyle products in the Citrex range, including Oatimax which has been well-received by consumers. Our established brand Baraka also continues to command strong market share in retail pharmacies and with general practitioners.

As Malaysia's socio-economic prospects improve, with the advent of a more educated society we believe there are opportunities to engage with consumers directly. On this note, we have launched a new retail pharmacy business in 2013, under the brand name RoyalePharma Pharmacy.

Our listed subsidiary in Indonesia, PT Millennium Pharmacon International (MPI) maintained its focus and registered a revenue of RM411 million, representing a 5% growth on a year-on-year basis. This was due to MPI's efforts to expand its market reach and improve operational efficiencies.

MANUFACTURING

The Manufacturing Division delivered a profit of RM71 million, a substantial increase from RM43 million in the previous year. This was a result of higher demand and cost saving efforts.

In order to drive the sustainable growth of our manufacturing segment, we embarked on several key initiatives at our five plants to improve manufacturing processes and efficiencies. This included the purchase of new equipment such as blister and compression machines, refurbishment of our manufacturing facilities and the streamlining of products to be manufactured by Idaman Pharma Manufacturing Sdn Bhd (IPMSB) and our other manufacturing sites. As a result, we were able to increase output in the manufacturing of oral solid dosage products and successfully transfer much of our previously outsourced products to our in-house manufacturing. In an effort to improve operational excellence, our efficiency has resulted in reduced operational cost and wastage. To attest to this, an annual savings of RM5 million has been achieved.

In our Seri Iskandar plant in Perak, the establishment of our Penicillin Sterile facility has progressed accordingly, as our building and clean room construction was completed and process equipment successfully installed. Meanwhile in our Sungai Petani plant in Kedah, we installed new compression and blister equipment in order to increase solid dosage production capacity.

Contract manufacturing is another important segment with much potential for growth. Our accomplishments in this area include the manufacturing of Glucosamine tablets for Amway since April 2008. We have also successfully inked an agreement with Menarini Malaysia to manufacture Actal, Breacol and Vykmin.

RESEARCH AND DEVELOPMENT

We are conscious that our research and development efforts are a fundamental pillar of the pharmaceutical business. In line with this, Pharmaniaga Research Centre pursues initiatives via our facility in Bukit Raja Industrial Area in Selangor to develop high quality products.

In 2013, we received approval for the commercialisation of seven products. Registration is also underway for another eight products, with commercialisation targeted for 2014. In total, 200 potential products have been identified for the development pipeline from 2014 to 2024. Ranging from galenical to solid and injectables, these products are currently in various stages of research and development, with a view to be registered for commercialisation in due course.

OUTLOOK

With a strong foundation and a strategic growth plan in place, the year ahead holds much potential for this Division. We will continue to seek out opportunities to expand our non-concession business, while strengthening our concession business with MOH.

In the consumer healthcare segment, we are set to expand our Citrex range with a number of lifestyle products which includes herbal as well as multivitamins, to be released in 2014. We expect that this will serve to widen the market for the Citrex brand. We also plan to introduce extensions of the Baraka range, which would include Nigella Sativa as well as garlic and a few other combinations.

As mentioned, we have successfully launched our retail pharmacy business, RoyalePharma Pharmacy. With the success of our flagship outlet, we intend to expand and open more outlets in order to capture a wider network of consumers and cater to healthcare needs.

In Indonesia, we acquired a manufacturing plant, PT Errita Pharma Tbk. This will provide further support to MPI and shore up our existing marketing and sales operations as we will be able to manufacture our pharmaceutical products locally. With this acquisition in Indonesia, we have a complete value chain of our business model, incorporating manufacturing, marketing, trading and distribution.

With the presence of our marketing office, known as the Scientific Office in Dubai, we are set to enter the Middle East market. Moreover, the establishment of our joint venture company with Modern Healthcare Solutions Company Limited in the Kingdom of Saudi Arabia (KSA) in which we will hold 50% equity interest, will enable us to operate a pharmaceutical manufacturing arm in KSA. This certainly bodes well for our future prospects in this region.

Meanwhile, as we look to grow our contract manufacturing business, we will continue to seek potential manufacturing contracts from multinational companies in 2014. In a notable development, Pharmaniaga Life Science (PLS) has been awarded the European Union Good Manufacturing Practice (EU-GMP) Certificate by INFARMED, the Portugal Health Authority. This certification will enable us to manufacture and market injectables products for Portugal and other European markets, as well as allow us to pursue contract manufacturing opportunities in the international market.

In Heavy Industries

The Division is actively involved in the full spectrum of the maritime sector, with a primary focus on naval and commercial vessels. In addition, the Division has expanded into the offshore oil and gas industry with the provision of helicopter support services.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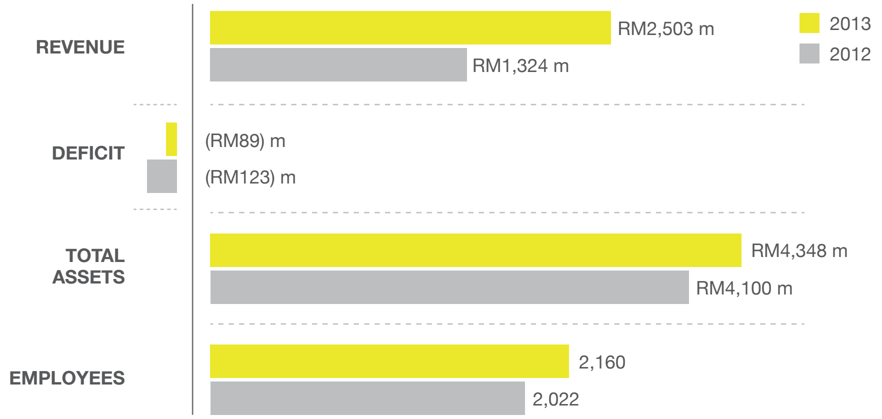
HEAVY INDUSTRIES DIVISION





The Division was impacted by a downward revision in profit margin for the Littoral Combat Ship (LCS) project. The LAD on the service life extension programme along with cost overrun for this project were contributing factors as well on the bottom line. Furthermore, an impairment on receivable had to be taken up during the year. These circumstances resulted in a loss of RM89 million in 2013 compared with RM123 million in 2012.

SHIPBUILDING – NAVAL

As we have laid the groundwork for the construction of the Littoral Combat Ship (LCS), much progress has been achieved throughout the year. To oversee and drive this most important endeavour in a structured and comprehensive manner, we have established a programme management office led by Boustead Naval Shipyard Sdn Bhd (BN Shipyard) with the support of experienced staff from our partner shipyard, DCNS S.A.

Embarking on the next phase of the project, BN Shipyard furthered discussions with the Royal Malaysian Navy (RMN), the Ministry of Finance and the Ministry of Defence on the project's scope of supply. The procurement process for the main equipment is set to be finalised soon, keeping in mind the long lead nature of these projects. In our Lumut shipyard, we are upgrading the infrastructure and facilities in preparation for the physical construction of the LCS.

REVENUE

RM**2,503** million

DEFICIT

RM**(89)** million

Floating hotel

The development of the basic design of the LCS is also underway, following the completion of the concept design stage. In tandem with this, the integration and software development of the LCS combat management system has been entrusted to Contraves Advanced Devices Sdn Bhd (CAD). Its Cyberjaya plant which will be the nerve centre for this component of the project was awarded MSC Malaysia status. Other areas to be developed at the facility include combat system engineering training and maritime training services.

SHIPBUILDING – COMMERCIAL

As part of our drive to develop the nation's shipbuilding industry in support of the Government's Economic Transformation Programme, one of our mandates is to enhance local capabilities in ship design. Towards this end, we have maintained a focus on designing and construction of offshore support vessels (OSV) due to strong demand by oil majors and production sharing contractors operating in Malaysia. In line with this, we have successfully completed the concept design for our OSV. We are currently conducting tests with our partners to ensure the seaworthiness of the vessel in order to move to the construction phase.

The development of the basic design of the LCS is also underway, following the completion of the concept design stage.

Boustead Langkawi Shipyard

Our shipyards experienced a healthy level of activity with Boustead Langkawi Shipyard Sdn Bhd (Boustead Langkawi Shipyard) delivering two 16-metre tugboats as part of its collaboration with Macduff Ship Design (Macduff), after a construction period of just over a year. Valued at RM5.75 million each, the vessels have a maximum speed of 10 knots, a bollard pull of 20 tonnes and an operating range of over 120 nautical miles. These specifications ensure the vessels are equipped with efficient manoeuvrability along the Lumut harbour and in providing support for the RMN.

BN Shipyard partnered with Sunborn Marine of Finland for the construction of South East Asia's first luxury floating hotel, the 140-metre Sunborn III, which was successfully delivered during the year. The project initially began with a contract to construct the hull of the vessel and was extended to include further deliverables. The expanded scope resulted in additional transfer of technology to BN Shipyard.

Meanwhile, Boustead Penang Shipyard Sdn Bhd secured a RM108 million contract with Murphy Sarawak Oil Co Ltd. This shipyard will be fabricating a topside for Murphy Sarawak Oil's Belum Phase 2 Sarawak Gas Development Project. Mobilisation work has commenced in our Lumut shipyard and the structure is expected to be completed and installed offshore by June 2015.

MAINTENANCE, REPAIR & OVERHAUL

The maintenance, repair and overhaul (MRO) business remains a pillar of growth for the Division. Boustead DCNS Naval Corporation Sdn Bhd carried out scheduled maintenance onboard the RMN's two submarines, KD TUNKU ABDUL RAHMAN and KD TUN RAZAK. This comprises the upkeep of yard facilities and equipment for the RMN, along with assisted docking services via two purpose built tug and push boats. Additionally we provided custom built facilities for effective spare parts management supply and training for crew members. BHIC Navaltech Sdn Bhd provides maintenance for the submarines, which also includes in-service support for the RMN's patrol vessels, frigates and other ships in Lumut, Kota Kinabalu and Kuantan.

As part of the Service Life Extension Programme, KD KASTURI completed its refit and was delivered to the RMN by BN Shipyard. MRO services for the navigation equipment and communication systems of RMN ships underwent refit at the Lumut yard, driven by BHIC Electronics and Technologies Sdn Bhd. In order to enhance its MRO capabilities, BN Shipyard entered into an agreement with MIGHT-METEOR Advanced Manufacturing Sdn Bhd with a view to acquiring specialist South Korean consulting and advisory services.

We are able to provide MRO support in other important areas as well, this includes BHIC Allied Defence Technology Sdn Bhd (ADT, formerly known as Atlas Defence Technology Sdn Bhd) which specialises in electronics MRO. In 2013, ADT was appointed as the anchor company for combat systems under the maritime working group of the Malaysian Industry Council for Defence, Enforcement and Security. In its capacity as anchor, ADT will lead and manage companies under this group to achieve targeted MRO capabilities.

In recognition of its achievements, ADT was awarded a five-star rating by SME Corporation Malaysia in the SME Competitiveness Rating for Enhancement. The five-star rating was also accorded to BHIC Bofors Asia Sdn Bhd (BHIC Bofors). Both ADT and BHIC Bofors provide a wide range of weapon solution services, including repair, overhaul, installation, alignment, functional trials and training on navy and army guns.

We have expanded our MRO services to the aviation sector, which holds much potential for the Division as we continue to grow in this industry. During the year, BHIC AeroServices Sdn Bhd (BHICAS) received two contracts totalling RM98 million for the in-service support of six RMN Fennec AS555SN helicopters and three Malaysian Maritime Enforcement Agency Dauphin AS365N3 helicopters, both for a three year period. In testament to our abilities and skills set, BHICAS obtained endorsement from the Directorate General Technical Airworthiness to be the approved maintenance company for all Government-owned Eurocopter helicopters.

MANUFACTURING AND SERVICES

We pursued new opportunities for this segment of our business, as CAD's efforts to expand into the aerospace, defence and advanced industrial applications sectors bore fruit. In 2013, CAD signed a contract with Cassidian Airborne Solutions GmbH for the manufacture and supply of Airbus A400M mission systems, spares and logistics. With an initial order of 140 shipsets, the contract is set to contribute to CAD's revenue.

Our chemical tanker MT CHULAN 1 completed the first year of its time charter contract with Asahi Tankers Co Ltd and secured an extension of its services. It subsequently secured a spot charter contract with Vitol Asia Pte Ltd (Vitol) at a higher charter rate. Vitol has also extended its Contracts of Affreightments with MT CHULAN 2 and MT CHULAN 3.

BN Shipyard's Marine Technology Academy has been conducting a number of training exercises for its personnel and RMN officers. Plans are in the pipeline for future training to be conducted exclusively by BHIC Marine Technology Academy Sdn Bhd, which will be developed into a dedicated training centre to strengthen the competencies of its students in the fields of ship building and MRO services.

MHS' Captain Wong Yoon Fatt, the first Malaysian helicopter pilot to achieve 20,000 flying hours

MHS celebrating 30 years

MHS Aviation Berhad (MHS) delivered a strong profit of RM26 million representing a 44% increase compared with last year. This was achieved on the back of MHS' existing fixed contracts, accompanied by variation orders and an increase in ad-hoc charters.

As testament to MHS' high standard of services, ongoing key contracts with Murphy Sabah Oil Co Ltd in Labuan and PCPP Operating Co Sdn Bhd in Miri have been extended for another 12 months to June 2014. The Murphy Sabah Oil contract utilises two Sikorsky S76C++ helicopters while the PCPP Operating Co contract utilises one Sikorsky S76C helicopter.

MHS' international operations are progressing well. The company expanded its presence in Timor Leste via a contract for one helicopter with GAP-MHS Aviation Lda, a local joint venture company. Meanwhile in Mauritania, the contract with PC Mauritania I Pty Ltd is reaching its five year term and is due to expire in March 2014.

The ongoing fleet optimisation programme continued in 2013 with the disposal of one aircraft. MHS has identified an additional two aircraft for disposal in 2014 to complete the programme.

On an operational front, challenges arose due to two incidents which occurred in the North Sea. Although this did not impact offshore operations in Malaysia, the company's clients voluntarily elected to ground the EC225 helicopters in this area. As a result of this, MHS mobilised additional aircraft to assist in operations as a goodwill gesture and to strengthen its relationship with its clientele.

MHS has recorded more than 600,000 flight hours and strives to maintain its good loss history, with ongoing vigilance to ensure safe and reliable operations. The company is confident that it will be able to grow further and contribute to the Group's profitability.

Boustead Atlas Hall Sdn Bhd (formerly Atlas Hall Sdn Bhd) had a challenging year. Its main source of business was sales and servicing of OneSubsea meters systems.

OUTLOOK

Much potential lies ahead as Malaysia's maritime industry develops and prospects are indeed bright as we move forward. With a view to achieving our goals, we have established clear targets which will be supported by investments in assets and human capital.

A significant project which is underway is the construction of the LCS. We are currently upgrading the facilities and infrastructure in our Lumut Shipyard and Cyberjaya plant with a view to move this project forward.

In the MRO segment, BN Shipyard has taken steps to improve the quality of its services via an agreement with MIGHT-METEOR Advanced Manufacturing Sdn Bhd. This will enable BN Shipyard to benchmark itself against best Korean practices and identify areas for improvement following the two year exercise.

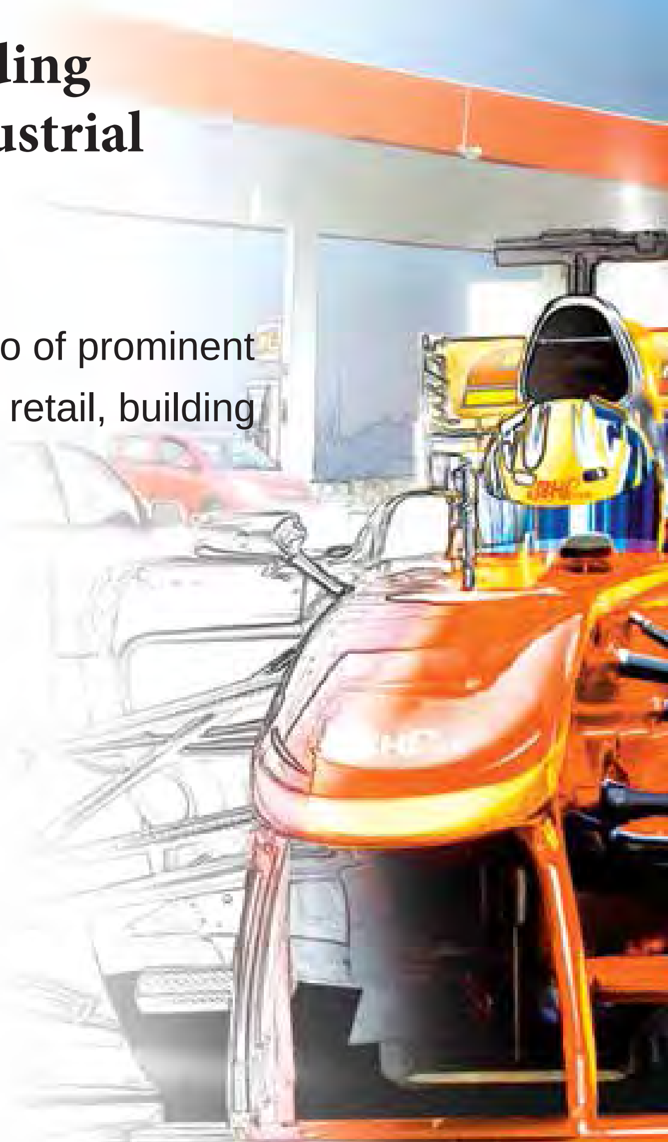
In order to hone the quality of its MRO services, BHICAS is currently constructing a specialist MRO centre at the Malaysian Aerospace Centre. Once fully operational, the capabilities of BHICAS will expand to include comprehensive after-sales support comprising aircraft maintenance, spare parts sales, aircraft refurbishment, modification, technical support as well as a training facility.

In tandem with our progress on existing projects, we are also committed to pursuing new opportunities for growth in both Malaysia as well as internationally. In its second successful collaboration with Macduff, Boustead Langkawi Shipyard recently secured a contract with a client from New Zealand for the construction of a new 17-metre 28-tonne bollard pull harbour tug. We are actively bidding for fabrication of topside and jacket in the oil and gas sector.

MHS is optimistic of extending its contracts due to excellent services provided in the oil and gas sector. The company is also considering aircraft leasing, which is fast becoming an attractive alternative due to the rising number of specialist helicopter lessors in the industry.

In Trading & Industrial

The Division is led by its strong portfolio of prominent Malaysian brands, including petroleum retail, building materials and paints.

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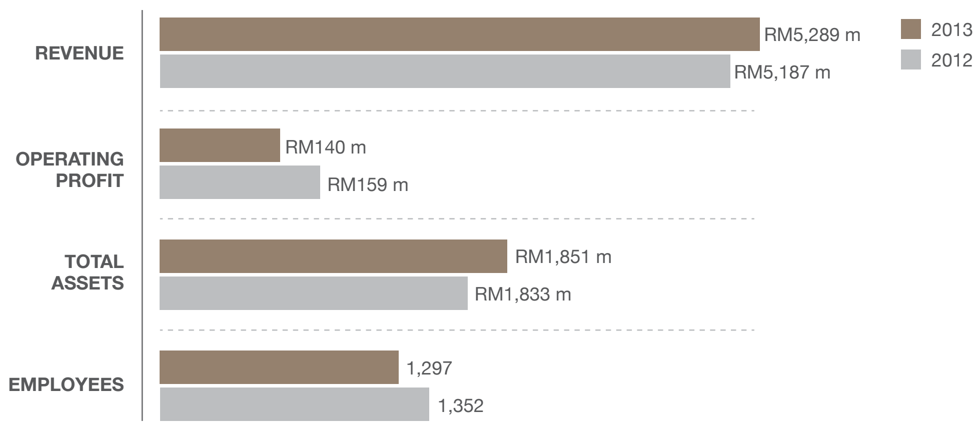
TRADING & INDUSTRIAL DIVISION




BHPetrol
NEW!
infiniti 2x ADVANCED
THE PREMIUM FUEL
6
DIESEL
NEW!
infiniti 2x

The Division performed well, locking in a profit of RM140 million compared with RM159 million in 2012. The primary contributor remains Boustead Petroleum Marketing Sdn Bhd.

Boustead Petroleum Marketing Sdn Bhd (BHPetrol) registered a profit of RM137 million in 2013 compared with RM148 million in 2012. The gain in 2012 included the disposal of two properties for RM40 million, while the year under review saw a gain of RM9 million as a result of the disposal of one property.

From an operating profit perspective, BHPetrol performed well on the back of improved volumes coupled with favourable operating margins. This was attributable to the ongoing expansion of the retail network, which saw eight new service stations opening in 2013, bringing the total number of stations nationwide to 326.

BHPetrol's strategic marketing campaigns and margin optimisation initiatives in both the retail and commercial segments continue to bear fruit as it works towards enhancing brand equity. As a result of these efforts, we won the Bronze Award in the Automotive Fuel Segment of the Putra Brand Awards 2013. This clearly reflects the public's trust and brand loyalty, as winners of the Putra Brand Awards are selected based on consumer preferences via an online poll of over 6,000 consumers nationwide.

To maintain its growth momentum within the highly competitive petroleum downstream industry, BHPetrol will focus on product leadership coupled with innovative marketing initiatives and expansion of its retail network. Concurrently, to enhance the appeal of its service stations, the brand will be embarking on an upgrading programme in 2014 with the aim of cementing the reputation of its stations with the best ambience accompanied by quality service.

Boustead Building Materials Sdn Bhd recorded a lower revenue due to a slowdown in billings in the construction projects, coupled with a change in product mix. It is taking steps to broaden its customer base and identify new quality high margin products. It intends to move away from general construction materials, given the commoditised nature of these products due to lower priced, foreign imports.

Boustead Sissons Paints Sdn Bhd (BSP) had a tough year, resulting in strong margin compression and flat retail sales. It intends to focus on its Sissons Berger product line of protective and marine coatings in order to capitalise on the prospects inherent in the industrial and marine sectors. BSP will be increasing the number of Omnicolour Machines into the dealers market, as these colour tinting machines play a major role in supporting retail sales.

BHPetrol's initiatives in both the retail and commercial segments continue to bear fruit.

REVENUE

RM **5,289** million

PROFIT BEFORE TAX

RM **140** million

Johan Ceramic Berhad (JCB) registered a lower sales revenue compared with the previous year. In order to enhance efficiencies, manpower was scaled down to reduce staff costs, with savings to take effect in 2014. JCB intends to focus on the production and sale of wall tiles as well as imported tiles to improve its prospects.

UAC Berhad (UAC) delivered a profit of RM21 million which included fair value gain and the disposal of investments. However, widespread price competition along with cheaper imports and the low demand received for its core fibre cement products affected the company's margin. Anticipating the fierce competition in this market segment, UAC's new wall construction systems marketed under the brands UCO SolidWall System and UCO SolidPanel System have grown by leaps and bounds.

These industrialised building systems certified by the Construction Industry Development Board of Malaysia have gained increasing acceptance by the building and construction industry. The UCO SolidWall System has also made progress in overseas markets, with export earnings contributing substantially. UAC is undertaking a series of research and development initiatives to keep pace with the challenging environment in the construction industry and intends to develop new building systems and products to stay ahead in the marketplace.

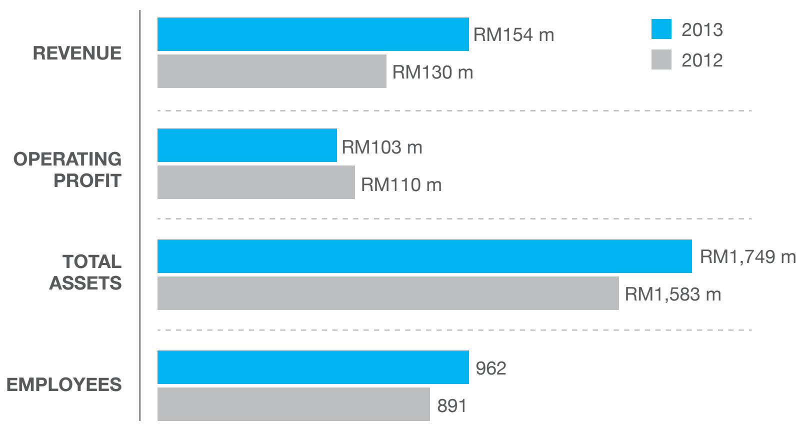
Boustead Engineering Sdn Bhd (BESB) experienced a slump, as there was a notable absence of projects coupled with the termination of the mechanical and engineering package with klia2. In bouncing back, BESB was able to secure projects with Macau International Airport and Malayan Flour Mills, thereby cushioning the shortfall in sales. The unit's focus on the sale of chains, weighbridges, service and spare parts for existing and new clients contributed positively to the business.

Boustead Global Trade Network Sdn Bhd performed well in 2013. Strong client management, particularly in the insurance sector, proved the right strategy delivering a positive set of results.

In Finance & Investment

This Division is driven by its investment in one of Malaysia's leading financial services providers, which offers a full range of financial solutions. It is also involved in a number of other key sectors via its diverse range of investments.

FINANCE & INVESTMENT DIVISION



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Launch of Kuantan Branch by DYMM Sultan of Pahang, Sultan Haji Ahmad Shah Al-Musta'in Billah Ibni Al-Marhum Sultan Abu Bakar Ri'ayatuddin Al-Mu'adzam Shah

The Division registered a profit of RM103 million compared with RM110 million in the previous year. The Affin Group was the key driver along with a couple of other investee companies in the Division.

Affin Holdings Berhad registered a record profit before tax of RM854 million compared with RM827 million in the previous year. The Affin Group contributed a profit of RM134 million to Boustead compared with RM130 million last year.

Affin Bank Berhad delivered an improved profit of RM754 million compared with RM697 million last year. This was achieved on the back of strong net interest and Islamic banking income, as well as higher write-back of allowance for loan impairment.

During the year, the Bank expanded its retail network with three new branches in Kuala Lumpur, Johor and Sabah, bringing its total to 103 branches nationwide. An existing branch in Kuantan was relocated to a new strategic location. With a view to providing enhanced convenience for its customers, the Bank also installed two additional off-site self-service machines in Selangor, with 108 machines in total.

To grow market presence and increase awareness of its offerings, the Bank held various roadshows and promotional campaigns during the year to reward customers. Additionally, as part of its drive to build up its operational efficiencies, the Bank embarked on the second phase of enhancement for its loans origination system and processes, as well as undertaking the recalibration of its consumer credit score system to improve the predictive capability of credit scoring. In tandem with these initiatives, the Bank provided professional development opportunities to enhance the standard of its workforce.

The Bank's subsidiary, *Affin Islamic Bank Berhad*, recorded a lower profit of RM79 million (2012: RM100 million). The drop was a result of a one-off write-back due to the removal of transitional provisions on collective evaluation of loan impairment by regulators in 2012.

Affin Investment Bank Berhad (AIBB) reported a profit of RM84 million compared with RM90 million in the last financial year. The variance was mainly attributable to lower investment income. However, AIBB registered higher advisory and management fees as well as higher brokerage income.

In order to better serve retail stockbroking customers, AIBB successfully renovated and relaunched its flagship branch in Klang. As part of its efforts to expand its products and services, AIBB established eIPO@affinTrade, an exclusive internet share application service to provide affinTrade customers with a quick and convenient online platform to apply for new shares and eIPO financing.

REVENUE

RM 154 million

PROFIT BEFORE TAX

RM 103 million

Affin Investment Bank signed a business collaboration agreement with Daiwa Securities Group Inc in Tokyo on 13 December 2013, witnessed by Prime Minister YAB Dato' Sri Mohd Najib Tun Abdul Razak

In line with plans to grow its presence on an international front, AIBB established a foreign institutional sales desk. This was indeed timely as AIBB was able to secure a business collaboration agreement with the leading international securities house, Daiwa Securities Group Inc in Japan.

As AIBB strengthened its position in the market, it was recognised for its role in significant corporate exercises in 2013. It bagged the IFN Project Finance "Deal of the Year" award for syndicated facilities of up to RM2.1 billion. It also received an award from the Asset Triple A Islamic Finance Awards 2013 for best Islamic project finance for a utility project involving a Sukuk Mudharabah of RM4.5 billion. AIBB's research was rated by London-based The Financial Times and Star Mine as the third best stock picker for food, household and personal service. In addition, AIBB was bestowed with industry awards for its exceptional research.

AXA Affin General Insurance Berhad delivered a profit of RM87 million compared with RM120 million in the previous year due to a one-off adjustment on the basis of computation of unearned premium reserve in that year. The focus for this business unit remains the motor and health segments.

AXA Affin Life Insurance Berhad (AALIB) recorded a profit of RM10 million, up from the previous year's RM3 million. The improved results were attributable to strong contributions from the life fund revenue account, with a 37% increase in gross premiums. The agency force saw increased productivity with a 53% growth in new business for the agency distribution channel. AALIB's Bancassurance distribution platform also registered a 28% growth due to new business premiums.

In line with its efforts to strengthen its offerings, AALIB kicked off the 110 Cancer Care project in partnership with the National Cancer Society Malaysia. In tandem with this, AALIB established Malaysia's first and only cancer care insurance online portal, along with the launch of two new protection plans.

University of Nottingham in Malaysia Sdn Bhd, otherwise known as the University of Nottingham Malaysia Campus (UNMC), was impacted by a reduced profit due to an increase in investment in academic staff in order to strengthen UNMC's long-term competitive positioning. There was also a reduction in projected student numbers due to new visa requirements, which resulted in over 200 students failing to receive visas in time to start their courses. This was further compounded by increased costs for visas and medical insurance for affected students.

On the academic front, UNMC enjoys global recognition as an established institute of higher learning. The student population has grown at a healthy rate, attracting interest from students, parents and sponsors. At the close of the financial year, the university has a student population of almost 5,000 in its foundation, undergraduate and post-graduate programmes.

With UNMC's British curriculum, students are able to experience a style of education which encourages independent, creative and critical thinking. Our Semenyih campus saw further enhancements. Over RM75 million was invested in new student accommodation, social recreational facilities and new learning spaces.

As a research-intensive institution, UNMC collaborates closely with the University of Nottingham in the United Kingdom as well as its campus in China, the University of Nottingham Ningbo. UNMC has a number of research partnerships in Malaysia and throughout the ASEAN region, receiving significant funding from the public and private sectors. The income derived from its research endeavours has increased to RM9 million from RM5 million in the previous year.

New student lounge at Perhentian, UNMC

To support research and development (R&D) initiatives in the private sector, UNMC has established Nottingham MyResearch Sdn Bhd (MyResearch) as a wholly-owned subsidiary to enable businesses to access the University's proficiency for research. MyResearch was awarded the Malaysian Investment Development Authority R&D status which will allow companies who engage MyResearch's expertise to invest in R&D of their products or services in a tax efficient manner.

Our graduates are highly sought after with an estimated unemployment rate of less than 5% upon six months of their graduation. The national average is in excess of 20%.

Boustead Travel Services Sdn Bhd (BTS) registered excellent results with a 58% increase in profitability. With its 80 strong staff, BTS bagged ten awards by leading airlines, such as Malaysian Airlines, Emirates, Qatar Airways, Singapore Airlines, Royal Dutch Airlines and Abacus International.

The corporate ticketing arm is a main contributor to the unit's bottom line. Its superior services to its varied clientele, responding to the challenges and complexities of business travel management while meeting the needs and expectations of travellers, has earned BTS a trusted position in the lucrative business travel segment. During the year, BTS was appointed the general sales agent for Rail Europe and this also had a direct positive impact on its earnings.

Cadbury Confectionery Malaysia Sdn Bhd delivered strong results, registering a 5% growth in revenue driven by strategic marketing initiatives. This included the sale of limited edition products during major festive seasons and in-store activities to drive consumer interest, such as the award-winning 'Say it with Cadbury Dairy Milk' programme.

Marketing activities were supported by advertising campaigns via television and social media platforms to attract younger consumers. The brand achieved significant leverage in the social media realm with seven million Facebook fans to date. The re-launch of the flagship Cadbury Dairy Milk brand with new and improved packaging also had a positive impact on growth.

Kao (Malaysia) Sdn Bhd performed well, retaining its foothold in the highly competitive fast moving consumer goods industry. It was able to capture a wider market share as its collaboration with retailers expanded its reach to rural areas. The brand utilised effective retail platforms and marketing campaigns supported by product line expansion and sampling activities. It also took measures to strengthen brand awareness via engagement of brand ambassadors for its Biore and Laurier range of products.

Drew Ameroid (Malaysia) Sdn Bhd was impacted by lower production and weak market demand from existing clientele due to the slowdown in the global economy, resulting in reduced sales. Despite this challenging environment, it registered an increase in profit and will continue to provide innovative products and services to meet the needs of customers and strengthen its position in the market.

Boustead Credit Sdn Bhd registered a weaker performance as branches recorded reduced sales in the year under review. The stricter conditions for hire purchase financing set by regulators affected revenue. The focus will be on improving performance and minimising non-performing loans.

Boustead Shipping Agencies Sdn Bhd (BSA) experienced stiff competition resulting in softening sales margins, which subsequently impacted its bottom line. In order to reduce operating costs, BSA has undertaken the closure of non-performing branches.

CORPORATE RESPONSIBILITY

Our commitment to the communities in which we operate has never waned. This remains the cornerstone of the Boustead Group's role in society, for as our nation develops, we are well aware of the need to provide all segments of society with meaningful opportunities. The Group's numerous corporate social responsibility initiatives are not only aimed at improving and developing our human capital, but also contributing to disadvantaged groups and caring for the environment, with a view to ensuring that Malaysians from all walks of life have the chance to thrive.

HUMAN CAPITAL

It is without a doubt that the Group's success hinges upon the quality and capabilities of our people. Our uncompromising efforts towards achieving the highest of standards have led Boustead to become one of the leading conglomerates in Malaysia with a keen eye for excellence.

In order to enable our human capital to develop their potential, we have implemented a range of soft skills development and functional training programmes. This ensures that core values and core competencies are inculcated on a Group-wide basis. In line with this, during the year we launched the Code of Ethics and Code of Conduct Handbook to instil good values and standards of professional conduct in our employees.

In our drive to widen our talent pool, we recruited management and accountant trainees. As a result of our success in building this talent pool, the Boustead Group was appointed as an authorised training employer by the Association of Chartered Certified Accountants (ACCA), allowing accountant trainees to pursue ACCA qualification. Boustead is also an authorised training employer for other notable professional organisations, namely the Institute of Chartered Accountants in England and Wales, the Chartered Institute of Management Accountants, and the Malaysian Institute of Certified Public Accountants.

Through our ongoing participation in Skim Latihan 1Malaysia, we were able to provide unemployed graduates with valuable on-the-job training and work experience. We are certainly proud to be part of this laudable endeavour, giving interns the opportunity to enhance their capabilities and improve their career prospects.

Along with professional development, at the same time we encouraged our employees to adopt a healthy lifestyle. We hosted various sports activities during the year including annual sports competitions, sports carnivals and futsal, golf and bowling tournaments, as well as family days. These initiatives also facilitated teambuilding, evoking a sense of camaraderie and strengthening bonds.

The adage "charity begins at home" is well subscribed to in the Boustead Group, as we care for the welfare and wellbeing of our workforce. To mirror this fact, employees at our estates and mills are provided with subsidies and transport for their children. We are also upgrading accommodations to elevate the standard of living, as well as promoting health via landscape enhancement, regular anti-malarial mosquito spraying throughout the year and the provision of recreational facilities such as a football field and badminton court.

COMMUNITY

As a responsible corporate citizen, reaching out to the community is not merely an obligation but a calling for the Group. We are ever cognisant that we are only as strong as the communities in which we operate in. We remain dedicated to making positive contributions to disadvantaged groups. During the year we undertook initiatives assisting orphanages, senior citizens, single mothers, the disabled, poor neighbourhoods, underprivileged children and their families, as well as indigenous communities.

Tan Sri Lodin presenting a mock-cheque to the widow of Sarjan Zal-Azri

We provided contributions to a wide range of organisations in 2013, such as Badan Amal Tenaga Isteri Wakil-wakil Rakyat Negeri Johor, Masjid Jamek Al Fatah, Surau Al-Mujahirin, Persatuan Bekas Tentera Malaysia, Pertubuhan Kebajikan Ibu Tunggal Islam Malaysia, Yayasan Belia Malaysia, Yayasan Pelajar Islam Malaysia, Tabung Kesejahteraan Kanak-Kanak Sedunia, the Neuroscience Foundation of Malaysia and the Retired Armed Forces Officers Club, amongst others. In support of the Government's bid to clean up the streets, we also contributed to the My Beautiful Malaysia Day programme.

Celebrating the rich cultural heritage of Malaysia, we made the effort to spread joy during the festive seasons by reaching out to charitable homes, including Rumah Kasih Illahi, Rumah Kanak Kanak Triniti, Pusat Jagaan Lambaian Kasih, Rumah Anak-Anak Yatim dan Asnaf As-Solihin, Rumah Jagaan dan Rawatan Orang Tua Al-Ikhlas, Pertubuhan Kebajikan Chester, Rumah Amal Belaian Kasih, Rumah Shalom, Pertubuhan Kebajikan Asnaf Al-Barakh Malaysia, Tabung Masjid An-Nur TLDM and Rumah Nur Kasih. We also made donations to local schools for Gawai celebrations and provided transport to Hindu and Buddhist communities in Pulau Jerejak for their annual prayers.

During the month of Ramadhan, we contributed to Tabung Kebajikan Angkatan Tentera in appreciation of the Malaysian Armed Forces' services to the nation.

Reflecting our dedication to supporting charitable efforts, the Curve and eCurve hosted a variety of campaigns for worthy causes, namely the Blood Donation Drive by Polis DiRaja Malaysia (PDRM), MAKNA Cancer Awareness Campaign, PDRM Crime Awareness Day, Ministry of Defence Open Day, World Vision Malaysia Hand Up For Children Campaign, HELP University Organ Donation Campaign, UCSI University Organ Donation Drive, Focus Point Blood Donation, National Cancer Society Bold On Wax Off For Cancer, Autism Awareness Campaign, RCF Deaf Mssions, as well as other donation drives for orphanages and disabled children.

In order to inspire Malaysians to lead active lifestyles, we undertook a number of sporting initiatives. This included the CIMB Squash Malaysian Open 2013, with the Curve as the official venue for the seventh consecutive year. We also held the eighth annual Orange Run organised by BHPetrol, which saw 4,000 people taking part and raised a total of RM30,000. The funds were presented to the widow of Sarjan Zal-Azri Abdul Somad, who tragically lost his life in the line of duty during the September 23 shooting in Melaka, as well as to the Malaysian Association for the Blind.

In addition to this, the Nottingham Charity Run was organised by the students of UNMC's ACE society. Proceeds from the run was donated to Hospis Malaysia. UNMC also partnered with the Malaysian Aids Council to host an Edu Sports Day for children from Rumah Solehah afflicted by HIV, in conjunction with an HIV awareness talk for the staff and students. Apart from these initiatives, we donated funds to the Malaysian Cricket Association and Majlis Sukan Negara.

In order to support local cancer organisations, during the year UNMC's Music Society organised a charity concert showcasing young Malaysian talents, raising funds for the National Cancer Society Malaysia (NCSM) and the Penang Hospice Society. Contributing further to this cause, a UNMC academician took part in the Climb For Life initiative, hiking to the foot of Mount Everest and raising funds for NCSM, the Penang Hospice Society and cancer patients.

Our pursuit to enhance healthcare awareness progressed as Pharmaniaga's Skuad Operasi Sihat (SOS) team embarked on a number of health-related initiatives. This included free medical check-ups and assistance to disadvantaged neighbourhoods throughout the nation. Further to this, the SOS team collaborated with MERCY Malaysia to provide dental check-ups and oral hygiene awareness to the Orang Asli community in Hutan Belum, Perak. UNMC students from the School of Pharmacy

also provided health education and screening for the Orang Asli community in Broga near UNMC's Semenyih campus.

Kao Malaysia continued its partnership with the Pink Ribbon Deeds or PRIDE Foundation. During the year, Kao joined PRIDE in spreading Pink Ribbon Activities to schools and academic institutions to enhance breast cancer awareness and improve accessibility of treatment and care options.

For the third consecutive year, we collaborated on the television programme, Di Celah-Celah Kehidupan, in order to enhance awareness and drive contributions to needy individuals in society.

In a bid to assist victims of natural disasters, we reached out to flood victims in Kelantan and Terengganu, providing donations, medicines and other basic necessities such as clean water and generator sets. In light of the Lahad Datu intrusion in Sabah, we also established the Dana Perwira Lahad Datu to raise donations for the affected families.

We extended our aid beyond Malaysian shores, donating medicines worth RM73,000 to the Red Crescent Society of Malaysia for the victims of Typhoon Haiyan in the Philippines. We lent a helping hand to those afflicted by the severe flooding in Indonesia as well.

EDUCATION

We recognise that knowledge is the key to success. As we move towards our goal of becoming a developed nation with a high-income economy, it is vital that we ensure a bright future for Malaysia's youth by equipping them with the necessary skills and capabilities.

The primary driver of our efforts to further the cause of education is Yayasan Warisan Perajurit, founded by the LTAT group of companies and led by Boustead. This foundation provides various financial assistance to Armed Forces personnel and their families including scholarships to their children who perform well in their major examinations. In 2013, Boustead contributed RM3.5 million to Yayasan Warisan Perajurit, bringing total contributions to date to RM42 million.

We remain committed to supporting the PINTAR programme, which aims to assist underserved students throughout Malaysia to achieve excellence and become future leaders of our nation. During the year we contributed to three primary schools in Johor under the PINTAR programme, namely Sekolah Kebangsaan Sultan Sir Ibrahim, Sekolah Kebangsaan Kem Iskandar and Sekolah Kebangsaan Tanjung Pengelih. We provided funds for school books and uniforms as well as organising motivational programmes for the students.

For the local communities surrounding our plantation estates, we provided financial assistance as well as school bags and shoes for needy students. We also donated funds to Yayasan Destini Anak Bangsa and Sekolah Rendah Kebangsaan Batu Maung Pulau Pinang during the year.

Furthermore, with a view to encouraging young Malaysians to improve their English language proficiency, we sponsored issues of The Star Newspaper in Education supplement to 10 schools in 2013.

"Bidikan Akhir" UPSR Workshop, SK Kem Iskandar, Mersing, Johor

Zero-burn technique

Natural pond riparian reserves in Segaria Estate

ENVIRONMENT

Our dedicated efforts to adopt eco-friendly practices throughout the Group continue. By embarking on initiatives for the conservation of the environment, not only are we facilitating the sustainability of our businesses, we are also benefitting the community at large.

With this in mind, we have undertaken efforts to ensure we strictly adhere to environmental policies and regulations. We also closely monitor our waste water quality and air emission levels in order to cut down pollution.

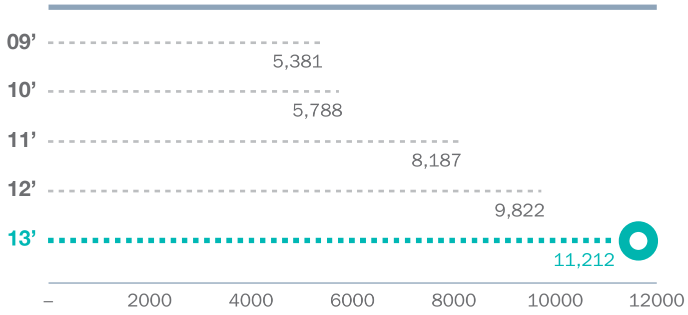
We strive to implement sustainable agricultural practices at our plantation estates. This includes the ongoing zero burning policy in our replanting programme, as well as the use of biogas plants to reduce carbon emissions and optimise energy efficiency. In line with the Government's Entry Point Project to minimise greenhouse gases, we aim to establish biogas plants to fuel all our palm oil mills by 2020.

_Five-Year Financial Highlights

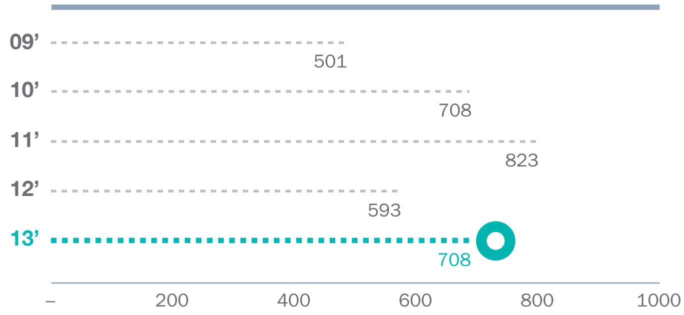
		2013	2012	2011	2010	2009
FINANCIAL PERFORMANCE						
Revenue		**11,212**	9,822	8,187	5,788	5,381
Profit before taxation		**708**	593	823	708	501
Profit after taxation		**560**	499	723	614	418
Profit attributable to shareholders		**479**	417	611	538	342
Earnings per share	sen	**46.3**	40.3	59.0	52.3	42.7
Return on equity	%	**9.7**	9.2	14.1	13.3	10.1
Return on assets	%	**6.7**	6.2	9.5	9.1	7.1
Return on revenue	%	**4.5**	5.2	7.1	9.4	7.5
DIVIDENDS						
Dividend payment		**310**	336	375	367	184
Net dividend per share	sen	**30.0**	32.5	39.0	39.0	22.1
Dividend yield	%	**5.3**	6.3	6.7	7.3	6.4
Dividend cover	times	**1.4**	1.2	1.6	1.5	1.9
GEARING						
Borrowings		**6,636**	6,610	5,089	3,159	2,944
Gearing	times	**1.1**	1.2	1.0	0.7	0.7
Interest cover	times	**3.7**	3.7	5.1	7.4	4.9
OTHER FINANCIAL STATISTICS						
Net assets per share	sen	**506**	450	430	409	382
Share price – high	sen	**571**	596	650	605	452
Share price – low	sen	**493**	486	449	326	300
Price earning ratio	times	**12.1**	12.9	9.8	9.3	7.4
Paid up share capital		**517**	517	470	470	456
Shareholders' equity		**5,234**	4,656	4,451	4,228	3,828
Total equity		**5,925**	5,322	5,162	4,660	4,269
Total assets		**15,118**	13,693	12,518	8,943	9,072

All figures are in RM million unless otherwise stated.

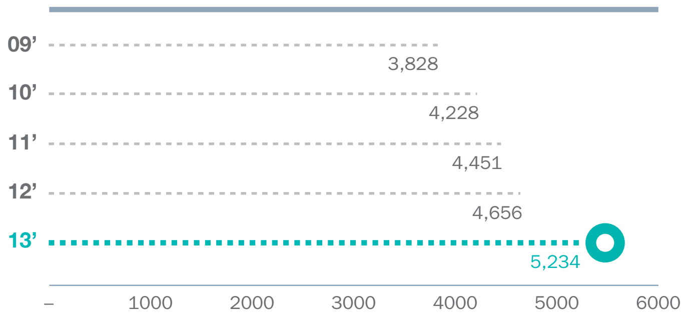
Revenue
(RM Million)



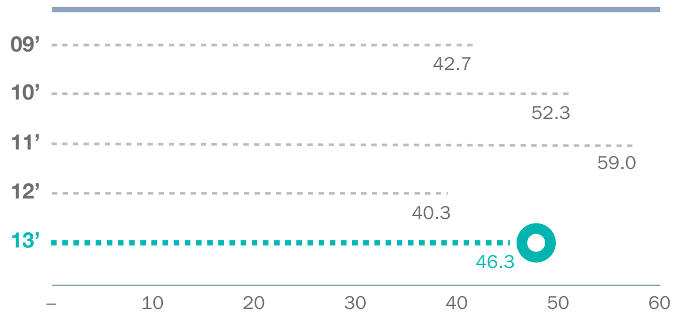
Profit Before Taxation
(RM Million)



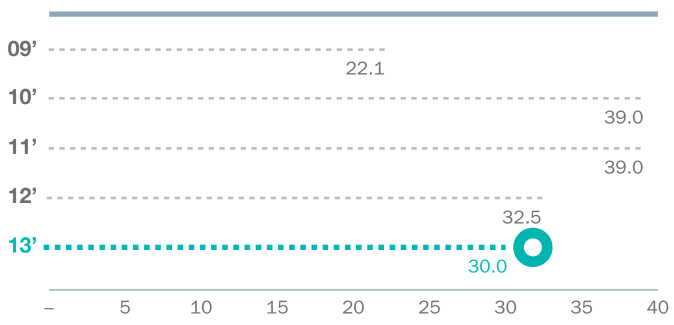
Shareholders’ Equity
(RM Million)



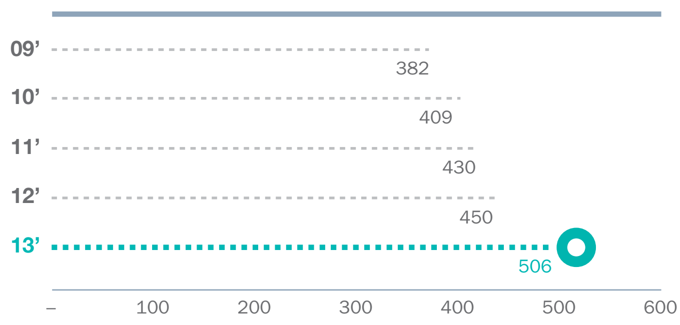
Earnings Per Share
(Sen)



Dividend Per Share
(Sen)



Net Assets Per Share
(Sen)



_Corporate Information

DIRECTORS

Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)
Chairman

Tan Sri Dato' Seri Lodin Wok Kamaruddin
Deputy Chairman/Group Managing Director

Dato' (Dr.) Megat Abdul Rahman Megat Ahmad

Datuk Azzat Kamaludin

Dato' Ghazali Mohd Ali

Datuk Francis Tan Leh Kiah

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REGISTRAR

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SECRETARY

Tasneem Mohd Dahalan

PRINCIPAL BANKERS

Affin Bank Berhad
Alliance Bank Malaysia Berhad
Ambank (M) Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
CIMB Bank Berhad
The Bank of Nova Scotia Berhad
United Overseas Bank Berhad

AUDITORS

Ernst & Young

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

HOLDING CORPORATION

Lembaga Tabung Angkatan Tentera

_Financial Calendar

FINANCIAL YEAR

1 January to
31 December 2013

RESULTS

First quarter

Announced
22 May 2013

Second quarter

Announced
21 August 2013

Third quarter

Announced
29 November 2013

Fourth quarter

Announced
27 February 2014

ANNUAL REPORT

Issued
14 March 2014

ANNUAL GENERAL MEETING

To be held
7 April 2014

DIVIDENDS

First interim

Announced
22 May 2013

Entitlement date
17 June 2013

Payment date
28 June 2013

Second interim

Announced
21 August 2013

Entitlement date
13 September 2013

Payment date
30 September 2013

Third interim

Announced
29 November 2013

Entitlement date
19 December 2013

Payment date
30 December 2013

Fourth interim

Announced
27 February 2014

Entitlement date
17 March 2014

Payment date
31 March 2014

_Profile of Directors

Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)

Chairman

Independent Non-Executive Director

Tan Sri Ghazali, Malaysian, eighty-three years of age, was appointed to the Board on 3 December 1990. He is a member of the Nomination Committee and Remuneration Committee. Tan Sri Ghazali graduated from the Officer Cadet School Eaton Hall, United Kingdom, the Royal Military Academy, Sandhurst, United Kingdom and the Command and Staff College, Quetta, Pakistan. He had served in various command and staff appointments in the Malaysian Armed Forces for more than 30 years culminating in his appointment as Chief of the Armed Forces from 1985 to 1987. Tan Sri Ghazali was the Chairman of Lembaga Tabung Angkatan Tentera (LTAT) from 23 February 1988 until 22 February 2007. Tan Sri Ghazali is the Chairman of UAC Berhad and he also sits on the Boards of Boustead Plantations Berhad and Boustead Properties Berhad. On 23 September 2013, he was awarded with Honorary Doctorate of Philosophy in Defence Studies by the National Defence University Malaysia.

He does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, nor any personal interest in any business arrangement involving the Company.

Tan Sri Dato' Seri Lodin Wok Kamaruddin

Deputy Chairman/ Group Managing Director

Non-Independent Executive Director

Tan Sri Dato' Seri Lodin, Malaysian, sixty-four years of age, was appointed to the Board on 10 July 1984. He is a member of the Remuneration Committee. He is also the Chief Executive of Lembaga Tabung Angkatan Tentera (LTAT).

Tan Sri Dato' Seri Lodin graduated from the University of Toledo, Ohio, USA with a Bachelor of Business Administration and Master of Business Administration. He has extensive experience in managing a provident fund and in the establishment, restructuring and management of various business interests ranging from plantation, trading, financial services, property development, oil and gas, pharmaceuticals to shipbuilding. Tan Sri Dato' Seri Lodin is the Chairman of Boustead Heavy Industries Corporation Berhad, Pharmaniaga Berhad and 1Malaysia Development Berhad. He is also the Deputy Chairman of Affin Holdings Berhad, and sits on the Boards of Boustead Plantations Berhad, Affin Bank Berhad, Affin Islamic Bank Berhad, Affin Investment Bank Berhad, AXA AFFIN Life Insurance Berhad, MHS Aviation Berhad, UAC Berhad, FIDE Forum and Badan Pengawas Pemegang Saham Minoriti Berhad. Among the many awards Tan Sri Dato' Seri Lodin received to-date include the Chevalier De La Légion D'Honneur from the French Government, the Malaysian Outstanding Entrepreneurship Award, the Degree of Doctor of Laws honoris causa from the University of Nottingham, United Kingdom, the UiTM Alumnus of the Year 2010 Award and the BrandLaureate Most Eminent Brand Icon Leadership Award 2012.

He does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, nor any personal interest in any business arrangement involving the Company.

_Profile of Directors

Dato' (Dr.) Megat Abdul Rahman Megat Ahmad

Independent Non-Executive Director

Dato' Megat, Malaysian, seventy-four years of age, was appointed to the Board on 10 December 1990. He is the Chairman of the Audit Committee and Nomination Committee and a member of the Remuneration Committee.

Dato' Megat is also the Senior Independent Non-Executive Director to whom all concerns regarding the Group may be conveyed. He holds a Bachelor of Commerce degree from University of Melbourne, Australia. He is a Life Member of the Malaysian Institute of Certified Public Accountants, a member of the Malaysian Institute of Accountants and a Fellow Member of the Institute of Chartered Accountants in Australia. He holds an honorary doctorate in Business Administration from Universiti Kebangsaan Malaysia. He was a partner of KPMG, Malaysia and managing partner of KPMG Desa, Megat & Co. for over 10 years and an executive director in Kumpulan Guthrie Berhad for 11 years. He is presently a director of Press Metal Berhad, and he also sits on the Boards of Universiti Kebangsaan Malaysia and Pusat Perubatan Universiti Kebangsaan Malaysia. He is a member of the Board of Trustees of Yayasan Tenaga Nasional.

He does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, nor any personal interest in any business arrangement involving the Company.

Datuk Azzat Kamaludin

Non-Independent Non-Executive Director

Datuk Azzat, Malaysian, sixty-eight years of age, was appointed to the Board on 16 January 1991. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee.

Datuk Azzat is a lawyer by profession, and is a partner of the law firm of Azzat & Izzat. He graduated from the University of Cambridge with degrees in Law and in International Law in 1969 and was admitted as a Barrister-at-Law of the Middle Temple, London in 1970. Prior to being admitted as an advocate and solicitor of the High Court of Malaya in 1979, he served as Administrative and Diplomatic Officer with the Ministry of Foreign Affairs Malaysia in various capacities. He is presently a director of Boustead Heavy Industries Corporation Berhad, Axiata Group Berhad, KPJ Healthcare Berhad, Visdynamics Holdings Berhad and several other private limited companies.

He does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, nor any personal interest in any business arrangement involving the Company, other than the rendering of professional services to the Group which is carried out in the ordinary course of business of Azzat & Izzat, of which he is a partner.

_Profile of Directors

Dato' Ghazali Mohd Ali

Non-Independent Executive Director

Dato' Ghazali, Malaysian, sixty-five years of age, was appointed to the Board on 1 March 2007. He is also the Divisional Director of Boustead Holdings Berhad's Property Division.

Dato' Ghazali graduated from the Western Australia Institute of Technology (WAIT) in Perth in Town and Regional Planning in 1970 and is a Fellow of the Malaysian Institute of Planners. Dato' Ghazali was a member of the Town Planning Board of Malaysia and is a Board member of Boustead Properties Berhad, UAC Berhad, Perumahan Kinrara Berhad, Johan Ceramics Berhad, Iskandar Investment Berhad, Lembaga Tabung Angkatan Tentera (LTAT) and IIUM Properties Sdn Bhd. Prior to joining Boustead Holdings Berhad, he was the Managing Director of Syarikat Perumahan Pegawai Kerajaan Sdn Bhd (SPPK) and Deputy Director General of the Urban Development Authority (UDA).

He does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, nor any personal interest in any business arrangement involving the Company, other than the rendering of professional services to the Group which is carried out in the ordinary course of business of Arkitek MAA, of which he is a partner.

Datuk Francis Tan Leh Kiah

Independent Non-Executive Director

Datuk Tan, Malaysian, sixty-two years of age, was appointed to the Board on 11 October 2012. He is a member of the Audit Committee.

Datuk Tan is an Advocate and Solicitor of the High Court of Malaya and a consultant of Azman Davidson & Co., Advocates & Solicitors. Prior to joining the legal profession, he was the Company Secretary of the Inchcape Group from 1977 to 1985. He also served as an Assistant Registrar of Companies. He holds a LLB degree from the University of London and is on the rolls of Advocates & Solicitors of Brunei Darussalam and the Supreme Court of England and Wales. Besides being a member of the Malaya Bar, he is a fellow of the Institute of Chartered Secretaries and Administrators U.K. and an associate of the Chartered Tax Institute of Malaysia. He is currently serving as a member of the Securities Commission since his first appointment in May 1998.

He does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, nor any personal interest in any business arrangement involving the Company.

** Note: None of the Directors have been convicted of any offences in the past 10 years (other than traffic offences, if any).*

_Senior Management Team

1. Tan Sri Dato' Seri Lodin Wok Kamaruddin
Deputy Chairman/Group Managing Director

2. Dato' Ghazali Mohd Ali
Divisional Director, Property

3. Laksamana Madya Tan Sri Dato' Seri Ahmad Ramli Hj. Mohd Nor (R)
Divisional Director, Heavy Industries

4. Mr. Daniel Ebinesan
Group Finance Director

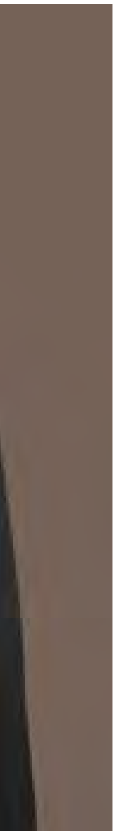
5. Datuk Koo Hock Fee
Divisional Director, Industrial

6. Dato' Farshila Emran
Managing Director, Pharmaniaga Berhad

7. Datuk Mokhtar Khir
Director of Operations, Boustead Hotels and Resorts

8. Mr. Chow Kok Choy
Director of Operations, Plantations

9. Mr. Tan Kim Thiam
Managing Director, Boustead Petroleum Marketing



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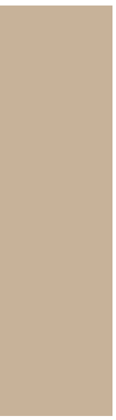

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MEMBERS AND MEETINGS

A total of 6 meetings were held during the year. Details of the composition of the Committee and the attendance by each member at the Committee meetings are set out below:

Name of Director	Status of Directorship	Independent	Attendance of Meetings
Dato' (Dr.) Megat Abdul Rahman Megat Ahmad	Non-Executive Director Chairman of the Committee	Yes	6/6
Datuk Francis Tan Leh Kiah	Non-Executive Director	Yes	6/6
Datuk Azzat Kamaludin	Non-Executive Director	No	6/6

The Deputy Chairman/Group Managing Director, Group Finance Director and Head of Group Internal Audit attend the meetings as and when appropriate. The Audit Committee met with the external auditors twice during the year without the presence of Management. The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification.

TERMS OF REFERENCE

Membership

The Audit Committee shall comprise at least three Non-Executive Directors, the majority of whom are independent, including the Chairman. All members of the Audit Committee shall be financially literate and at least one member shall be a professional or qualified accountant. Any vacancy resulting in there being no majority of Independent Directors shall be filled within three months.

Authority

In carrying out their duties and responsibilities, the Audit Committee shall have the authority to:

- investigate any matter within its terms of reference;
- have the resources which are required to perform its duties and to obtain independent professional or other advice it deems necessary;
- have full and unrestricted access to any information pertaining to the Group;
- have direct communication channels with the external and internal auditors, as well as employees of the Group; and
- be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

Key Functions and Responsibilities

A summary of the key functions and responsibilities of the Audit Committee in accordance with the terms of reference of the Audit Committee is as follows:

1. Review the external auditors' audit plan, the scope of their audits and audit report.

2. Review the evaluation of the system of internal control with the internal and external auditors.

3. Review the adequacy of the scope, functions, competency and resources of the in-house internal audit function, including whether it has the necessary authority to carry out its work.

4. Review the internal audit plan and results of the internal audit plan or investigation undertaken and follow-up on the recommendations contained in the audit reports of the internal audit function.

5. Review the Group's quarterly results and the annual financial statements prior to the approval by the Board of Directors, focusing particularly on:

    - changes in or implementation of major accounting policies;
    - significant and unusual events; and
    - compliance with accounting standards and other regulatory requirements.

6. Review any related party transactions and conflict of interest situations that may arise including any transaction, procedure or course of conduct that raises questions of Management integrity.

7. Review the procedures of recurrent related party transactions undertaken by the Company and the Group.

8. Review the Risk Management Committee's periodic report on key risk profiles and risk management activities.

9. Discuss with the external auditors with regards to problems and observations noted in their interim and final audits.

10. Assess the performance of the external auditors and make recommendations to the Board of Directors on their appointment and removal.

11. Recommend the nomination of a person or persons as external auditors.

12. Review any letter of resignation from the external auditors or suggestions for their dismissal.

13. Monitor the Group's compliance to the Main Market Listing Requirements (MMLR) and the Malaysian Code on Corporate Governance from assurances by the Company Secretary and the results of review by the external and internal audits.

14. Where the Audit Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the MMLR, the Audit Committee must promptly report such matter to the Bursa Malaysia Securities Berhad.

15. Carry out any other functions that may be mutually agreed upon by the Committee and the Board of Directors.

ACTIVITIES DURING THE FINANCIAL YEAR

During the year, the Audit Committee carried out its duties as set out in its terms of reference. The main activities undertaken were as follows:

- Reviewed the internal and external auditors' scope of work and annual audit plans for the Group.
- Reviewed the management letters and the audit reports of the external auditors.
- Reviewed the quarterly and annual reports of the Group to ensure compliance with the MMLR, applicable approved accounting standards and other statutory and regulatory requirements prior to recommending for approval by the Board of Directors.
- Reviewed the Risk Management Committee's report on key risk profiles and risk management activities.
- Reviewed the Audit Committee Report, Statement on Corporate Governance and Statement on Risk Management and Internal Control and recommend to the Board for approval prior to their inclusion in the Company's annual report.
- Reviewed the adequacy of resource requirements and competencies of staff within the Group internal audit function to execute the annual audit plan and the results of the work.
- Reviewed the related party transactions entered by the Company and the Group as well as the disclosure of and the procedures relating to related party transactions.
- Reviewed the Circular to Shareholders relating to shareholders' mandate for recurrent related party transactions of revenue or trading nature prior to recommending it for Board's approval.
- Reviewed and deliberated internal audit reports and to monitor/follow-up on remedial action. Where required, members of the Audit Committee would carry out ground visits to verify significant issues highlighted in the internal audit reports.
- Met with the external auditors twice during the year in the absence of Management.

INTERNAL AUDIT FUNCTION

The Group has an in-house Group internal audit function whose principal responsibility is to evaluate and improve the effectiveness of risk management, control and governance processes. This is accomplished through a systematic and disciplined approach of regular reviews and appraisals of the Management, control and governance processes based on the review plan that is approved by the Audit Committee annually. The Group internal audit function adopts a risk-based methodology in planning and conducting audits by focusing on key risks areas.

The terms of reference of the Group internal audit function are clearly spelt out in the Group Internal Audit Charter (Charter). The Group internal audit function had operated and performed in accordance to the principles of the Charter that provides for its independence function. The Group internal audit function reports directly to the Audit Committee, and is independent of the activities it audits.

The Company has an adequately resourced internal audit function to assist the Audit Committee and the Board in maintaining an effective system of internal control and overall governance practices within the Company and the Group.

During the financial year, the Group internal audit function had undertaken the following activities:

- Prepared the annual audit plan for approval by the Audit Committee.

- Performed risk-based audits based on the annual audit plan, including follow-up of matters from previous internal audit reports.

- Issued internal audit reports to the Management on risk management, control and governance issues identified from the risk-based audits together with recommendations for improvements for these processes.

- Undertook investigations and special reviews of matters arising from the audits and/or requested by the Management and/or Audit Committee and issued reports accordingly to the Management.

- Reported on a quarterly basis to the Management Audit Committee on significant risk management, control and governance issues from the internal audit reports issued, the results of investigations and special reviews undertaken and the results of follow-up of matters reported.

- Reported on a quarterly basis to the Audit Committee the achievement of the audit plan and status of resources of the Group internal audit function.

- Conducted follow-up of the recommendations by the external auditors in their management letter.

- Liaised with the external auditors to maximise the use of resources and for effective coverage of the audit risks.

- Reviewed the procedures relating to related party transactions.

All audit work for the internal audit functions during the year was conducted in-house. There were no areas of the internal audit programs which were outsourced. The total cost incurred for the Group internal audit function in respect of the financial year ended 31 December 2013 amounted to RM3.9 million (2012: RM3.9 million).

_Statement on Corporate Governance

The Board of Directors is committed towards adhering to the requirements and guidelines as per the Malaysian Code on Corporate Governance 2012 (Code) as well as the Main Listing Requirements (MMLR) and strives to adopt the substance behind the corporate governance prescriptions and not merely the form.

The Board is of the view that it has complied with the Code. Set out below is the manner in which the Group has applied the principles of good governance and the extent to which it has complied with the Code.

BOARD ROLES AND RESPONSIBILITIES

The Board is responsible for the corporate governance practices of the Group. It guides and monitors the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group.

The key responsibilities include the primary responsibilities prescribed under the Code. These cover a review of the strategic direction for the Group, overseeing and evaluating the business operations of the Group, reviewing the adequacy of the internal control, identifying principal risks and ensuring that the risks are properly managed, establishing a succession plan and developing and implementing an investor relations program. The responsibility for matters material to the Group is in the hands of the Board, with no individuals having unfettered powers to make decisions.

In this regard, the Board is guided by the documented and approved Board Charter and Limits of Authority which define matters which are specifically reserved for the Board and day-to-day management of the Group delegated to the Deputy Chairman/Group

Managing Director. This formal structure of delegation is further cascaded by the Deputy Chairman/Group Managing Director to the Senior Management Team within the Group. However, the Deputy Chairman/ Group Managing Director and the Senior Management Team remain accountable to the Board for the authority that is delegated.

In performing their duties, all Directors have access to the advice and services of the Company Secretary and if necessary, may seek independent professional advice about the affairs of the Group. The Company Secretary attends all Board meetings and advises the Board on regulatory procedures, the requirement of the Company's Memorandum and Articles of Association, the Companies Act, 1965 and the MMLR. The Company Secretary also ensures that there is good information flow within the Board and between the Board, Board Committees and Senior Management. Board members are provided with Board papers in advance before each Board meeting for decision, including the overall Group strategy and direction, acquisitions and divestments, approval of major capital expenditure projects and significant financial matters.

The Board has approved a board charter (Board Charter) which sets out a list of specific functions that are reserved for the Board. The Board Charter addresses, among others, the following matters:

- Duties and responsibilities of the Board;
- Directors' Code of Ethics;
- Composition and Board balance;
- The role of Chairman and Chief Executive Officer;
- Appointments;
- Re-election;
- Supply of information;
- Separation of power;
- Board Committees;
- Remuneration;
- Financial reporting;
- General meetings;
- Investor relations and shareholder communication; and
- Relationship with other stakeholders (employees, environment, social responsibility)

The approval and adoption of the Board Charter and Directors' Code of Ethics formalises the standard of ethical values and behaviour that is expected of the Directors at all times. The Board Charter and Directors' Code of Ethics are reviewed periodically to ensure their relevance and compliance.

The Group is also committed towards sustainable development. Employees' welfare, environment as well as community responsibilities are integral to the way in which the Group conducts its business. A report on the activities pertaining to corporate social responsibilities is set out in pages 70 and 75 of this annual report.

COMPOSITION OF THE BOARD

The Board currently has six members, comprising two Executive Directors and four Non-Executive Directors. Three of the Directors are Independent Directors, which is in excess of the MMLR of one third. Together, the Directors bring characteristics which allow a mix of qualifications, skills and experience which is necessary for the successful direction of the Group.

A brief profile of each Director is presented on pages 80 to 85 of this annual report.

The Group practises the division of responsibility between the Chairman and the Deputy Chairman/ Group Managing Director (GMD) and there is a balance of Executive, Non-Executive and Independent Non-Executive Directors. The roles of the Chairman and GMD are separate and clearly defined, and are held individually by two persons. The Chairman, who is not a previous GMD and a non-executive member of the Board, is primarily responsible for the orderly conduct and working of the Board whilst the GMD has the overall responsibility for the day-to-day running of the business and implementation of Board policies and decisions.

Dato' (Dr.) Megat Abdul Rahman Megat Ahmad is the Senior Independent Non-Executive Director. Any concerns regarding the Group may be conveyed to him.

The terms and conditions of the appointment of Directors are set out in a letter of appointment that sets out, amongst others, the procedures for dealing with conflict of interest and the availability of independent professional advice. The Board believes that the current size and composition is appropriate for its purpose, and is satisfied that the current Board composition fairly reflects the interest of minority shareholders within the Group.

BOARD MEETINGS

Board meetings are held at quarterly intervals with additional meetings convened for particular matters, when necessary. The Board records its deliberations, in terms of issues discussed, and the conclusions in discharging its duties and responsibilities. All Directors are fully briefed in advance of Board meetings on the matters to be discussed and have access to any further information they may require. The Board may, whenever required, set up committees delegated with specific powers and responsibilities.

The Board has established the following Committees to assist the Board in the execution of its duties:

- Audit Committee
- Nomination Committee
- Remuneration Committee

The number of meetings of the Board and Board Committees held during the year were:

Board of Directors	6 meetings
Audit Committee	6 meetings
Nomination Committee	2 meetings
Remuneration Committee	2 meetings

The composition of the Board and the attendance of each Director at the Board meetings held during the year are as follows:

Name of Director	Status of Directorship	Independent	Attendance of Meetings
Gen. Tan Sri Dato' Mohd. Ghazali Hj Che Mat (R)	Non-Executive Chairman	Yes	6/6
Tan Sri Dato' Seri Lodin Wok Kamaruddin	Deputy Chairman/ Group Managing Director	No	6/6
Dato' (Dr.) Megat Abdul Rahman Megat Ahmad	Non-Executive Director	Yes	6/6
Datuk Azzat Kamaludin	Non-Executive Director	No	6/6
Dato' Ghazali Mohd Ali	Executive Director	No	6/6
Datuk Francis Tan Leh Kiah	Non-Executive Director	Yes	6/6

INFORMATION FOR THE BOARD

The Directors are provided with adequate Board reports on a timely manner prior to the Board meeting to enable the Directors to obtain further explanations, where necessary. These reports provide information on the Group's performance and major operational, financial and corporate issues. Minutes of the Board Committees are also tabled at the Board meetings for the Board's information and deliberation. The Directors have access to the advice and services of the Company Secretary whose terms of appointment permit removal and appointment only by the Board as a whole.

RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, all newly appointed Directors shall retire from office but shall be eligible for re-election in the next Annual General Meeting subsequent to their appointment. The Articles further provide that at least one third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting. Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

BOARD INDEPENDENCE

Independent Non-Executive Directors play a leading role in Board Committees. The Management and third parties are co-opted to the Committees as and when required.

The Code recommends that the tenure of an Independent Director should not exceed a cumulative term of nine years. Immediate compliance to the recommendation may pose a disadvantage to the Company in terms of losing experienced Independent Directors who over time have developed increased insight into the Company and the diversified business operations of the Group. Their experience and exposure to the Company over the years has provided an increasing contribution to the effectiveness of the Board as a whole. As of now, the Board does not believe that it should urgently impose a fixed term limit for Independent Directors. However, the Board will seek shareholders' approval at the Annual General Meeting in respect of two of the Company's Independent Directors whose tenure in that capacity exceeded nine years, as recommended by the Code.

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director in the MMLR and Practice Note 13. The MMLR's definition of independence includes a series of objective tests such as Director is not an employee of the Company and is not engaged in any type of business dealings with the Company. Hitherto, none of the Independent Directors engage in the day-to-day management of the Company, participate in any business dealings or are involved in any other relationship with the Company (other than in situations permitted by the applicable regulations). The Board complies with paragraph 15.02 of the MMLR, which requires that at least two Directors or one-third of the Board of the Company, whichever is higher, are Independent Directors. During the financial year, none of the Independent Directors had any relationship that could materially interfere with his unfettered and independent judgement.

BOARD COMMITTEES

The Board appoints the following Board Committees with specific terms of reference:

- Audit Committee
- Nomination Committee
- Remuneration Committee

The Board has also approved and adopted a formal Charter that outlines the functions, duties and responsibilities of the above Board Committees, in line with the Board's objective in pursuing good governance practice.

Audit Committee

The Company has an Audit Committee whose composition meets the MMLR, where Independent Directors form the majority. All members of the Audit Committee are financially literate, while the Chairman of the Audit Committee is a member of the Malaysian Institute of Accountants. The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with external auditors.

The Audit Committee has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the Audit Committee. The role of the Audit Committee and the number of meetings held during the financial year as well as the attendance record of each member are set out in the Audit Committee Report in this annual report.

Nomination Committee

The Board has established a Nomination Committee comprising entirely Non-Executive Directors, a majority of whom are independent and chaired by an Independent Director. The composition of the Nomination Committee is as follows:

Dato' (Dr.) Megat Abdul Rahman Megat Ahmad
(Chairman)
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)
Datuk Azzat Kamaludin

The Nomination Committee is responsible for proposing new nominees to the Board and Board Committees, for assessing on an annual basis, the contribution of each individual Director and the overall effectiveness of the Board. The final decision as to who shall be appointed as Director remains the responsibility of the full Board, after considering the recommendation of the Nomination Committee.

The terms of reference of the Nomination Committee are as follows:

- To assess and recommend to the Board candidates for directorship on the Board of the Company as well as membership of the Board Committees.
- To review and assess annually the overall composition of the Board in terms of appropriate size, required mix of skills, experience and core competencies, and the adequacy of balance between Executive Directors, Non-Executive Directors and Independent Directors.
- To establish the mechanism for the formal assessment of the effectiveness of individual Director, and to annually appraise the performance of the Executive Directors including the GMD based on objective performance criteria as approved by the Board.

Meetings of the Nomination Committee are held as and when necessary, and at least once a year. The Nomination Committee met twice during the year and all members registered full attendance. The Nomination Committee, upon its annual review carried out, is satisfied that the size of the Board is optimum and that there is an appropriate mix of experience and expertise in the composition of the Board.

Remuneration Committee

The Board has established a Remuneration Committee consisting of the following Directors, majority of whom are Non-Executive Directors:

Datuk Azzat Kamaludin
(Chairman)
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)
Tan Sri Dato' Seri Lodin Wok Kamaruddin
Dato' (Dr.) Megat Abdul Rahman Megat Ahmad

The Remuneration Committee reviews the remuneration packages, reward structure and fringe benefits applicable to the GMD, Executive Director and Senior Management on an annual basis and makes recommendations to the Board. The Board as a whole determines the remuneration of the GMD and the Executive Director with each individual Director abstaining from decisions in respect of his own remuneration.

In establishing the level of remuneration for the GMD, Executive Director and Senior Management, the Remuneration Committee has regard to packages offered by comparable companies, and may obtain independent advice.

The remuneration of the GMD and the Executive Director comprises a fixed salary and allowances, and a bonus approved by the Board which is linked to the Group's performance. The remuneration for Non-Executive Directors comprises annual fees, meeting allowance of between RM1,000 to RM2,000 each for every meeting that they attend, and reimbursement of expenses for their services in connection with Board and Board Committee meetings.

The terms of reference of the Remuneration Committee are as follows:

- To review annually and make recommendations to the Board the remuneration packages, reward structure and fringe benefits applicable to all Executive Directors and Senior Management to ensure that the rewards commensurate with their contributions to the Group's growth and profitability.

- To review annually the performance of the GMD and the Executive Director and recommend to the Board specific adjustments in remuneration and reward payments if any, to reflect their contributions for the year.

- To ensure that the level of remuneration of the Non-Executive Directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board.

- To keep abreast of the terms and conditions of service of the GMD, the Executive Director and key Senior Management including their total remuneration packages for market comparability; and to review and recommend to the Board changes whenever necessary.

- To keep abreast of the remuneration packages of the Non-Executive Directors to ensure that they commensurate with the scope of responsibilities held and to review and recommend to the Board changes whenever necessary.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. The Remuneration Committee met twice during the year and all the members registered full attendance.

BOARD APPOINTMENTS AND COMMITMENTS

As documented in the approved Board Charter, the appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation by the Nomination Committee. The Board appoints its members through a formal and transparent selection process. All new appointees will be considered and evaluated by the Nomination Committee for the candidates' ability in terms of their skills, knowledge, experience, expertise and integrity to discharge responsibilities as expected of them. In the case of a candidate for Independent Non-Executive Director, the Nomination Committee also evaluates the candidate's ability to discharge such responsibility or functions as expected of an Independent Non-Executive Director. The Company Secretary will ensure that all appointments are properly made and that legal and regulatory obligations are met. New Directors are expected to have such expertise so as to qualify them to make positive contribution to the Board, performance of its duties and to give sufficient commitment, time and attention to the affairs of the Company.

The Company Secretary has the responsibility of ensuring that relevant procedures relating to the appointment of new Directors are properly executed. The Company has adopted an induction program for newly appointed Directors. The induction program aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company, the corporate strategy and the expectations of the Company concerning input from Directors. The Chairman is primarily responsible for the induction program with appropriate assistance from other Senior Executive Directors.

DIRECTORS' TRAINING

The Company has adopted educational/training programs to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Company.

In addition to the Mandatory Accreditation Program prescribed by Bursa Malaysia Securities Berhad, Board members are also encouraged to attend training programs conducted by highly competent professionals that are relevant to the Company's operations and businesses. All Directors have successfully completed the Mandatory Accreditation Program, and the Directors will continue to attend other relevant training programs to keep abreast with developments on a continuous basis in compliance with the MMLR.

Trainings attended by the Directors during the year are as follows:

Course Title/Organiser	Date
6th Malaysian Property Summit 2013 (PEPS)	22 January 2013
Ninth Khazanah Annual Review of 2012 & Outlook for 2013 (Khazanah Nasional)	30 January 2013
FIDE Governance in Groups Program (ICLIF)	5 April 2013
Corporate Governance Symposium 2013 – Corporate Governance in Vogue (MeLearn Global)	9 – 10 April 2013
Investors Conference – Standing at the Crossroads – Where to from Here (Affin Investment Bank)	18 April 2013
Briefing on Financial Services Act 2012 and Islamic Financial Services Act 2012 (Affin Holdings Berhad)	14 May 2013
International Corporate Governance Seminar (Securities Commission)	6 June 2013
Future of Corporate Reporting (Bursa Malaysia/ACCA)	12 June 2013
Invest Malaysia 2013 (Bursa Malaysia)	13 – 14 June 2013
CEO Forum 2013 – Better Times Ahead for Malaysia? Trends, Predictions and Outlook for 2013 – 2020 (Perdana Leadership Foundation)	18 June 2013
Special Presentation on Asean Corporate Governance Score 2013 (MSWG)	19 June 2013
Advocacy Session on Corporate Disclosure for Directors (Bursa Malaysia)	20 June 2013
National Tax Conference (Chartered Tax Institute of Malaysia)	24 – 25 June 2013
Breakfast Talk – Natural Economic Development & Challenges (Minda)	1 July 2013
Conference on Politics and Business – the Malaysian Connection (Affin Investment Bank)	2 July 2013

Course Title/Organiser	Date
Breakfast Talk – What the Board Needs & Asks about IT (MINDA)	8 July 2013
60 Minutes with Mr Pradeep Pant, Executive Vice President Asia Pacific, Mondelex International, Singapore (ICLIF)	3 September 2013
PNB Group Quality Initiatives (PNB Group)	30 October 2013
Talk on Basel III, Financial Services Act 2013, New Audit Opinion and Accounting and Other Regulatory Updates and Future Trend in Banking (PriceWaterhouseCoopers)	12 November 2013
Board Chairman Series: The Role of the Board Chairman (ICLIF)	14 November 2013
Land Public Transport Symposium 2013 – the 2nd New Urbanism & Smart Transport Conference 2013 (SPAD Academy)	2 December 2013

DIRECTORS' REMUNERATION

The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved, but without paying more than is necessary to achieve this goal. The level of remuneration for the GMD and Executive Director is determined by the Remuneration Committee after giving due consideration to the compensation levels for comparable positions among other similar Malaysian public listed companies. A formal review of the Directors' remuneration is undertaken no less frequently than once every three years.

The details on the aggregate remuneration of Directors for the financial year ended 31 December 2013 are as follows:

	Non-Executive Directors RM'000	Executive Directors RM'000	Total RM'000
Directors' fees	737	281	1,018
Meeting allowances	103	22	125
Salaries	–	2,320	2,320
Bonuses	–	1,373	1,373
Employees provident fund contribution	–	558	558
Benefits in kind & allowances	115	584	699
Total	955	5,138	6,093

Remuneration paid to Directors during the year analysed into bands of RM50,000, which complies with the disclosure requirements under the MMLR is as follows:

	Non-Executive Directors RM'000	Executive Directors RM'000
From RM50,001 to RM100,000	1	–
From RM200,001 to RM250,000	2	–
From RM400,001 to RM450,000	1	–
From RM1,550,001 to RM1,600,000	–	1
From RM3,550,001 to RM3,600,000	–	1

ACCOUNTABILITY AND AUDIT

The Company has an established an Audit Committee to review the integrity of the financial reporting and to oversee the independence of external auditors.

Transparency and Financial Reporting

In presenting the annual financial statements and quarterly announcements of results to the shareholders, the Board aims to present a balanced and understandable assessment of the Group's position and prospects. Before the financial statements are drawn up, the Directors have taken the necessary steps to ensure all the applicable accounting policies are applied consistently, and that the policies are supported by reasonable and prudent judgement and estimates. All accounting standards, which the Board considers to be applicable, have been followed. The role of the Audit Committee in the review and reporting of the financial information of the Group is outlined in the Audit Committee Report in this annual report.

Related Party Transactions

Directors recognise that they have to declare their respective interests in transactions with the Company and the Group, and abstain from deliberation and voting on the relevant resolution in respect of such transactions at the Board or at any general meetings convened to consider the matter. All related party transactions are reviewed as part of the annual internal audit plan, and the Audit Committee reviews any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that causes questions of Management integrity to arise. Details of related party transactions are set out in Note 43 to the annual financial statements.

Internal Control

The Board acknowledges its responsibilities for the Group's system of internal control covering not only financial controls but also operational controls, compliance controls and risk management.

The information on the Group's internal control is presented in the Statement on Risk Management and Internal Control in this annual report.

Relationship with External Auditors

The Board has established transparent and appropriate relationship with the external auditors through the Audit Committee. The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report in this annual report.

RECOGNISE AND MANAGE RISKS

Sound Framework to Manage Material Business Risks

The Company has established policies and framework for the oversight and management of material business risks and has adopted a formal Risk Management Policy. As required by the Board, the Management has devised and implemented appropriate risk management systems and reports to the Board and Senior Management. Management is charged with monitoring the effectiveness of risk management systems and is required to report to the Board via the Risk Management Committee. The Board has received, and will continue to receive periodic reports through the Risk Management Committee, summarising the results of risk management issues and initiatives at the Group.

Internal Audit Function

The Group has an internal audit function that is independent of the Company's activities and operations. The Head of Group Internal Audit reports directly to the Audit Committee who reviews and approves the internal audit department's annual audit plan, financial budget and human resource requirements to ensure that the department is adequately resourced with competent and proficient internal auditors.

Further details of the activities of the internal audit function are set out in the Statement on Risk Management and Internal Control in this annual report.

TIMELY DISCLOSURE AND INVESTOR RELATIONS

The Company is fully committed in maintaining a high standard for the dissemination of relevant and material information on the development of the Group. The Company also places strong emphasis on the importance of timely and equitable dissemination of information to shareholders. The Company uses a number of formal channels for effective dissemination of information to the shareholders and stakeholders particularly through the annual report, announcements to Bursa Securities, media releases, quarterly results analyst briefings, Company websites and investor relations.

The annual report has comprehensive information pertaining to the Group, while various disclosures on quarterly and annual results provide investors with financial information. Apart from the mandatory public announcements through Bursa Malaysia, the Group's website at www.boustead.com.my provides corporate, financial and non-financial information. Through the website, shareholders are able to direct queries to the Company. The Group's investor relations activities are aimed at developing and maintaining a positive relationship with all the stakeholders through active two-way communication, and to promote and demonstrate a high standard of integrity and transparency through timely, accurate and full disclosure and to enhance the stakeholders' understanding of the Group, its core businesses and operations, thereby enabling investors to make informed decisions in valuing the Company's shares.

The Deputy Chairman/Group Managing Director and the Senior Management meet regularly with analysts, institutional shareholders and investors. At general meetings, the Board encourages shareholders' participation and responds to their questions. Shareholders can also leave written questions for the Board to respond. The Share Registrar is available to attend to matters relating to shareholder interests. The primary contact for investor relations matters is:

En. Fahmy bin Ismail
General Manager, Corporate Planning
Telephone Number: 03-20317749
Email: fahmy.cpd@boustead.com.my

En. Fahmy graduated with a Bachelor of Commerce in Accounting and Finance from the University of Sydney, Australia in 1998. He is a Chartered Accountant under Malaysian Institute of Accountants and is also a Certified Practicing Accountant under CPA Australia. En. Fahmy joined Boustead Holdings Berhad in January 2006 as its Corporate Planning Manager. He subsequently advanced to General Manager, Corporate Planning. Prior to joining Boustead, he had held managerial positions in corporate finance and treasury with several public listed companies.

EFFECTIVE COMMUNICATION AND ENGAGEMENT WITH SHAREHOLDERS

The Company is of the view that the Annual General Meeting and other general meetings are important opportunities for meeting investors and addressing their concerns. The Board, Senior Management and external auditors attend all such meetings. Registered shareholders are invited to attend and participate actively in such meetings, including clarifying and questioning the Company's strategic direction, business operations, performance and proposed resolutions.

Each shareholder can vote in person or by appointing a proxy to attend and vote on his/her behalf. Separate issues are tabled in separate resolutions at general meetings, voting is carried out systematically and resolutions are properly recorded.

This statement is made in accordance with a resolution of the Board of Directors dated 3 March 2014.

_Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 to prepare financial statements for each year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of their results and cash flows for the financial year then ended. In preparing these financial statements, the Directors have:

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgements and estimates that are prudent and reasonable; and
- prepared the financial statements on the going concern basis.

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 3 March 2014.

_Statement on Risk Management and Internal Control

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets and for reviewing the adequacy and integrity of the system. Notwithstanding, due to the limitations that are inherent in any system of internal control, the Group's internal control system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group's system of internal control covers risk management and financial, operational and compliance controls. The Board does not regularly review internal control system of associates and joint ventures, as the Board does not have direct control over their operations. Notwithstanding the above, the Group's interests are served through representation on the boards of the respective companies and the receipt and review of management accounts and enquiries thereon. Such representation also provides the Board with information for timely decision making on the continuity of the Group's investments based on the performance of the associates and joint ventures. The representation also enables the Group to exercise influence over the financial and operating policies of these associates and joint ventures.

Except for insurable risks where insurance covers are purchased, other significant risks faced by the Group (excluding associates and joint ventures) are reported to, and managed by the respective Boards within the Group. The internal control system of the Group is supported by an appropriate organisation structure with clear reporting lines, defined lines of responsibilities and authorities from respective business units up to the Board level as follows:

RISK MANAGEMENT

Risk management is regarded by the Board as an important aspect of the Group's diverse and growing operations with the objective of maintaining a sound internal control system. To this end, the Group has established the appropriate risk management infrastructure to ensure that the Group's assets are well protected and shareholders' value enhanced.

The Management, through its Risk Management Committee (RMC), is entrusted with the responsibility of implementing and maintaining the Enterprise Risk Management (ERM) framework to achieve the following objectives:

- communicate the vision, role, direction and priorities to all employees and key stakeholders;
- identify, assess, treat, report and monitor significant risks in an effective manner;
- enable systematic risk review and reporting on key risks, existing control measures and any proposed action plans; and
- create a risk-aware culture and building the necessary knowledge for risk management at every level of Management.

In line with the achievement of the above objectives, the Group has undertaken the following:

- formalisation of risk management policy and procedures and adopted a structured and systematic risk assessment, monitoring and reporting framework;
- appointment of dedicated risk officer to coordinate the ERM activities within the Group, to supervise the ERM policy implementation and documentation and act as the central contact and guide for ERM issues within the Group;
- heightened risk awareness culture in the business processes through risk owners' accountability and sign-off for action plans and continuous monitoring;
- compilation of the business units' risk profiles in relation to the Group risk parameters, the key risks from each business segment and reported to the Risk Management Committee for review, deliberation and approval;
- fostered a culture of continuous improvement in risk management through risk review meetings; and
- provided a system to manage the central accumulation of risk profiles data with risk significance rating for the profiles as a tool for prioritising risk action plans.

Hence, the Group has in place the necessary risk infrastructure encompassing the risk assessment process, organisational oversight and reporting function to instil the appropriate discipline and control around continuously improving risk management capabilities. Risk assessment, monitoring and review of the various risks faced by the Group is a continuous process within the key operating units with the RMC playing a pivotal oversight function. The RMC convenes on a half-yearly basis to review the key risk profiles and submit a summary reporting to the Audit Committee.

Amidst delivering growth for its stakeholders, the Group will continue its focus on sound risk assessment practices and internal control to ensure that the Group is well equipped to manage the various challenges arising from the dynamic business and competitive environment.

KEY ELEMENTS OF INTERNAL CONTROL

Internal control is embedded in the Group's operations as follows:

- Clear organisation structure with defined reporting lines.
- Each operating unit is responsible for the conduct and performance of business units, including the identification and evaluation of significant risks applicable to their respective business areas, the design and operation of suitable internal control and in ensuring that an effective system of internal control is in place.
- Defined level of authorities and lines of responsibilities from operating units up to the Board level to ensure accountabilities for risk management and control activities.
- The Group has various support functions comprising secretarial, legal, human capital, finance, treasury and IT which are centralised.
- Risk Management Committee chaired by the Deputy Chairman/Group Managing Director sits regularly to review and recommend the risk management policies, strategies, major risks review and risk mitigation actions for the Company as well as reporting to the Audit Committee and Board on a periodic basis.
- Training and development programmes are established to ensure that staff are kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives.
- Code of ethics are established and adopted for the Board and all employees to ensure high standards of conduct and ethical values in all business practices.
- The Group also has in place a whistle blowing policy to provide an avenue for employees to report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines in a safe and confidential manner. Whistle blowing Committee comprises head of Human Capital, Legal and Internal Audit, sits periodically to ensure open environment for fraud reporting within the Group and the escalation process.
- Regular Board and Management meetings to assess the Group's performance and controls.
- The internal audit function provides assurance of the effectiveness of the system of internal control within the Group. Regular internal audit visits to review the effectiveness of the control procedures and ensure accurate and timely financial management reporting. Internal audit efforts are directed towards areas with significant risks as identified by Management, and the risk management process is being audited to provide assurance on the management of risks.
- Review of internal audit reports and follow-up on findings by Management Audit Committee. The internal audit reports are deliberated by the Audit Committee, and are subsequently presented to the Board on a quarterly basis or earlier, as appropriate.
- Review and award of major contracts by Tender Committee. A minimum of three quotations is called for and tenders are awarded based on criteria such as quality, track record and speed of delivery.
- Tender Committee comprising members of Senior Management which ensures transparency in the award of contracts.
- Clearly documented standard operating procedure manuals set out the policies and procedures for day to day operations to be carried out. Regular reviews are performed to ensure that documentation remains current and relevant.

- Consolidated monthly management accounts and quarterly forecast performance which allow Management to focus on areas of concern.

- Regular visits to estates by Visiting Agents, and Estates Department, with the emphasis on the monitoring and control of expenditure at operating centres, agronomic practices and ad-hoc investigations.

- Strategic planning, target setting and detailed budgeting process for each area of business which are approved both at the operating level and by the Board.

- Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary.

- Regular visits to the operating units by members of the Board and Senior Management.

- The Boustead Core Values Initiative aligns all business units' initiatives towards a Group wide common goal.

MONITORING AND REVIEW OF THE ADEQUACY AND INTEGRITY OF THE SYSTEM OF INTERNAL CONTROL

The processes adopted to monitor and review the adequacy and integrity of the system of internal control include:

- Periodic confirmation by the Chief Executive Officer, Chief Financial Officer and/or Risk Officer of the respective operating units on the effectiveness of the system of internal control, highlighting any weaknesses and changes in risk profile.

- Periodic examination of business processes and the state of internal control by the internal audit function. Reports on the reviews carried out by the internal audit function are submitted on a regular basis to the Management Audit Committee and Audit Committee.

The monitoring, review and reporting arrangements in place provide reasonable assurance that the structure of controls and its operations are appropriate to the Group's operations and that risks are at an acceptable level throughout the Group's businesses. Such arrangements, however, do not eliminate the possibility of human error, deliberate circumvention of control procedures by employees and others, or the occurrence of unforeseeable circumstances. The Board believes that the development of the system of internal control is an ongoing process and has taken proactive steps throughout the year to improve its internal control system and will continue to undertake such steps. The Board is of the view that the system of internal control in place for the year under review is sound and sufficient to safeguard shareholders' investments, stakeholders' interests and the Group's assets.

WEAKNESSES IN INTERNAL CONTROL THAT RESULT IN MATERIAL LOSSES

There were no material losses incurred during the financial year under review as a result of weaknesses in internal control. Management continues to take measures to strengthen the control environment.

This statement is made in accordance with a resolution of the Board of Directors dated 3 March 2014.

financial

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_Directors' Report

The Directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

Boustead Holdings Berhad is an investment holding company incorporated in Malaysia in 1960. The Company's other principal activities include the provision of management services to Subsidiaries and property investment. The principal activities of the Subsidiaries, associates and joint ventures are stated on pages 214 to 220. There have been no significant changes in the nature of these activities during the financial year under review.

RESULTS

	Group RM Million	Company RM Million
Profit for the year attributable to:		
Shareholders of the Company	478.8	257.5
Non-controlling interests	81.0	–
	559.8	257.5

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the effects arising from changes in accounting policies, acquisition of Al-Hadharah Boustead REIT and fair value gain on investment properties as disclosed in notes to the financial statements.

DIVIDENDS

During the financial year under review, the Company paid the fourth interim single tier dividend of 7.5 sen per share totalling RM77.6 million in respect of the financial year ended 31 December 2012 as declared in the Directors' report of that year.

The Directors have declared the following single tier dividends in respect of the financial year ended 31 December 2013:

	Net dividend		
	Sen per share	RM Million	Payment date
First interim dividend	7.5	77.6	28 June 2013
Second interim dividend	7.5	77.6	30 September 2013
Third interim dividend	7.5	77.6	30 December 2013
Fourth interim dividend	7.5	77.6	31 March 2014
	30.0	310.4	

DIRECTORS

The Directors of the Company in office since the date of the last report are:

Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)
Tan Sri Dato' Seri Lodin Wok Kamaruddin
Dato' (Dr.) Megat Abdul Rahman Megat Ahmad
Datuk Azzat Kamaludin
Dato' Ghazali Mohd Ali
Datuk Francis Tan Leh Kiah

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate. Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 6 to the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which he has a substantial financial interest, except as disclosed in Note 43 to the financial statements.

REMUNERATION COMMITTEE

The Remuneration Committee reviews the remuneration packages, reward structure and fringe benefits applicable to the Deputy Chairman/Group Managing Director, Executive Director and senior executives on an annual basis and makes recommendations to the Board. The members of the Remuneration Committee are:

Datuk Azzat Kamaludin *(Chairman)*
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)
Tan Sri Dato' Seri Lodin Wok Kamaruddin
Dato' (Dr.) Megat Abdul Rahman Megat Ahmad

DIRECTORS' INTERESTS

According to the register of Directors' shareholding, the interests of Directors in office at the end of the financial year in shares of the Company and its related corporations were as follows:

	At 1/1/13	Acquired	Sold	At 31/12/13
Ordinary shares of RM0.50 each				
Boustead Holdings Berhad				
Tan Sri Dato' Seri Lodin Wok Kamaruddin	28,192,758	–	–	28,192,758
Datuk Azzat Kamaludin	44,000	–	–	44,000
Pharmaniaga Berhad				
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	100,000	120,000*	–	220,000
Tan Sri Dato' Seri Lodin Wok Kamaruddin	5,681,886	6,818,262*	–	12,500,148
Dato' (Dr.) Megat Abdul Rahman Megat Ahmad	55,000	66,000*	–	121,000
Datuk Azzat Kamaludin	148,300	177,960*	100,000	226,260
Dato' Ghazali Mohd Ali	65,000	78,000*	–	143,000
Ordinary shares of RM1.00 each				
Boustead Heavy Industries Corporation Berhad				
Tan Sri Dato' Seri Lodin Wok Kamaruddin	2,000,000	–	–	2,000,000
Datuk Azzat Kamaludin	400,000	–	–	400,000
Dato' Ghazali Mohd Ali	75,000	–	–	75,000
Boustead Petroleum Sdn Bhd				
Tan Sri Dato' Seri Lodin Wok Kamaruddin	5,916,465	–	–	5,916,465
Affin Holdings Berhad				
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	91,708	–	–	91,708
Tan Sri Dato' Seri Lodin Wok Kamaruddin	808,714	–	–	808,714
Datuk Azzat Kamaludin	110,000	–	–	110,000
Datuk Francis Tan Leh Kiah	20,000	–	–	20,000
Redeemable preference shares of RM1.00 each				
Boustead Petroleum Sdn Bhd				
Tan Sri Dato' Seri Lodin Wok Kamaruddin	50	–	50	–

* *Increase pursuant to share split and bonus issue.*

OTHER STATUTORY INFORMATION

(a) Before the income statements and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (CONT'D.)

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

(c) As at the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT AND SUBSEQUENT EVENTS

Details of the significant and subsequent events are disclosed in Note 44 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors

GEN. TAN SRI DATO' MOHD GHAZALI HJ. CHE MAT (R)

TAN SRI DATO' SERI LODIN WOK KAMARUDDIN

Kuala Lumpur
3 March 2014

_Statement by Directors and Statutory Declaration

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the accompanying financial statements set out on pages 116 to 220 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 46 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors

GEN. TAN SRI DATO' MOHD GHAZALI HJ. CHE MAT (R)

TAN SRI DATO' SERI LODIN WOK KAMARUDDIN

Kuala Lumpur
3 March 2014

STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, DANIEL EBINESAN, being the officer responsible for the financial management of BOUSTEAD HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 116 to 220 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 3 March 2014

Before me

ZAINALABIDIN BIN NAN **DANIEL EBINESAN**
Commissioner for Oaths
Kuala Lumpur

_Independent Auditors' Report

To the Members of Boustead Holdings Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Boustead Holdings Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 116 to 212 and pages 214 to 220.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its Subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the Subsidiaries of which we have not acted as auditors, which are indicated on pages 214 to 218, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the Subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the Subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 46 on page 213 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants (MIA Guidance) and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

ISMED DARWIS BIN BAHATIAR
No. 2921/04/14(J)
Chartered Accountant

Kuala Lumpur, Malaysia
3 March 2014

_Income Statements

For the year ended 31 December 2013

		Group		Company	
	Note	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
Revenue	5	**11,212.0**	9,822.3	**371.3**	469.3
Operating cost	6	**(10,707.9)**	(9,313.9)	**(19.3)**	(26.1)
Results from operations		**504.1**	508.4	**352.0**	443.2
Interest income	7	**12.6**	12.0	**35.1**	36.7
Other investment results	8	**139.2**	117.6	**21.4**	12.6
Finance cost	9	**(260.7)**	(217.0)	**(122.1)**	(126.2)
Share of results of associates and joint ventures		**175.7**	171.7	**–**	–
Fair value gain on deemed disposal of investments	45	**136.8**	–	**–**	–
Profit before taxation		**707.7**	592.7	**286.4**	366.3
Income tax expense	10	**(147.9)**	(94.2)	**(28.9)**	(54.2)
Profit for the year		**559.8**	498.5	**257.5**	312.1
Attributable to:					
Shareholders of the Company		**478.8**	416.7	**257.5**	312.1
Non-controlling interests		**81.0**	81.8	**–**	–
Profit for the year		**559.8**	498.5	**257.5**	312.1
Earnings per share – sen					
Basic/diluted	11	**46.30**	40.29		

The accompanying notes form an integral part of these financial statements.

_Statements of Comprehensive Income

For the year ended 31 December 2013

	Note	Group 2013 RM Million	Group 2012 RM Million	Company 2013 RM Million	Company 2012 RM Million
Profit for the year		**559.8**	498.5	**257.5**	312.1
Other comprehensive income/(loss):					
Items that might be reclassified to profit or loss					
Net gain on available for sale investments					
– Fair value changes		**(130.5)**	99.0	**0.8**	(0.2)
– Transfer to profit or loss upon disposal		**(2.5)**	(0.8)	**–**	–
– Fair value gain on deemed disposal of investments	45	**(136.8)**	–	**–**	–
Foreign currency translation		**(5.7)**	(7.6)	**–**	–
Share of other comprehensive income of investments accounted for using the equity method		**3.1**	–	**–**	–
Total comprehensive income for the year		**287.4**	589.1	**258.3**	311.9
Attributable to:					
Shareholders of the Company		**210.5**	510.2	**258.3**	311.9
Non-controlling interests		**76.9**	78.9	**–**	–
Total comprehensive income for the year		**287.4**	589.1	**258.3**	311.9

The accompanying notes form an integral part of these financial statements.

_Statements of Financial Position

As at 31 December 2013

		Group			Company	
	Note	2013 RM Million	2012 RM Million	2011 RM Million	2013 RM Million	2012 RM Million
ASSETS						
Non-current assets						
Property, plant and equipment	13	**4,621.4**	3,706.8	3,424.1	**4.2**	5.8
Biological assets	14	**1,239.5**	664.5	347.6	**–**	–
Investment properties	15	**1,320.8**	1,273.4	1,212.9	**81.0**	77.6
Development properties	16	**339.2**	247.7	227.1	**–**	–
Prepaid land lease payments	17	**69.0**	68.8	39.6	**–**	–
Long term prepayments	18	**152.2**	157.3	143.3	**–**	–
Deferred tax assets	19	**61.7**	54.5	60.2	**–**	–
Subsidiaries	20	**–**	–	–	**2,952.9**	2,956.8
Associates	21	**1,480.1**	1,366.5	1,274.7	**683.3**	686.9
Joint ventures	22	**110.8**	95.3	53.0	**–**	–
Investments	23	**45.1**	693.5	592.8	**6.4**	5.4
Intangible assets	24	**1,277.1**	1,304.9	1,254.9	**–**	–
Total non-current assets		**10,716.9**	9,633.2	8,630.2	**3,727.8**	3,732.5
Current assets						
Inventories	25	**718.2**	762.5	645.3	**–**	–
Property development in progress	26	**36.4**	42.9	12.2	**–**	–
Due from customers on contracts	27	**1,199.8**	1,304.6	730.9	**–**	–
Receivables	28	**1,808.7**	1,569.0	1,528.9	**683.8**	577.8
Deposits, cash and bank balances	29	**637.9**	375.1	919.8	**5.3**	5.1
Assets of disposal group classified as held for sale	30	**–**	5.8	50.7	**–**	–
Total current assets		**4,401.0**	4,059.9	3,887.8	**689.1**	582.9
Total assets		**15,117.9**	13,693.1	12,518.0	**4,416.9**	4,315.4

		Group			Company	
	Note	2013 RM Million	2012 RM Million	2011 RM Million	2013 RM Million	2012 RM Million
EQUITY AND LIABILITIES						
Equity attributable to shareholders of the Company						
Share capital	31	**517.1**	517.1	470.1	**517.1**	517.1
Perpetual Sukuk	32	**678.6**	–	–	**678.6**	–
Reserves	33	**4,037.9**	4,138.9	3,981.3	**1,403.6**	1,455.7
Shareholders' equity		**5,233.6**	4,656.0	4,451.4	**2,599.3**	1,972.8
Non-controlling interests		**691.6**	665.9	711.0	**–**	–
Total equity		**5,925.2**	5,321.9	5,162.4	**2,599.3**	1,972.8
Non-current liabilities						
Borrowings	34	**3,066.5**	2,682.2	1,159.3	**920.4**	777.5
Payables	35	**26.7**	29.4	27.5	**–**	–
Deferred tax liabilities	19	**93.2**	55.7	94.3	**1.2**	–
Total non-current liabilities		**3,186.4**	2,767.3	1,281.1	**921.6**	777.5
Current liabilities						
Borrowings	34	**3,569.5**	3,927.4	3,929.4	**529.9**	1,169.5
Payables	35	**2,316.6**	1,605.6	2,021.4	**366.1**	395.6
Due to customers on contracts	27	**97.8**	44.8	59.5	**–**	–
Taxation		**22.4**	26.1	59.4	**–**	–
Liabilities of disposal group classified as held for sale	30	**–**	–	4.8	**–**	–
Total current liabilities		**6,006.3**	5,603.9	6,074.5	**896.0**	1,565.1
Total liabilities		**9,192.7**	8,371.2	7,355.6	**1,817.6**	2,342.6
Total equity and liabilities		**15,117.9**	13,693.1	12,518.0	**4,416.9**	4,315.4

The comparative figures for 2011 are as at 1 January 2012. The comparative figures for 2012 and 2011 have been restated due to changes in accounting policies (Note 2).
The accompanying notes form an integral part of these financial statements.

_Statements of Changes in Equity

For the year ended 31 December 2013

	Share capital RM Million	Perpetual Sukuk RM Million	Reserves RM Million	Total attributable to shareholders of the Company RM Million	Non-controlling interests RM Million	Total equity RM Million
Group						
At 1 January 2012	470.1	–	3,981.3	4,451.4	711.0	5,162.4
Total comprehensive income for the year	–	–	510.2	510.2	78.9	589.1
Transactions with owners						
Changes in ownership interests in Subsidiaries						
– Acquisition of Subsidiaries (Note 45)	–	–	–	–	3.7	3.7
– Additional investment in Subsidiaries	–	–	(5.9)	(5.9)	(97.6)	(103.5)
– Partial disposal of a Subsidiary	–	–	6.6	6.6	72.9	79.5
– Disposal of Subsidiaries (Note 45)	–	–	45.4	45.4	(2.7)	42.7
Bonus issue during the year (Note 31)	47.0	–	(47.0)	–	–	–
Dividends (Note 12)	–	–	(351.7)	(351.7)	(100.3)	(452.0)
At 31 December 2012 and 1 January 2013	**517.1**	**–**	**4,138.9**	**4,656.0**	**665.9**	**5,321.9**
Total comprehensive income for the year	**–**	**–**	**210.5**	**210.5**	**76.9**	**287.4**
Issue during the year (Note 32)	**–**	**678.6**	**–**	**678.6**	**–**	**678.6**
Transactions with owners						
Additional investment in a Subsidiary	**–**	**–**	**(1.1)**	**(1.1)**	**(2.4)**	**(3.5)**
Issue of shares by a Subsidiary	**–**	**–**	**–**	**–**	**0.2**	**0.2**
Dividends (Note 12)	**–**	**–**	**(310.4)**	**(310.4)**	**(49.0)**	**(359.4)**
At 31 December 2013	**517.1**	**678.6**	**4,037.9**	**5,233.6**	**691.6**	**5,925.2**

	Share capital RM Million	Perpetual Sukuk RM Million	← Non-distributable Share premium RM Million	Fair value reserve RM Million →	Retained earnings RM Million	Total equity RM Million
Company						
At 1 January 2012	470.1	–	1,212.1	1.7	327.0	2,010.9
Total comprehensive income for the year	–	–	–	(0.2)	312.1	311.9
Transactions with owners						
Bonus issue during the year (Note 31)	47.0	–	(47.0)	–	–	–
Partial disposal of a Subsidiary	–	–	–	–	1.7	1.7
Dividends (Note 12)	–	–	–	–	(351.7)	(351.7)
At 31 December 2012 and 1 January 2013	**517.1**	**–**	**1,165.1**	**1.5**	**289.1**	**1,972.8**
Total comprehensive income for the year	**–**	**–**	**–**	**0.8**	**257.5**	**258.3**
Issue during the year (Note 32)	**–**	**678.6**	**–**	**–**	**–**	**678.6**
Transactions with owners						
Dividends (Note 12)	**–**	**–**	**–**	**–**	**(310.4)**	**(310.4)**
At 31 December 2013	**517.1**	**678.6**	**1,165.1**	**2.3**	**236.2**	**2,599.3**

The accompanying notes form an integral part of these financial statements.

_Statements of Cash Flows

For the year ended 31 December 2013

	Group		Company	
	2013 RM Million	**2012 RM Million**	**2013 RM Million**	**2012 RM Million**
Operating activities				
Cash receipts from customers	**10,680.4**	8,352.1	**6.8**	6.8
Cash paid to suppliers and employees	**(9,684.1)**	(8,785.4)	**(25.1)**	(25.1)
Cash generated from/(used in) operations	**996.3**	(433.3)	**(18.3)**	(18.3)
Income taxes (paid)/refunded	**(139.7)**	(164.7)	**19.6**	5.8
Net cash from/(used in) operating activities	**856.6**	(598.0)	**1.3**	(12.5)
Investing activities				
Acquisition of Subsidiaries (Note 45)	**21.5**	(61.8)	**–**	–
Additional investment in Subsidiaries and joint ventures	**(15.8)**	(123.3)	**–**	(103.3)
Settlement of the balance consideration on additional investment in a Subsidiary	**–**	(48.9)	**–**	–
Disposal of Subsidiaries (Note 45)	**–**	114.5	**–**	–
Partial disposal of a Subsidiary	**–**	79.5	**–**	67.8
Disposal of associates	**1.7**	–	**0.1**	–
Investments purchased	**(21.7)**	(14.3)	**(0.1)**	–
Proceeds from disposal of investment property	**113.9**	42.1	**–**	–
Proceeds from disposal of investments	**60.4**	8.4	**–**	–
Biological assets and property, plant and equipment				
– Purchases	**(463.4)**	(870.7)	**(0.1)**	(1.4)
– Disposals	**47.0**	123.9	**8.3**	0.1
Purchase and development of investment properties and development properties	**(224.5)**	(18.9)	**–**	–
Purchase of intangible assets	**(36.2)**	(56.7)	**–**	–
Dividends received	**92.7**	102.9	**215.1**	495.5
Interest received	**12.6**	12.0	**35.1**	36.7
Net cash (used in)/from investing activities	**(411.8)**	(711.3)	**258.4**	495.4

	Group		Company	
	2013 RM Million	**2012 RM Million**	**2013 RM Million**	**2012 RM Million**
Financing activities				
Issue of Perpetual Sukuk	**678.6**	–	**678.6**	–
Issue of shares by a Subsidiary	**0.2**	–	**–**	–
Dividends paid				
– By the Company	**(310.4)**	(351.7)	**(310.4)**	(351.7)
– By Subsidiaries	**(49.0)**	(100.3)	**–**	–
Proceeds from long term loans	**488.2**	2,206.2	**159.4**	164.6
Repayment of long term loans	**(142.6)**	(317.5)	**(50.0)**	(40.0)
(Decrease)/increase of revolving credits and bankers' acceptances	**(471.8)**	(374.3)	**(605.0)**	6.0
Net payments to Group companies	**–**	–	**(7.0)**	(133.6)
Interest paid	**(354.0)**	(299.0)	**(124.1)**	(123.0)
Withdrawal of pledged deposits	**–**	500.0	**–**	–
Net cash (used in)/from financing activities	**(160.8)**	1,263.4	**(258.5)**	(477.7)
Net increase/(decrease) in cash and cash equivalents	**284.0**	(45.9)	**1.2**	5.2
Foreign currency translation difference	**(1.1)**	0.5	**–**	–
Cash and cash equivalents at beginning of year	**324.9**	370.3	**(10.7)**	(15.9)
Cash and cash equivalents at end of year	**607.8**	324.9	**(9.5)**	(10.7)
Cash and cash equivalents at end of year				
Deposits, cash and bank balances (Note 29)	**637.9**	375.1	**5.3**	5.1
Overdrafts (Note 34)	**(30.1)**	(50.2)	**(14.8)**	(15.8)
	607.8	324.9	**(9.5)**	(10.7)

The accompanying notes form an integral part of these financial statements.

(A) BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

(B) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries as at and for the year ended 31 December of each year. Interests in associates and joint venture arrangements are equity accounted.

The financial statements of the Subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are all entities (including structured entities) over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee by way of existing rights that give it the current ability to direct the relevant activities of the investee;
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including but not limited to:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

(B) BASIS OF CONSOLIDATION (CONT'D.)

The Group re-assessed whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a Subsidiary begins when the Group obtains control over the Subsidiary and ceases when the Group loses control of the Subsidiary. Assets, liabilities, income and expenses of a Subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the Subsidiary.

Non-controlling interest at the reporting period, being the portion of the net assets of the Subsidiaries attributable to equity interest that are not owned by the Company, whether directly or indirectly through Subsidiaries, are presented in the consolidated statements of financial position and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Acquisitions of Subsidiaries are accounted for using the acquisition method of accounting. The identifiable assets acquired and the liabilities assumed are measured at their fair values at the acquisition date. Acquisition costs incurred are expensed and included in administrative expenses. The difference between these fair values and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition. The accounting policy for goodwill is set out in Note E(a). Discount on acquisition which represents negative goodwill is recognised immediately as income in profit or loss.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at the acquisition date either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Changes in the Group's equity interest in a Subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their respective interests in the Subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in shareholders' equity.

(B) BASIS OF CONSOLIDATION (CONT'D.)

If the Group loses control over a Subsidiary, at the date the Group loses control, it:

- Derecognises the assets (including goodwill) and liabilities of the Subsidiary at their respective carrying amounts.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration or distribution received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

In the Company's separate financial statements, investments in Subsidiaries are accounted for at cost less any impairment charges. Dividends received from Subsidiaries are recorded as a component of revenue in the Company's separate income statement.

(C) INVESTMENT IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over Subsidiaries.

(C) INVESTMENT IN ASSOCIATES AND JOINT VENTURES (CONT'D.)

Investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method. Under the equity method, the investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associates or joint ventures is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated income statements reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of these investees is presented as part of the Group's OCI. In addition, where there has been a change recognised directly in the equity of an associate or a joint venture, the Group recognises its share of such change, when applicable, in the consolidated statement of changes in equity. Unrealised gains or losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. When the Group's share of losses exceeds its interest in an associate or joint venture, the Group does not recognise further losses except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The most recent available financial statements of the associates and joint ventures are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Where necessary, adjustments are made to these financial statements to ensure consistency of the accounting policies used with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on its investment in associate or joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of these associate or joint venture and its carrying value. Impairment loss is recognised in profit or loss.

Upon loss of significant influence or joint control over the associate or joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investment in associates and joint ventures is stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is charged or credited to profit or loss.

(D) FAIR VALUE MEASUREMENT

The Group measures financial instruments, such as derivatives, and non-financial assets such as investment properties, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 39.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — unadjusted quoted market prices in active markets for identical assets or liabilities.
- Level 2 — inputs other than quoted market prices that are observable either directly or indirectly.
- Level 3 — input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(E) INTANGIBLE ASSETS

(a) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised, but instead, it is reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to the related cash-generating units monitored by management. Where the recoverable amount of the cash-generating unit is less than its carrying amount including goodwill, an impairment loss is recognised in the profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note (F).

(b) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding development costs, are not capitalised and the expenditure is reflected in the profit or loss in the year when incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the estimated useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

(E) INTANGIBLE ASSETS (CONT'D.)

(b) Other intangible assets (cont'd.)

Gain or loss arising from de-recognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

(i) Concession right

A Subsidiary of the Group was granted the concession relating to the privatisation of the medical laboratory and stores of the Ministry of Health for the distribution of selected medical products to Government-owned hospitals for 11 years since 1998. The concession agreement was extended for a further ten years commencing 1 December 2009. The right attached to this concession which was acquired as part of a business combination is initially measured at its fair value at the acquisition date. The fair value of the concession right was computed by discounting the estimated future net cash flows to be generated from the acquisition date until the expiry of the current concession term which ends on 30 November 2019.

The fair value of the concession right is amortised on a straight line basis over the remaining tenure of the concession contract.

(ii) Research and development

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

(iii) Rights to supply

Expenses incurred in providing and supplying to the Government of Malaysia certain hardware and software, being part and parcel of the ordinary contractual obligations under the concession agreement, are capitalised and carried at cost less accumulated amortisation and any accumulated impairment losses. The expenses are amortised over the concession period of 10 years. The title of these hardware and software vests with the Government of Malaysia.

Where an indication of impairment exists, the carrying amount of the rights to supply pharmaceutical products is assessed and written down immediately to its recoverable amount in accordance with accounting policy set out in Note (S).

(F) CURRENCY CONVERSION

The Group's consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the functional currency of the Company. All transactions are recorded in Ringgit Malaysia. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its Subsidiaries and recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations which are recognised initially in other comprehensive income and accumulated under foreign exchange currency reserve in equity. The foreign exchange currency reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(b) Consolidated financial statements

For consolidation purposes, the assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular operation is recognised in profit or loss.

(G) PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are initially recorded at cost. Certain land and buildings are subsequently shown at valuation less subsequent depreciation and impairment losses.

The Directors have not adopted a policy of regular valuation, and have applied the transitional provisions of IAS 16 (Revised) Property, Plant and Equipment which permits those assets to be stated at their prevailing valuations less accumulated depreciation. The valuations were determined by independent professional valuers on the open market basis, and no later valuations were recorded. All other property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses.

The revaluation surplus arising from previous revaluation is accumulated in equity under revaluation reserve. Any impairment loss is first offset against the revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss.

Freehold land is not amortised. Capital work in progress is also not amortised as the asset is not available for use. Leasehold land classified as finance lease is amortised in equal instalment over the period of the leases ranging from 13 to 999 years. Other assets are depreciated on a straight line basis to write off the cost or valuation of the assets to their residual values, over the term of their estimated useful lives as follows:

Buildings	5 – 80 years
Plant and machinery	5 – 30 years
Aircrafts	6 – 15 years
Furniture and equipment	2 – 15 years
Motor vehicles	3 – 10 years
Vessels	25 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss. Unutilised revaluation surplus on that item is taken directly to retained earnings.

(H) BIOLOGICAL ASSETS

The expenditure on new planting and replanting of a different produce crop incurred up to the time of maturity is capitalised.

Depreciation charges and external borrowing costs related to the development of new plantations are included as part of the capitalisation of immature planting costs. Replanting expenditure incurred in respect of the same crop is charged to profit or loss in the year in which it is incurred. Plantation development expenditure is not amortised.

(I) INVESTMENT PROPERTIES

Investment properties are properties that are held either to earn rental income or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured at cost, including transaction costs. Investment properties under construction (IPUC) are measured at fair value, or where fair value cannot be determined reliably, are measured at cost less impairment.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured at fair value, which is determined by the Directors by reference to market evidence of transaction prices for similar properties, and valuation performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the year in which they arise.

An investment property is derecognised when either it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note (G) up to the date of change in use.

(J) DEVELOPMENT PROPERTIES AND PROPERTY DEVELOPMENT IN PROGRESS

(a) Development properties

Development properties are classified within non-current assets and are stated at cost less accumulated impairment losses.

Development properties comprise land banks which are in the process of being prepared for development but have not been launched, or where development activities are not expected to be completed within the normal operating cycle.

Development properties are reclassified as property development in progress at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property development in progress

Property development in progress comprises cost of land currently being developed together with related development cost common to the whole project and direct building cost.

Property development revenue and expenses are recognised in profit or loss using the stage of completion method when the financial outcome of the development activity can be reliably estimated. The stage of completion is determined by the proportion that property development in progress incurred for work performed to date bear to the estimated total property development in progress.

Where the financial outcome cannot be reliably estimated, revenue is recognised to the extent that costs are recoverable and costs on properties sold are expensed in the period incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

The excess or shortfall of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within trade receivables or progress billings within trade payables respectively.

Property development costs not recognised as an expense are recognised as asset, which is measured at the lower of cost and net realisable value.

(K) LONG TERM PREPAYMENTS

Long term prepayments comprise mainly prepaid rentals made to service station operators and land owners in respect of the Group’s service station activities. These prepayments are amortised over the tenure of the agreements.

(L) CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract cost are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract cost incurred for work performed to date to the estimated total contract cost.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract cost incurred that is likely to be recoverable. Contract cost is recognised as expense in the period in which it is incurred.

When it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variation in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of cost incurred on construction contracts plus recognised profit (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed cost incurred plus, recognised profit (less recognised losses), the balance is classified as amount due to customers on contracts.

(M) REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue from the sale of goods and services is recognised when the goods and services are delivered. Revenue from property development and construction contracts is recognised on the percentage of completion method. Rental income from the letting of properties is recognised on a straight line basis over the lease terms, while finance charges from hire purchase activities are recognised over the period of the hire purchase contracts using the effective interest method. Revenue from rental of hotel rooms, sale of food and beverage and other related income are recognised on an accrual basis. Revenue from air transportation and flight services comprise monthly standing charges and flying hour charge, and is recognised based on the contracted monthly charge and actual hours flown at contracted hourly rate respectively. Tuition fees are recognised over the period of instruction whereas non-refundable registration and enrolment fees are recognised when chargeable.

Dividends from Subsidiaries, associates, joint ventures and available for sale investments are recognised when the right to receive payment is established. Interest income is recognised as it accrues using the effective interest method unless collection is doubtful.

(N) INCOME TAXES

Income tax recognised in profit or loss for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the reporting date.

Current tax relating to items recognised directly in equity is recognised in equity and not in the income statements.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in Subsidiaries, associates and joint ventures, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with the investments in Subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

(N) INCOME TAXES (CONT'D.)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes related to the same taxable entity and the same taxation authority.

(O) EMPLOYEE BENEFITS

Short term benefits such as wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

As required by law, the Group and the Company make contributions to the Employees Provident Fund in Malaysia. Some of the Group's foreign Subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the period in which the related service is performed. Termination benefits are paid in cases of termination of employment and are recognised as a liability and an expense when there is a detailed formal plan for the termination and is without realistic possibility of withdrawal.

(P) INVENTORIES

Inventories are stated at the lower of cost and net realisable value, cost being determined on the weighted average basis. Cost includes all incidental costs incurred in bringing the inventories to their present location and condition; and in the case of produce stocks, includes harvesting, manufacturing and transport charges, where applicable. Inventories of completed properties comprise cost of land and the relevant development cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and the estimated cost necessary to make the sale.

(Q) FINANCIAL ASSETS

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

When the financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables, financial assets at fair value through profit or loss and available for sale financial assets. The Group does not have any held to maturity financial assets.

(Q) FINANCIAL ASSETS (CONT'D.)

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term. Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment losses.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. The Group's and the Company's loans and receivables comprise receivables (exclude prepayments and advances paid to suppliers), deposits, cash and bank balances.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Available for sale (AFS) financial assets

AFS financial assets are financial assets that are designated as available for sale or are not classified in any other categories of financial assets. The Group's and the Company's available for sale financial assets comprise investments.

After initial recognition, AFS financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is recognised in profit or loss when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on available for sale equity instruments are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

(Q) FINANCIAL ASSETS (CONT'D.)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require the delivery of assets within the period generally established by regulation or convention in marketplace concerned.

(R) IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

To determine whether there is objective evidence that impairment exists for financial assets carried at amortised cost, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has occurred, the amount of the loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(R) IMPAIRMENT OF FINANCIAL ASSETS (CONT'D.)

(b) Available for sale financial assets

In the case of equity instruments classified as available for sale, significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that these financial assets are impaired.

If an available for sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss.

Impairment losses on available for sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

(S) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGU).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(T) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

(U) FINANCIAL LIABILITIES

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of financial liabilities at initial recognition.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include loans and borrowings, trade payables and other payables.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(V) LEASES

(a) Finance lease

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards of ownership. Finance leases are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

(b) Operating lease

Leases of assets under which substantial risks and rewards incidental to ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

The tenure of the Group's leasehold land ranges from 2 to 90 years (2012: 2 to 90 years).

(W) NON-CURRENT ASSETS HELD FOR SALE

Non-current assets or disposal groups are classified as being held for sale if their carrying amount is recovered principally through a sale transaction rather than through continuing use. These assets are measured at the lower of carrying amount and fair value less costs to sell when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition subject only to the terms that are usual and customary.

(X) SEGMENT REPORTING

For management purpose, the Group is organised into operating segments based on their activities, products and services which are independently managed by the Divisional Directors responsible for the performance of the respective segments under their charge. The Divisional Directors report directly to the Group's chief operating decision maker who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance.

(Y) EQUITY INSTRUMENTS AND RELATED EXPENSES

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares of the Company and the Junior Sukuk Musharakah (Perpetual Sukuk) are equity instruments.

Ordinary shares and the Perpetual Sukuk are classified as equity. Dividends on ordinary shares and distributions on the Perpetual Sukuk are recognised in equity in the period in which they are declared. The attributable incremental transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax.

(Z) BORROWING COSTS

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(AA) CONTINGENCIES

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

_Notes to the Financial Statements

1. GENERAL INFORMATION

Boustead Holdings Berhad is an investment holding company. The Company's other principal activities include the provision of management services to Subsidiaries and property investment. The Company is a public limited liability company, incorporated in Malaysia in 1960, and listed on the Main Market of Bursa Malaysia Securities Berhad. The Company's registered office is located at Menara Boustead, Jalan Raja Chulan, Kuala Lumpur.

Information on the Group's investment in Subsidiaries, associates and joint ventures are set out on pages 214 to 220 of this annual report.

The Company is a subsidiary of Lembaga Tabung Angkatan Tentera, a local statutory body established under the Tabung Angkatan Tentera Act, 1973.

These financial statements are presented in Ringgit Malaysia and rounded to the nearest million, unless otherwise stated.

These financial statements were authorised for issue in accordance with a resolution of the Directors on 3 March 2014.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group and the Company adopted for the first time the following new and amended FRS:

Effective for annual period beginning on or after 1 July 2012:

- Amendments to FRS 101 Presentation of Other Items of Other Comprehensive Income

Effective for annual period beginning on or after 1 January 2013:

- Amendments to FRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities
- FRS 10 Consolidated Financial Statements
- FRS 11 Joint Arrangements
- FRS 12 Disclosures on Interests in Other Entities
- Amendments to FRS 10, FRS 11 and FRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosures on Interests in Other Entities: Transition Guidance
- FRS 13 Fair Value Measurements
- Amendments to FRS 116 Property, Plant, and Equipment (Improvements to FRSs (2012))
- FRS 119 Employee Benefits
- FRS 127 Separate Financial Statements
- FRS 128 Investments in Associates and Joint Ventures
- Amendments FRS 132 Financial Instruments: Presentation (Improvements to FRSs (2012))
- Amendments FRS 134 Interim Financial Reporting (Improvements to FRSs (2012))
- IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

2. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

The adoption of FRS 10 Consolidated Financial Statements and FRS 11 Joint Arrangements requires restatement of previous financial statements, while the application of FRS 12 Disclosure of Interests in Other Entities has resulted in additional disclosures in the consolidated financial statements. The adoption of the other new or amended standards did not have any effect on the financial performance or the position of the Group and of the Company.

FRS 10 Consolidated Financial Statements

FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all companies including special purpose entities. The changes introduced by FRS 10 require management to exercise significant judgement to determine which companies are controlled, and therefore are to be consolidated.

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.

Upon the effective date of FRS 10, the Directors assessed the Group's investments in Subsidiaries, associates and joint ventures. The Group's investments in BHIC Bofors Asia 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. As a result of the Director's assessment, these companies are joint ventures and are to be equity accounted for in the Group's consolidated financial statements.

The impact on the Group's financial statements are as follows:

Income statement – Group

Increase/(decrease)	2012 RM Million
Revenue	(388.8)
Share of results of associates & joint ventures	22.8
Profit before taxation	(26.5)
Taxation	7.3
Non-controlling interests	19.2

2. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

FRS 10 Consolidated Financial Statements (cont'd.)

Statement of financial position – Group

Increase/(decrease)	As at 31 December 2012 RM Million	As at 1 January 2012 RM Million
Non-controlling interests/total equity	(59.7)	(40.9)
Property, plant and equipment	(38.4)	(20.9)
Investment in associates and joint ventures	75.3	53.0
Intangible assets	(2.5)	(2.5)
Inventories	(17.5)	(35.0)
Due from customers on contracts	403.8	(0.4)
Receivables	(240.8)	21.8
Cash and bank balances	(374.1)	(220.9)
Short term borrowings	-	(6.8)
Payables	(131.8)	(156.1)
Due to customers on contracts	(1.8)	(0.2)
Non-current liabilities	(0.9)	(0.9)

Statement of cash flows – Group

Increase/(decrease)	2012 RM Million
Operating activities	(175.7)
Investing activities	14.9
Financing activities	6.3
Cash and cash equivalents:	
At beginning of period	(219.6)
At end of period	(374.1)

2. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

FRS 11 Jointly Controlled Entities

FRS 11 replaces FRS 131 Interest in Joint Ventures and IC Interpretation 113 Jointly-Controlled Entities – Non-Monetary Contributions by Venturers. Under FRS 11, investment in joint arrangements is classified as either joint operation or joint venture depending on the contractual rights and obligations of each investor. FRS 11 removes the option to account for joint ventures using proportionate consolidation. Instead, jointly controlled entities 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 the arrangement and determined that this is a joint venture. Following the retrospective application of FRS 11, the carrying amount of the Group's investment in Boustead Ikano Sdn Bhd totalling RM20 million which was previously classified as an investment in associate was restated as an investment in joint venture. The change does not have any other impact on the Group's consolidated financial position or performance.

FRS 12 Disclosures on Interests in Other Entities

FRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in FRS 12 are more comprehensive than the previous disclosure requirements for subsidiaries. This standard has no impact on the Group's financial position or performance.

Disclosures of the Group's Subsidiaries with material non-controlling interests and a material associate are set out in Note 20 and Note 21 respectively.

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted. This standard has no impact on the Group's financial position or performance.

Amendments to FRS 101 Presentation of Other Items of Other Comprehensive Income (OCI)

The amendments to FRS 101 introduce a grouping of items presented in OCI. Items such as net loss or gain on available for sale financial assets that will be reclassified or recycled to profit or loss at a future point in time have to be presented separately from items that will not be reclassified.

The amendments affect presentation of the OCI only and have no impact on the Group's financial position or performance.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Effective for annual period beginning on or after 1 January 2014

- Amendments to FRS 10 Consolidated Financial Statements – Investment Entities
- Amendments to FRS 12 Disclosures on Interests in Other Entities
- Amendments to FRS 127 Separate Financial Statements – Investing Entities
- Amendments to FRS 132 Financial Instruments Presentation Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 7 Financial Instruments Disclosures: Mandatory Dates of FRS 9 and Transition Disclosures
- Amendments to FRS 136 Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to FRS 139 Financial Instruments Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting

Effective for annual period beginning on or after 1 January 2015

- FRS 9 Financial Instruments (2009)
- FRS 9 Financial Instruments (2010)

FRS 9 reflects the work on the replacement of FRS 139 and the first phase applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The first phase of the standard was initially effective for annual periods beginning on or after 1 January 2013 but Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transitional Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015 (see below for the latest amendment on the mandatory effective date). The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's and of the Company's financial assets, but will not have impact on classification and measurement of the Group's and of the Company's financial liabilities.

The new hedge accounting model under phase three of the standard, together with corresponding disclosures about risk management activity under FRS 7 were developed in response to concerns raised by preparers of financial statements about the difficulty of appropriately reflecting their risk management activities. The new model represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements. The FRS 9 hedge accounting model, if adopted, applies prospectively with limited exceptions.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

As part of the Amendments issued in February 2014, an entity is now allowed to change the accounting for liabilities at fair value, before applying any of the other requirements in FRS 9. This change in accounting would mean that gains or loss caused by a change in the entity's own credit risk on such liabilities are no longer recognised in profit or loss. The Group and the Company currently do not have any financial liabilities measured at fair value other than derivative financial instruments.

The Amendments in February 2014 also removed the mandatory effective date from FRS 9. The International Accounting Standards Board (IASB) has decided that a mandatory date of 1 January 2015 would not allow sufficient time for entities to prepare and to apply the new standard because the second phase of the standard, i.e. the impairment methodology phase of FRS 9, has yet been completed. On 24 July 2013, the IASB tentatively decided to defer mandatory effective date of FRS 9 and that the mandatory effective date should be left open pending finalisation of the impairment and classification and measurement requirements. Nevertheless, FRS 9 would still be available for early adoption.

The Group and the Company will quantify the effects of the new standard when the final standard including all phases are issued.

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 an additional year, until annual periods beginning on or after 1 January 2015.

The Group falls under the scope definition of Transitioning Entities and 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.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of intangible assets

The Group assesses whether there are any indicators of impairment of intangible assets at each reporting date. Intangible assets are tested for impairment annually and at any other time when such indicators exist. Intangible assets are tested for impairment when there are indicators that their carrying values may exceed the recoverable amounts. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable amounts and may lead to future impairment charges. Further details of the key assumptions applied in the impairment assessment of intangible assets are given in Note 24.

(b) Useful lives of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on the internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(c) Impairment of biological assets and property, plant and equipment

The Group reviews the carrying amounts of the biological assets and property, plant and equipment as at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount or value in use is estimated. Determining the value in use of biological assets and property, plant and equipment requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable amounts and may lead to future impairment charges. Any resulting impairment loss could have a material adverse impact on the Group's financial position and results of operations.

(d) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(d) Impairment of loans and receivables (cont'd.)

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 28.

(e) Property development

The Group recognises property development revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development cost incurred for work performed to date bear to the estimated total property development cost.

Significant judgement is required in determining the stage of completion, the extent of the property development cost incurred, the estimated total property development revenue and cost, as well as the recoverability of the property development cost. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of the Group's development properties and property development in progress are disclosed in Note 16 and Note 26.

(f) Construction contracts

The Group recognises construction revenue and cost, including rendering of services, in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that contract cost incurred for work performed to date bear to the estimated total contract cost.

Significant judgement is required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and cost, as well as the recoverability of the contract cost. In making the judgement, the Group evaluates based on past experience and by relying on the work of internal specialists.

(g) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unused tax credits and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating cost, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation.

These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statement of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The total carrying value of the Group's recognised tax losses, tax credits and capital allowances and the unrecognised tax losses, tax credits and capital allowances are disclosed in Note 19.

5. REVENUE

	Group		Company	
	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
Sale of produce	678.0	845.4	–	–
Sale of goods				
– Petroleum products	4,859.9	4,683.4	–	–
– Pharmaceutical products	1,946.6	1,812.3	–	–
– Building materials	406.5	455.5	–	–
– Others	12.3	14.5	–	–
Ship repair	351.4	394.8	–	–
Shipbuilding	1,700.8	514.4	–	–
Sale of development properties	359.3	258.2	–	–
Rental income	115.0	112.5	7.2	7.3
Hotel operations	155.6	131.1	–	–
Tuition fees	124.8	113.4	–	–
Air transportation and flight services	409.3	391.4	–	–
Chartering of vessels	39.6	21.1	–	–
Gross dividends from quoted shares in Malaysia				
– Subsidiaries	–	–	21.0	43.8
– Associate	–	–	46.4	46.4
– Others	–	–	0.2	0.1
Gross dividends from unquoted shares in Malaysia				
– Subsidiaries	–	–	284.4	351.7
– Associates and joint ventures	–	–	5.9	14.0
– Others	–	–	0.3	0.2
Others	52.9	74.3	5.9	5.8
	11,212.0	9,822.3	371.3	469.3

6. OPERATING COST

	Group		Company	
	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
Changes in inventories of finished goods and work in progress	**30.2**	57.3	**–**	–
Finished goods and work in progress purchases	**6,351.3**	6,089.9	**–**	–
Raw material and consumables used	**2,386.2**	1,417.4	**–**	–
Staff costs	**605.4**	555.9	**11.8**	11.1
Defined contribution plans	**78.6**	71.4	**1.9**	1.7
Depreciation and amortisation				
– Property, plant and equipment (Note 13)	**243.6**	222.1	**0.7**	0.8
– Prepaid land lease payments (Note 17)	**2.1**	0.6	**–**	–
– Long term prepayments (Note 18)	**8.3**	9.4	**–**	–
– Intangible assets (Note 24)	**43.0**	33.3	**–**	–
Statutory audit fees				
– Auditor of the Company	**2.9**	2.6	**0.3**	0.3
– Others	**0.6**	0.7	**–**	–
Directors' fees – current year	**1.0**	1.0	**0.4**	0.4
Directors' remuneration – emoluments	**4.4**	3.8	**0.2**	0.2
– benefits	**0.7**	1.0	**–**	–
Gain on disposal of property, plant and equipment	**(29.8)**	(67.6)	**(7.4)**	–
Gain on disposal of investment properties	**(14.9)**	(25.5)	**–**	–
Impairment loss				
– Property, plant and equipment (Note 13)	**16.7**	21.3	**–**	–
Biological assets (Note 14)				
– Reversal of impairment loss	**–**	(3.7)	**–**	–
– Written off	**0.5**	–	**–**	–
Trade receivables (Note 28)				
– Impairment loss	**81.5**	13.6	**–**	–
– Reversal of impairment loss	**(5.0)**	(7.3)	**–**	–
Other operating cost	**900.6**	916.7	**11.4**	11.6
	10,707.9	9,313.9	**19.3**	26.1

6. OPERATING COST (CONT'D.)

	Group		Company	
	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
Other operating cost includes:				
Rent paid – plantation assets	68.5	130.6	–	–
– others	31.3	32.9	1.9	1.7
Investment properties – direct operating expenses	42.4	42.8	3.1	2.9
Aircraft and flight operating expenses				
– Leasing of aircraft and parts	65.5	76.6	–	–
– Maintenance and upkeep	91.2	92.4	–	–
Hire of equipment	3.3	5.2	–	–
Research and development	18.0	10.2	–	–
Net fair value (gain)/loss on derivatives	(11.2)	11.7	–	–
Net foreign exchange loss/(gain) – realised	5.5	(13.7)	–	–
– unrealised	4.4	(1.8)	–	–
Inventories – writedown	15.2	4.4	–	–
Advertising and promotion	42.5	55.9	–	–

7. INTEREST INCOME

	Group		Company	
	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
Interest income – Subsidiaries	–	–	34.9	36.5
– Associates	4.6	6.4	–	–
– others	8.0	5.6	0.2	0.2
	12.6	12.0	35.1	36.7

8. OTHER INVESTMENT RESULTS

	Group		Company	
	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
Gross dividends				
– Quoted shares in Malaysia	88.6	44.9	–	–
– Unquoted shares in Malaysia	0.3	0.2	–	–
Profit/(loss) on disposal of				
– Subsidiaries (Note 45)	–	9.4	17.8	–
– Associates	(2.8)	–	(3.4)	–
– Other investments	4.7	1.6	–	–
Net fair value gain on investment properties (Note 15)	48.4	61.5	3.4	12.6
Net gain on waiver of loans with Subsidiaries	–	–	3.6	–
	139.2	117.6	21.4	12.6

9. FINANCE COST

	Group		Company	
	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
Interest expense on				
– Loans from Subsidiaries	–	–	15.4	27.4
– Bank borrowings	248.4	206.3	53.4	51.2
– Bank guaranteed medium term notes	60.2	53.9	53.3	47.6
– Asset-backed bonds	48.1	20.1	–	–
	356.7	280.3	122.1	126.2
Capitalised in qualifying assets	(96.0)	(63.3)	–	–
	260.7	217.0	122.1	126.2

10. INCOME TAX EXPENSE

	Group		Company	
	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
Tax expense for the year				
– Malaysian income tax	125.6	116.6	26.4	54.7
– Foreign income tax	3.0	1.3	–	–
– Deferred tax relating to origination and reversal of temporary differences (Note 19)	35.8	(5.2)	0.8	(0.3)
	164.4	112.7	27.2	54.4
(Over)/under provision in prior year				
– Malaysian income tax	(11.0)	8.2	1.3	(0.5)
– Deferred tax (Note 19)	(5.5)	(26.7)	0.4	0.3
	147.9	94.2	28.9	54.2

Domestic current income tax is calculated at the Malaysian statutory rate of 25% (2012: 25%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective from year of assessment 2016. The computation of deferred tax as at 31 December 2013 has reflected these changes.

10. INCOME TAX EXPENSE (CONT'D.)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
Profit before taxation	**707.7**	592.7	**286.4**	366.3
Taxation at Malaysian statutory rate of 25% (2012: 25%)	**176.9**	148.2	**71.6**	91.6
Effect of changes in statutory tax rate	**(1.1)**	–	**–**	–
Income not subject to tax	**(48.8)**	(57.0)	**(57.2)**	(51.9)
Share of results in associates and joint ventures	**(43.9)**	(42.9)	**–**	–
Non-deductible expenses	**64.3**	62.2	**12.8**	14.8
Tax incentives	**(3.0)**	(2.9)	**–**	–
Deferred tax assets not recognised	**43.0**	41.7	**–**	0.1
Benefit from previously unrecognised tax losses and unabsorbed capital allowances	**(19.9)**	(36.7)	**(0.4)**	(0.2)
Difference in tax rate	**(8.7)**	–	**(0.7)**	–
Effect on recharging deferred tax arising from the change in real property gains tax regulations	**5.7**	–	**1.1**	–
Others	**(0.1)**	0.1	**–**	–
	164.4	112.7	**27.2**	54.4
(Over)/under provision in prior year	**(16.5)**	(18.5)	**1.7**	(0.2)
Income tax expense recognised in profit or loss	**147.9**	94.2	**28.9**	54.2

11. EARNINGS PER SHARE

Basic and diluted earnings per share of the Group is calculated by dividing the consolidated profit for the year attributable to shareholders of the Company of RM478.8 million (2012: RM416.7 million) by the weighted average number of ordinary shares in issue during the year of 1,034.2 million (2012: 1,034.2 million).

12. DIVIDENDS

	Dividend amount		Dividend per share	
	2013 RM Million	2012 RM Million	2013 Sen	2012 Sen
Dividends on ordinary shares in respect of financial year ended 31 December				
– First interim	**77.6**	77.6	**7.5**	7.5
– Second interim	**77.6**	77.6	**7.5**	7.5
– Third interim	**77.6**	103.4	**7.5**	10.0
	232.8	258.6	**22.5**	25.0
Fourth interim dividend paid in respect of the previous financial year	**77.6**	93.1	**7.5**	9.0
	310.4	351.7	**30.0**	34.0

Subsequent to the end of the current financial year, the Directors declared a fourth interim dividend of 7.5 sen per share amounting to RM77.6 million in respect of the financial year ended 31 December 2013. The dividend which will be paid on 31 March 2014 will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2014.

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RM Million	Aircraft and vessels RM Million	Plant and machinery RM Million	Others RM Million	Total RM Million
Group – 2013					
Cost or valuation					
At 1 January	2,029.5	852.2	724.8	906.5	4,513.0
Acquisition of a Subsidiary (Note 45)	789.8	–	28.1	–	817.9
Additions	153.4	9.4	34.6	208.7	406.1
Disposals	(8.6)	(30.6)	(5.0)	(14.6)	(58.8)
Written off	–	–	(0.2)	(0.4)	(0.6)
Transfer (to)/from					
– Development properties (Note 16)	(14.5)	–	–	–	(14.5)
– Prepaid land lease payments (Note 17)	(2.3)	–	–	–	(2.3)
– Long term prepayments (Note 18)	–	–	–	5.1	5.1
Reclassification	92.8	330.2	3.3	(426.3)	–
Exchange adjustment	(0.4)	–	0.4	(0.5)	(0.5)
At 31 December	3,039.7	1,161.2	786.0	678.5	5,665.4
Depreciation and impairment loss					
At 1 January	162.9	92.6	291.6	259.1	806.2
Charge for the year					
– Recognised in profit or loss (Note 6)	48.3	67.4	56.1	71.8	243.6
– Capitalised in contract cost (Note 27)	–	–	0.3	3.6	3.9
Impairment loss (Note 6)	–	16.7	–	–	16.7
Disposals	(2.0)	(6.5)	(4.3)	(12.2)	(25.0)
Written off	–	–	(0.2)	(0.4)	(0.6)
Reclassification	0.5	2.6	(22.4)	19.3	–
Exchange adjustment	(0.2)	–	(0.1)	(0.5)	(0.8)
At 31 December	209.5	172.8	321.0	340.7	1,044.0
Net book value					
At 31 December 2013	2,830.2	988.4	465.0	337.8	4,621.4
Accumulated impairment loss					
At 31 December 2013	0.3	16.7	5.5	27.7	50.2

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Land and buildings RM Million	Aircraft and vessels RM Million	Plant and machinery RM Million	Others RM Million	Total RM Million
Group – 2012					
Cost or valuation					
At 1 January	1,570.8	878.4	668.2	946.7	4,064.1
Acquisition of Subsidiaries (Note 45)	10.8	–	7.8	0.4	19.0
Additions	339.4	–	33.8	194.5	567.7
Disposals	(23.7)	(26.2)	(32.5)	(10.4)	(92.8)
Disposal of Subsidiaries (Note 45)	(8.5)	–	(3.5)	(3.6)	(15.6)
Written off	(31.7)	–	–	–	(31.7)
Transfer from/(to)					
– Prepaid land lease payments (Note 17)	4.9	–	–	–	4.9
– Long term prepayments (Note 18)	–	–	–	(2.8)	(2.8)
Reclassification	167.5	0.2	51.0	(218.7)	–
Exchange adjustment	–	(0.2)	–	0.4	0.2
At 31 December	2,029.5	852.2	724.8	906.5	4,513.0
Depreciation and impairment loss					
At 1 January	163.5	41.0	252.5	183.0	640.0
Charge for the year					
– Recognised in profit or loss (Note 6)	40.6	51.9	60.7	68.9	222.1
– Capitalised in contract cost (Note 27)	1.5	–	2.0	3.9	7.4
Impairment loss (Note 6)	–	–	–	21.3	21.3
Disposals	(10.5)	(0.3)	(30.9)	(8.3)	(50.0)
Disposal of Subsidiaries (Note 45)	(1.4)	–	(1.2)	(2.1)	(4.7)
Written off	(31.7)	–	–	–	(31.7)
Transfer from prepaid land lease payments (Note 17)	0.7	–	–	–	0.7
Reclassification	–	–	8.5	(8.5)	-
Exchange adjustment	0.2	–	–	0.9	1.1
At 31 December	162.9	92.6	291.6	259.1	806.2
Net book value					
At 31 December 2012	1,866.6	759.6	433.2	647.4	3,706.8
Accumulated impairment loss					
At 31 December 2012	0.3	–	5.5	27.7	33.5

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Land and buildings RM Million	Others RM Million	Total RM Million
Company – 2013			
Cost			
At 1 January 2013	4.4	8.9	13.3
Disposals	(1.9)	(0.1)	(2.0)
At 31 December 2013	2.5	8.8	11.3
Depreciation			
At 1 January 2013	1.7	5.8	7.5
Charge for the year (Note 6)	0.1	0.6	0.7
Disposals	(1.1)	–	(1.1)
At 31 December 2013	0.7	6.4	7.1
Net book value			
At 31 December 2013	1.8	2.4	4.2
Company – 2012			
Cost			
At 1 January 2012	4.4	8.2	12.6
Additions	–	1.4	1.4
Disposals	–	(0.7)	(0.7)
At 31 December 2012	4.4	8.9	13.3
Depreciation			
At 1 January 2012	1.6	5.7	7.3
Charge for the year (Note 6)	0.1	0.7	0.8
Disposals	–	(0.6)	(0.6)
At 31 December 2012	1.7	5.8	7.5
Net book value			
At 31 December 2012	2.7	3.1	5.8

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Group		Company	
	2013 RM Million	**2012 RM Million**	**2013 RM Million**	**2012 RM Million**
Analysis of net book value of land and buildings:				
Freehold property				
– Land	**982.0**	403.0	**–**	–
– Building	**933.5**	823.0	**–**	–
	1,915.5	1,226.0	**–**	–
Leasehold property				
Long leasehold				
– Land	**506.1**	254.5	**1.1**	1.8
– Building	**237.5**	225.7	**0.7**	0.9
Short leasehold				
– Land	**9.8**	9.9	**–**	–
– Building	**161.3**	150.5	**–**	–
	914.7	640.6	**1.8**	2.7
	2,830.2	1,866.6	**1.8**	2.7
Analysis of cost or valuation:				
Cost	**5,530.2**	4,377.8	**11.3**	13.3
Valuation	**135.2**	135.2	**–**	–
	5,665.4	4,513.0	**11.3**	13.3

Included in the Group's other property, plant and equipment is capital work in progress costing RM228.8 million (2012: RM476.2 million). The other assets included under this category are motor vehicles and furniture and equipment.

Properties stated at valuation are based on independent professional valuation carried out on an open market basis. As allowed by the transitional provision of IAS 16 (Revised) Property, Plant and Equipment, these assets continued to be stated on the basis of their previous valuations. The net book value of these revalued freehold properties that would have been included in the Group's financial statements, had these assets been carried at cost less depreciation is RM59.4 million (2012: RM60.9 million).

Additions to the Group's property, plant and equipment during the year include the capitalisation of interest cost of RM7.4 million (2012: RM23.7 million).

The net carrying amount of property, plant and equipment pledged as securities for borrowings as disclosed in Note 34 is RM146.9 million (2012: RM185.4 million).

14. BIOLOGICAL ASSETS

	Group	
	2013 RM Million	**2012 RM Million**
Cost		
At 1 January	**698.9**	385.7
Acquisition of a Subsidiary (Note 45)	**502.2**	–
Additions	**73.3**	313.2
Written off (Note 6)	**(0.5)**	–
At 31 December	**1,273.9**	698.9
Impairment loss		
At 1 January	**34.4**	38.1
Reversal of impairment loss (Note 6)	**–**	(3.7)
At 31 December	**34.4**	34.4
Net book value		
At 31 December	**1,239.5**	664.5
Interest cost capitalised during the year	**0.2**	0.1

15. INVESTMENT PROPERTIES

	Completed investment properties RM Million	Investment properties under construction at cost RM Million	Total RM Million
Group			
At 1 January 2012	1,212.9	–	1,212.9
Net fair value gain (Note 8)	61.5	–	61.5
Additions from subsequent expenditure	18.9	–	18.9
Disposal	(19.9)	–	(19.9)
At 31 December 2012	**1,273.4**	**–**	**1,273.4**
Net fair value gain (Note 8)	**48.4**	**–**	**48.4**
Additions	**77.1**	**–**	**77.1**
Additions from subsequent expenditure	**4.8**	**16.1**	**20.9**
Disposal	**(99.0)**	**–**	**(99.0)**
At 31 December 2013	**1,304.7**	**16.1**	**1,320.8**
Company			
At 1 January 2012	65.0	–	65.0
Net fair value gain (Note 8)	12.6	–	12.6
At 31 December 2012	**77.6**	**–**	**77.6**
Net fair value gain (Note 8)	**3.4**	**–**	**3.4**
At 31 December 2013	**81.0**	**–**	**81.0**

Investment properties were revalued by the Directors based on independent professional valuations using the open market value basis. Valuations are performed by accredited independent valuers with recent experience in the location and categories of properties being valued. Additions to the Group's investment properties during the year include the capitalisation of interest cost of RM0.6 million (2012: RM0.5 million).

16. DEVELOPMENT PROPERTIES

	Group	
	2013 RM Million	2012 RM Million
At 1 January		
– Freehold land, at cost	25.5	25.5
– Long leasehold land, at cost	3.2	4.5
– Development cost	219.0	197.1
	247.7	227.1
Transfer to property development in progress (Note 26)		
– Long leasehold land	(2.3)	(1.3)
– Development cost	(50.4)	(117.8)
	(52.7)	(119.1)
Transfer from property, plant and equipment (Note 13)	14.5	–
	(38.2)	(119.1)
Additions during the year	129.7	139.7
At 31 December	339.2	247.7
Interest cost capitalised during the year	2.6	4.1

17. PREPAID LAND LEASE PAYMENTS

	Group	
	2013 RM Million	2012 RM Million
Cost		
At 1 January	74.3	45.2
Acquisition of Subsidiaries (Note 45)	–	7.2
Additions	–	26.8
Transfer from/(to) property, plant and equipment (Note 13)	2.3	(4.9)
At 31 December	76.6	74.3

17. PREPAID LAND LEASE PAYMENTS (CONT'D.)

	Group	
	2013 RM Million	2012 RM Million
Accumulated amortisation		
At 1 January	5.5	5.6
Charge for the year (Note 6)	2.1	0.6
Transfer to property, plant and equipment (Note 13)	–	(0.7)
At 31 December	7.6	5.5
Net book value		
At 31 December	69.0	68.8
Amount to be amortised		
– Within 1 year	2.2	2.1
– Later than 1 year but not later than 5 years	8.8	8.4
– Later than 5 years	58.0	58.3
	69.0	68.8

18. LONG TERM PREPAYMENTS

	Group	
	2013 RM Million	2012 RM Million
At 1 January	157.3	143.3
Additions	8.3	20.6
Charge for the year (Note 6)	(8.3)	(9.4)
Transfer (to)/from property, plant and equipment (Note 13)	(5.1)	2.8
At 31 December	152.2	157.3

Long term prepayments comprise mainly prepaid rentals made to service station operators and land owners in respect of the Group's service station activities. These prepayments are amortised over the tenure of the agreements.

19. DEFERRED TAXATION

	Group		Company	
	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
At 1 January	(1.2)	(34.1)	–	–
Recognised in profit or loss (Note 10)	(30.3)	31.9	(1.2)	–
Disposal of Subsidiaries (Note 45)	–	0.5	–	–
Exchange adjustment	–	0.5	–	–
At 31 December	(31.5)	(1.2)	(1.2)	–
Presented after appropriate offsetting as follows:				
Deferred tax assets	61.7	54.5	–	–
Deferred tax liabilities	(93.2)	(55.7)	(1.2)	–
	(31.5)	(1.2)	(1.2)	–

The components and movements of deferred tax assets and liabilities for the Group during the financial year prior to offsetting are as follows:

	Tax losses RM Million	Unabsorbed capital allowances RM Million	Others RM Million	Total RM Million
Deferred tax assets – Group				
At 1 January 2012	48.9	23.2	34.3	106.4
Recognised in profit or loss	43.9	3.9	3.5	51.3
Exchange adjustment	–	–	1.0	1.0
At 31 December 2012 and 1 January 2013	92.8	27.1	38.8	158.7
Recognised in profit or loss	6.3	35.1	3.4	44.8
At 31 December 2013	99.1	62.2	42.2	203.5

19. DEFERRED TAXATION (CONT'D.)

	Fair value gain on investment properties RM Million	Accelerated depreciation RM Million	Others RM Million	Total RM Million
Deferred tax liabilities – Group				
At 1 January 2012	(23.1)	(111.1)	(6.3)	(140.5)
Recognised in profit or loss	15.7	(34.5)	(0.6)	(19.4)
Disposal of Subsidiaries (Note 45)	–	–	0.5	0.5
Exchange adjustment	–	–	(0.5)	(0.5)
At 31 December 2012 and 1 January 2013	**(7.4)**	**(145.6)**	**(6.9)**	**(159.9)**
Recognised in profit or loss	**(4.5)**	**(50.5)**	**(20.1)**	**(75.1)**
At 31 December 2013	**(11.9)**	**(196.1)**	**(27.0)**	**(235.0)**

Deferred tax assets which have not been recognised are as follows:

	Group		Company	
	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
Unused tax losses	**197.5**	157.9	**–**	–
Unabsorbed capital allowances and agricultural allowances	**49.5**	66.0	**–**	0.1
	247.0	223.9	**–**	0.1

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective Subsidiaries are subject to no substantial changes in shareholding of these Subsidiaries under section 44(5A) and 44(5B) of the Income Tax Act, 1967.

20. SUBSIDIARIES

	Company 2013 RM Million	Company 2012 RM Million
At cost		
Shares quoted in Malaysia	**762.1**	762.1
Unquoted shares	**2,196.6**	2,200.5
	2,958.7	2,962.6
Accumulated impairment loss	**(5.8)**	(5.8)
	2,952.9	2,956.8
Market value of quoted shares	**1,092.7**	930.4

Subsidiaries with material non-controlling interests

The Group regard Boustead Petroleum Sdn Bhd (BPSB Group) and Pharmaniaga Berhad (Pharmaniaga Group) as Subsidiaries that have material non-controlling interests. These Subsidiaries are incorporated and operate primarily in Malaysia. Financial information of these Subsidiaries are provided below:

	BPSB Group		Pharmaniaga Group	
	2013 %	2012 %	2013 %	2012 %
Equity interest held by non-controlling interests	**40**	40	**44**	44

The summarised financial information of these Subsidiaries are provided on the subsequent pages. This information is based on amounts before inter-company eliminations.

20. SUBSIDIARIES (CONT'D.)

Subsidiaries with material non-controlling interests (cont'd.)

(a) Summarised income statements

	BPSB Group		Pharmaniaga Group	
	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
Revenue	**4,859.9**	4,683.4	**1,946.6**	1,812.3
Profit for the year attributable to:				
Shareholders of the company	**65.3**	79.1	**55.2**	61.7
Non-controlling interests	**33.4**	38.8	**1.6**	1.5
	98.7	117.9	**56.8**	63.2

(b) Summarised statements of comprehensive income

	BPSB Group		Pharmaniaga Group	
	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
Profit for the year	**98.7**	117.9	**56.8**	63.2
Other comprehensive loss	**–**	–	**(4.4)**	(2.9)
Total comprehensive income for the year	**98.7**	117.9	**52.4**	60.3
Attributable to:				
Shareholders of the company	**65.3**	79.1	**52.8**	60.1
Non-controlling interests	**33.4**	38.8	**(0.4)**	0.2
	98.7	117.9	**52.4**	60.3
Dividend paid to non-controlling interests	**24.1**	30.4	**16.2**	20.8

20. SUBSIDIARIES (CONT'D.)

Subsidiaries with material non-controlling interests (cont'd.)

(c) Summarised statements of financial position

	BPSB Group		Pharmaniaga Group	
	2013 RM Million	**2012 RM Million**	**2013 RM Million**	**2012 RM Million**
Total assets:				
Non-current assets	**778.9**	769.8	**487.5**	499.5
Current assets	**665.0**	616.6	**625.5**	723.4
	1,443.9	1,386.4	**1,113.0**	1,222.9
Total liabilities:				
Non-current liabilities	**21.7**	23.0	**19.8**	11.2
Current liabilities	**972.9**	976.6	**589.9**	723.7
	994.6	999.6	**609.7**	734.9
Net assets	**449.3**	386.8	**503.3**	488.0
Attributable to:				
Shareholders of the company	**298.9**	245.7	**487.7**	472.2
Non-controlling interests	**150.4**	141.1	**15.6**	15.8
	449.3	386.8	**503.3**	488.0

(d) Summarised statements of cash flows

	BPSB Group		Pharmaniaga Group	
	2013 RM Million	**2012 RM Million**	**2013 RM Million**	**2012 RM Million**
Net cash from/(used in):				
Operating activities	**215.9**	94.8	**250.4**	16.7
Investing activities	**(36.2)**	8.5	**(79.5)**	(127.3)
Financing activities	**(138.2)**	(116.7)	**(171.3)**	89.5
Net increase/(decrease) in cash and cash equivalents	**41.5**	(13.4)	**(0.4)**	(21.1)

21. ASSOCIATES

	Group		Company	
	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
At cost				
Shares quoted in Malaysia	**624.9**	624.9	**624.9**	624.9
Unquoted shares	**89.7**	80.9	**58.4**	62.0
	714.6	705.8	**683.3**	686.9
Shares of post acquisition reserves	**765.5**	660.7	**–**	–
	1,480.1	1,366.5	**683.3**	686.9
Market value				
Quoted shares	**1,283.3**	1,063.8	**1,283.3**	1,063.8

Material associate

The Group regard Affin Holdings Berhad (Affin) as a material associate. The summarised financial information of Affin is set out below. This represents the amounts in Affin's financial statements and not the Group's share of those amounts.

(a) Summarised statement of comprehensive income

	2013 RM Million	2012 RM Million
Revenue	**3,029.0**	2,971.7
Profit for the year	**650.0**	628.9
Other comprehensive income	**15.2**	–
Total comprehensive income	**665.2**	628.9
Dividend received from Affin during the year	**46.4**	37.9

21. ASSOCIATES (CONT'D.)

Material associate (cont'd.)

(b) Summarised statement of financial position

	2013 RM Million	2012 RM Million
Total assets	59,951.6	55,834.1
Total liabilities	53,574.9	49,898.4
Net assets of Affin	6,376.7	5,935.7

(c) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in Affin:

	2013 RM Million	2012 RM Million
Net assets of Affin at 1 January	5,935.7	5,489.9
Profit for the year	650.0	628.9
Other comprehensive income	15.2	–
Dividend paid	(224.2)	(183.1)
Net assets of Affin at 31 December	6,376.7	5,935.7
Group's share of net assets	1,319.4	1,228.1
Goodwill	15.2	15.2
Carrying value of the Group's investment in Affin	1,334.6	1,243.3
Group's interest in Affin	20.7%	20.7%

Associates that are not individually material

The Group's investments in other associates are not individually material and the aggregate information of these associates are presented below:

	Group	
	2013 RM Million	2012 RM Million
Group's share of profit before tax	26.9	25.4
Group's share of profit after tax	20.4	18.7

22. JOINT VENTURES

	Group	
	2013 RM Million	2012 RM Million
At cost		
Unquoted shares	53.9	53.9
Share of post acquisition reserves	56.9	41.4
	110.8	95.3

The Group's investments in joint ventures are not individually material and the aggregate information of these joint ventures are presented below:

	Group	
	2013 RM Million	2012 RM Million
Group's share of profit before tax	23.2	26.6
Group's share of profit after tax	18.7	22.8

23. INVESTMENTS

	Group		Company	
	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
Shares quoted in Malaysia	39.3	652.8	6.3	5.3
Malaysian unit trusts	5.6	40.5	–	–
Unquoted shares	0.7	0.7	0.6	0.6
	45.6	694.0	6.9	5.9
Accumulated impairment loss	(0.5)	(0.5)	(0.5)	(0.5)
	45.1	693.5	6.4	5.4

The investments in quoted shares and unit trusts are stated at market value. The other investments are stated at cost less impairment loss.

24. INTANGIBLE ASSETS

	Goodwill RM Million	Concession right RM Million	Rights to supply RM Million	Total RM Million
Group				
Cost				
At 1 January 2012	1,174.7	75.0	12.1	1,261.8
Acquisition of Subsidiaries (Note 45)	5.6	–	–	5.6
Additions	–	–	77.7	77.7
At 31 December 2012 and 1 January 2013	**1,180.3**	**75.0**	**89.8**	**1,345.1**
Additions	**–**	**–**	**15.2**	**15.2**
At 31 December 2013	**1,180.3**	**75.0**	**105.0**	**1,360.3**
Amortisation				
At 1 January 2012	–	6.5	0.4	6.9
Amortisation for the year (Note 6)	–	8.7	24.6	33.3
At 31 December 2012 and 1 January 2013	**–**	**15.2**	**25.0**	**40.2**
Amortisation for the year (Note 6)	**–**	**8.7**	**34.3**	**43.0**
At 31 December 2013	**–**	**23.9**	**59.3**	**83.2**
Net carrying amount				
At 31 December 2013	**1,180.3**	**51.1**	**45.7**	**1,277.1**
At 31 December 2012	1,180.3	59.8	64.8	1,304.9

24. INTANGIBLE ASSETS (CONT'D.)

The carrying amount of goodwill allocated to the Heavy Industries Division is RM971.7 million (2012: RM971.7 million) with the remaining goodwill from other Divisions.

Goodwill is allocated for impairment testing purposes to the individual entity which is also the CGU. The recoverable amount is determined based on a value in use calculation using cash flow projections approved by the entity's board of directors covering three to five years. The projections reflect management expectation of revenue growth, operating cost and margins based on their recent experience. Discount rate applied to the cash flow projections are derived from the CGU's pre-tax weighted average cost of capital plus a reasonable risk premium at the date of assessment of the CGU.

For Heavy Industries Division, pre-tax discount rates of 13% to 15.5% (2012: 10% to 12.5%) and a terminal growth rate of 2% (2012: 2%) have been applied in the value in use calculations.

For the remaining goodwill, the recoverable amounts were determined based on the value in use calculations using cash flow budgets approved by each entity's board of directors covering a three-year period. The appropriate pre-tax discount rates that reflect each entity's cost of borrowings, the expected rate of return and various risks were applied. No impairment loss was required as at 31 December 2013, as the recoverable amounts were in excess of the carrying amount of the remaining goodwill.

Based on the sensitivity analysis performed, management believes that no reasonably possible change in base case key assumptions would cause the carrying values of the CGU to exceed its recoverable amounts.

25. INVENTORIES

	Group	
	2013 RM Million	2012 RM Million
Raw materials and work in progress	**111.6**	117.6
Goods for resale	**528.4**	567.9
Estate produce	**18.5**	34.0
Completed properties	**5.8**	4.0
Consumable stores	**53.9**	39.0
	718.2	762.5

During the year, the amount of inventories recognised as an expense of the Group amounted to RM6,622.1 million (2012: RM6,301.5 million).

26. PROPERTY DEVELOPMENT IN PROGRESS

	Group	
	2013 RM Million	2012 RM Million
At 1 January		
– Freehold land, at cost	12.6	12.6
– Long leasehold land, at cost	3.3	7.5
– Development cost	302.6	223.7
	318.5	243.8
Cost recognised in profit or loss		
– At 1 January	(275.6)	(231.6)
– Recognised during the year	(215.9)	(184.4)
– Reversal of completed projects	397.6	140.4
	(93.9)	(275.6)
Transfer		
– From development properties (Note 16)	52.7	119.1
– To inventories	(3.3)	–
– Reversal of completed projects	(397.6)	(140.4)
	(348.2)	(21.3)
Development cost incurred during the year	160.0	96.0
At 31 December	36.4	42.9
Interest cost capitalised during the year	7.4	2.7

27. DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group	
	2013 RM Million	**2012 RM Million**
Ship repair and shipbuilding		
Aggregate cost incurred and recognised profit less recognised losses to date	**4,287.9**	3,105.4
Progress billings	**(3,185.9)**	(1,845.6)
	1,102.0	1,259.8
Presented as follows:		
Due from customers on contracts	**1,199.8**	1,304.6
Due to customers on contracts	**(97.8)**	(44.8)
	1,102.0	1,259.8

The cost incurred to date on construction contracts included the following charges made during the financial year:

	Group	
	2013 RM Million	**2012 RM Million**
Depreciation of property, plant and equipment (Note 13)	**3.9**	7.4
Interest expense	**77.8**	32.2
Operating leases:		
– Minimum lease payments for plant and equipment	**3.3**	3.0
– Minimum lease payments for land and buildings	**0.1**	0.1
Gain on foreign exchange	**–**	(0.4)
Staff cost	**4.0**	6.8
Amount of contract revenue and contract cost recognised in profit or loss are as follows:		
Contract revenue	**2,010.3**	1,036.4
Contract cost	**1,820.7**	911.6

28. RECEIVABLES

	Group		Company	
	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
Trade receivables	1,273.1	1,133.9	–	–
Allowance for impairment	(44.4)	(44.3)	–	–
	1,228.7	1,089.6	–	–
Dividends receivable	–	–	103.0	1.6
Deposits	108.8	97.1	–	–
Prepayments	74.1	34.3	0.1	0.2
Income tax receivable	57.5	63.5	24.9	30.3
Advances to smallholders scheme	–	4.5	–	–
Advances paid to suppliers	43.3	84.4	–	–
Other receivables	59.7	64.9	0.4	0.3
Non-hedging derivatives (Note 39)	3.0	–	–	–
Amount due from holding corporation	–	0.1	–	–
Amounts due from Subsidiaries	–	–	553.8	543.8
Amounts due from associates	122.2	54.8	1.6	1.6
Amounts due from joint ventures	106.8	72.5	–	–
Amounts due from other related companies	4.6	3.3	–	–
	1,808.7	1,569.0	683.8	577.8

The Group's normal trade credit terms range from payments in advance to 90 days. Other credit terms are assessed and approved on a case by case basis. Amounts due from Subsidiaries are unsecured, bear interest at a weighted average rate of 6.4% (2012: 6.3%) per annum and are repayable on demand. Amounts due from associates are unsecured, bear interest at a weighted average rate of 7.0% (2012: 7.0%) per annum and are repayable on demand. Amounts due from joint ventures and other related companies are trade balances which are unsecured and interest free, with repayment in accordance with normal trading terms.

28. RECEIVABLES (CONT'D.)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2013 RM Million	2012 RM Million
Neither past due nor impaired	884.4	810.5
Past due but not impaired		
– Less than 30 days	161.5	86.2
– 31 to 60 days	46.8	15.3
– 61 to 90 days	28.6	21.4
– 91 to 120 days	15.9	11.5
– More than 120 days	84.0	134.7
	336.8	269.1
Impaired	51.9	54.3
	1,273.1	1,133.9

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 92% (2012: 93%) of the Group's trade receivables arise from customers with more than 3 years of experience with the Group and insignificant losses noted.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM336.8 million (2012: RM269.1 million) that are past due at the reporting date but not impaired. Of these, RM5.2 million (2012: RM4.9 million) of trade receivables are secured by bank guarantees and deposits at the reporting date.

In addition, trade receivables due from Government of Malaysia and related agencies amounted to RM22.5 million (2012: RM77.8 million) at the reporting date.

28. RECEIVABLES (CONT'D.)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Collectively impaired RM Million	Individually impaired RM Million	Total RM Million
Group – 2013			
Trade receivables – nominal	**1.1**	**50.8**	**51.9**
Allowance for impairment	**(1.1)**	**(43.3)**	**(44.4)**
Total	**–**	**7.5**	**7.5**
Group – 2012			
Trade receivables – nominal	2.6	51.7	54.3
Allowance for impairment	(2.6)	(41.7)	(44.3)
Total	–	10.0	10.0

Movement in allowance accounts:

	Group	
	2013 RM Million	2012 RM Million
At 1 January	**44.3**	47.2
Impairment loss (Note 6)	**81.5**	13.6
Reversal of impairment loss (Note 6)	**(5.0)**	(7.3)
Written off	**(76.1)**	(4.7)
Disposal of Subsidiaries	**–**	(4.5)
Exchange adjustment	**(0.3)**	–
At 31 December	**44.4**	44.3

Trade receivables that are individually impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

29. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
Deposits with financial institutions	**255.3**	90.0	**1.3**	–
Cash held under Housing Development Accounts	**97.2**	73.2	**–**	–
Cash and bank balances	**285.4**	211.9	**4.0**	5.1
	637.9	375.1	**5.3**	5.1

The average maturity periods of the Group's fixed deposits with financial institutions are 28 days (2012: 35 days). Bank balances are monies placed in current accounts with licensed banks which do not earn any interest.

The amount of deposits placed with the financial institutions which are Government-related entities amounted to RM242.4 million (2012: RM82.6 million).

30. DISPOSAL GROUP HELD FOR SALE

	Assets		Liabilities	
	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
Group				
At 1 January	**5.8**	50.7	–	4.8
Reclassification of amounts in respect of assets to be disposed (Note 45)	**–**	5.8	–	–
Disposal during the year	**(5.8)**	(50.7)	–	(4.8)
At 31 December	**–**	5.8	–	–

31. SHARE CAPITAL

	2013		2012	
	Million	RM Million	Million	RM Million
Ordinary shares of RM0.50 each				
Authorised	**2,000.0**	**1,000.0**	2,000.0	1,000.0
Issued and fully paid				
At 1 January	**1,034.2**	**517.1**	940.2	470.1
Bonus issue during the year	**–**	**–**	94.0	47.0
At 31 December	**1,034.2**	**517.1**	1,034.2	517.1

32. PERPETUAL SUKUK

	Group/Company	
	2013 RM Million	2012 RM Million
Nominal value	683.0	–
Transaction cost	(4.4)	–
	678.6	–

On 23 December 2013, the Company issued the first tranche of Junior Sukuk Musharakah (Perpetual Sukuk) at par value amounting to RM683 million. The Perpetual Sukuk is part of the Junior Islamic Medium Term Note Programme of up to RM1.2 billion in nominal value which was approved by the Securities Commission on 15 November 2013.

The salient features of the Perpetual Sukuk are as follows:

(a) The Perpetual Sukuk is issued under the Islamic principle of Musharakah, while the principle of Commodity Musawamah will be employed to effect the deferral of the periodic distributions, if any;

(b) Being perpetual in tenure, the Company has a call option to redeem the Perpetual Sukuk at the end of the 5th year and on each periodic distribution date thereafter;

(c) The Company also has the option to redeem the Perpetual Sukuk if there is a change in accounting standards resulting in the Perpetual Sukuk no longer being recognised as an equity instrument;

(d) The expected periodic distribution from issuance up to year 5 is about 6.1% per annum, payable six months from the issue date of the relevant tranche and every six months thereafter;

(e) If the Company does not exercise its option to redeem at the end of the 5th year, the periodic distribution increases by 1.5% per annum for the 6th year. For the 7th year onwards, the periodic distribution will be further increased by 1% per annum, subject to the maximum of 15% per annum;

(f) Deferred periodic distribution, if any, will be cumulative but will not earn additional profits (i.e. there will be no compounding);

(g) Payment obligations on the Perpetual Sukuk will, at all times, rank ahead of other equity instruments for the time being outstanding, but junior to the claims of present and future creditors of the Company (other than obligations ranking pari passu with the Perpetual Sukuk);

(h) The Perpetual Sukuk is not rated; and

(i) The Perpetual Sukuk is unsecured.

33. RESERVES

	← Non-distributable			→		
	Share premium RM Million	Revaluation and fair value reserves RM Million	Statutory reserve RM Million	Other reserves RM Million	Retained earnings RM Million	Total RM Million
Group						
At 1 January 2012	1,212.1	217.1	225.4	116.2	2,210.5	3,981.3
Total comprehensive income for the year	–	97.8	–	(4.3)	416.7	510.2
Transactions with owners						
Changes in ownership interest in Subsidiaries						
– Additional investment in Subsidiaries	–	–	–	–	(5.9)	(5.9)
– Partial disposal of a Subsidiary	–	–	–	0.2	6.4	6.6
– Disposal of Subsidiaries (Notes 45)	–	–	–	45.4	–	45.4
Transfer during the year	–	–	34.2	–	(34.2)	–
Bonus issue during the year (Note 31)	(47.0)	–	–	–	–	(47.0)
Dividends (Notes 12)	–	–	–	–	(351.7)	(351.7)
At 31 December 2012 and 1 January 2013	**1,165.1**	**314.9**	**259.6**	**157.5**	**2,241.8**	**4,138.9**
Total comprehensive income for the year	**–**	**(266.7)**	**–**	**(1.6)**	**478.8**	**210.5**
Transactions with owners						
Additional investment in a Subsidiary	**–**	**–**	**–**	**–**	**(1.1)**	**(1.1)**
Transfer during the year	**–**	**–**	**36.3**	**–**	**(36.3)**	**–**
Dividends (Notes 12)	**–**	**–**	**–**	**–**	**(310.4)**	**(310.4)**
At 31 December 2013	**1,165.1**	**48.2**	**295.9**	**155.9**	**2,372.8**	**4,037.9**

33. RESERVES (CONT'D.)

Non-distributable reserves

The breakdown of the revaluation and fair value reserves is as follows:

	Group	
	2013 RM Million	2012 RM Million
Revaluation reserve	41.6	41.6
Fair value reserve	6.6	273.3
	48.2	314.9

The revaluation reserve represents increases in the fair value of freehold land and buildings, net of tax, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

Fair value reserve represents the cumulative fair value changes, net of tax, of available for sale financial assets until they are disposed of or impaired.

The statutory reserve is maintained by an associate in compliance with the provision of the Banking and Financial Institutions Act, 1989.

The other non-distributable reserves comprise mainly the Group's share of Subsidiaries' share premium arising from the issue of new shares to non-controlling interests.

Retained earnings

Under the single tier system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Under this system, all the Company's retained earnings are distributable by way of single tier dividends and tax on the Company's profit is the final tax and dividend distributed to shareholders will be exempted from tax.

34. BORROWINGS

	Group		Company	
	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
Non-current				
Term loans				
– Denominated in US Dollars	**60.1**	62.4	**–**	–
– Denominated in Indonesian Rupiah	**43.6**	36.4	**–**	–
– Denominated in Malaysian Ringgit	**1,828.7**	1,575.3	**7.5**	57.5
	1,932.4	1,674.1	**7.5**	57.5
Bank guaranteed medium term notes	**998.0**	838.7	**998.0**	838.7
Asset-backed bonds	**896.2**	895.5	**–**	–
	3,826.6	3,408.3	**1,005.5**	896.2
Repayable in 1 year	**(760.1)**	(726.1)	**(85.1)**	(118.7)
	3,066.5	2,682.2	**920.4**	777.5
Current				
Overdrafts	**30.1**	50.2	**14.8**	15.8
Bankers' acceptances	**201.5**	308.0	**–**	–
Revolving credits				
– Denominated in US Dollars	**37.4**	34.9	**–**	–
– Denominated in Malaysian Ringgit	**2,540.4**	2,808.2	**430.0**	1,035.0
Short term loans	**760.1**	726.1	**85.1**	118.7
	3,569.5	3,927.4	**529.9**	1,169.5
Total borrowings	**6,636.0**	6,609.6	**1,450.3**	1,947.0

The bank guaranteed medium term notes (MTN) comprise six series with maturity dates ranging from 3 years to 5 years from the date of issue. The MTN which are repayable on maturity, have a long term rating of AAA(bg) and bear interest at the weighted average effective interest rate of 5.5% (2012: 5.8%) per annum. The MTN have been accounted for in the statement of financial position of the Group and of the Company as follows:

	Group/Company	
	2013 RM Million	2012 RM Million
Nominal value	**1,000.0**	840.0
Accrued interest and transaction cost less payments and amortisation	**(2.0)**	(1.3)
Carrying amount	**998.0**	838.7

34. BORROWINGS (CONT'D.)

The asset-backed bonds (Bonds) comprise 4 classes of senior bonds which are rated AAA, AA2 and A1 and 3 classes of guaranteed bonds which are rated AAA(fg) and AA2(bg). The maturity dates of the Bonds range from 3 years to 7 years with the effective interest rate of 5.3% (2012: 5.4%) per annum. The senior bonds are secured by a debenture over the assets of the Subsidiary, a special purpose vehicle created for the Bonds issuance.

The Bonds have been accounted for in the statement of financial position of the Group as follows:

	Group	
	2013 RM Million	2012 RM Million
Nominal value	**900.0**	900.0
Accrued interest and transaction cost less payments and amortisation	**(3.8)**	(4.5)
Carrying amount	**896.2**	895.5

A Subsidiary has a term loan of RM654.0 million which is repayable within 4 years commencing from 27 April 2015. This Subsidiary also has revolving credits of RM906.7 million (2012: RM516.2 million) which are secured by way of an assignment on contract proceeds.

A Subsidiary has a term loan of RM228.0 million (2012: RM256.5 million) which is repayable over 20 half yearly instalments. The term loan is secured by five aircrafts of the Subsidiary, proceeds account and the said Subsidiary's present and future rights, title, benefit and interest in and under the lease agreement of those aircraft.

A Subsidiary has a term loan and revolving credit denominated in US Dollars equivalent to RM18.5 million (2012: RM23.5 million) and RM37.4 million (2012: RM34.9 million) respectively which are secured against the vessels owned by the Subsidiary.

All the other borrowings are unsecured. Other information on financial risks of the borrowings are disclosed in Note 38.

The amount of borrowings obtained from the financial institutions which are Government-related entities amounted to RM4,796.5 million (2012: RM4,504.7 million).

35. PAYABLES

	Group		Company	
	2013 RM Million	**2012 RM Million**	**2013 RM Million**	**2012 RM Million**
Non-current				
Deposit from tenants	**26.7**	29.4	**–**	–
Current				
Trade payables	**1,120.5**	986.5	**–**	–
Accrued interest	**35.9**	19.7	**3.7**	5.7
Accrued expenses	**159.1**	250.8	**–**	–
Deposits received	**71.9**	54.2	**1.8**	1.6
Retention sum	**4.0**	2.1	**–**	–
Amount due to unitholders of Al-Hadharah Boustead REIT (Note 45)	**564.3**	–	**–**	–
Other payables	**297.5**	287.4	**8.0**	7.7
Non-hedging derivatives (Note 39)	**–**	0.2	**–**	–
Amount due to holding corporation	**0.8**	0.6	**–**	–
Amounts due to Subsidiaries	**–**	–	**352.6**	380.6
Amounts due to joint ventures	**60.6**	3.9	**–**	–
Amounts due to other related companies	**2.0**	0.2	**–**	–
	2,316.6	1,605.6	**366.1**	395.6

Trade and other payables

These amounts are non-interest bearing, with normal credit terms ranging from 30 to 90 (2012: 30 to 90) days.

Amounts due to Subsidiaries

These amounts are unsecured, bear interest at a weighted average rate of 4.2% (2012: 4.0%) per annum and repayable on demand.

Amounts due to joint ventures and other related companies

These are trade balances which are unsecured and interest free with repayment in accordance with normal trading terms.

36. SEGMENTAL INFORMATION

For management purposes, the Group's business is organised based on the activities, products and services under the following six Divisions:

(a) Plantation Division

The Division is primarily involved in the planting of oil palm and processing of crude palm oil. In addition, the Division through its associate, is also involved in the research in oil palm tissue culture and genetics.

(b) Heavy Industries Division

The Division has its main thrust in the marine sector, both commercial and naval vessels. This Division's operations include shipbuilding, fabrication of offshore structures as well as the restoration and maintenance of vessels and defence related products. The Division is also involved in air transportation and flight services.

(c) Property Division

The Division is in the business of property development, constructing and leasing out of commercial and retail properties as well as the owning and operating of hotels. These two segments are managed and reported internally as one segment, as they are regarded by management to exhibit similar economic characteristics.

(d) Finance & Investment Division

The Division comprises the investing activity of the Group, in particular the Group's involvement in the commercial, Islamic and investment banking, stock broking as well as the life and general insurance business through an associate.

(e) Pharmaceutical Division

The Division is in the business of manufacturing, trading and marketing of pharmaceutical products, research and development of pharmaceutical products and the supply of medical and hospital equipment.

(f) Trading & Industrial Division

The Division is engaged in the owning and operating of the BHPetrol brand of retail petrol station network and the manufacture and trading of building materials. The Division also engages in engineering fabrication and trading of engineering equipment.

Transfer pricing between operating segments are on arm's length basis. Inter-segment revenue which represents rental charge of office premises and trading of the Group's manufactured goods are eliminated on consolidation. The Group practises central fund management where surplus funds within the Group are on-lent, and the interest charges arising from such arrangements are eliminated in full.

The Group's revenue from one major customer arising from activities of Pharmaceutical and Heavy Industries Divisions is disclosed in Note 43(a), (b) and (c).

36. SEGMENTAL INFORMATION (CONT'D.)

Management monitors the operating results of the six Divisions for the purpose of making decisions about resource allocation and performance assessment. Segment result is evaluated based on operating profit or loss as set out in the following table:

	Plantation RM Million	Heavy Industries RM Million	Property RM Million	Finance & Investment RM Million	Pharma-ceutical RM Million	Trading & Industrial RM Million	Elimination RM Million	Total RM Million
2013								
Revenue								
Group total sales	695.7	2,502.8	652.8	153.8	1,946.6	5,288.6	(28.3)	11,212.0
Inter-segment sales	–	–	(28.3)	–	–	–	28.3	–
External sales	695.7	2,502.8	624.5	153.8	1,946.6	5,288.6	–	11,212.0
Results								
Segment result – external	58.9	(13.0)	203.3	(0.4)	102.9	152.4	–	504.1
Interest income	15.4	2.9	8.8	52.8	1.3	5.0	(73.6)	12.6
Other investment results	85.7	0.2	40.0	1.1	–	12.2	–	139.2
Finance cost	(34.5)	(100.3)	(42.9)	(93.7)	(33.1)	(29.8)	73.6	(260.7)
Share of results of associates & joint ventures	5.2	21.2	5.7	143.6	–	–	–	175.7
	130.7	(89.0)	214.9	103.4	71.1	139.8	–	570.9
Fair value gain on deemed disposal of investments (Note 45)								136.8
Profit before tax								707.7
Income tax expense								(147.9)
Profit for the year								559.8

36. SEGMENTAL INFORMATION (CONT'D.)

	Plantation RM Million	Heavy Industries RM Million	Property RM Million	Finance & Investment RM Million	Pharma-ceutical RM Million	Trading & Industrial RM Million	Elimination RM Million	Total RM Million
2012								
Revenue								
Group total sales	872.5	1,324.4	525.6	130.0	1,812.3	5,186.7	(29.2)	9,822.3
Inter-segment sales	–	–	(29.2)	–	–	–	29.2	–
External sales	872.5	1,324.4	496.4	130.0	1,812.3	5,186.7	–	9,822.3
Results								
Segment result – external	151.3	(62.7)	133.0	(5.2)	114.1	177.9	–	508.4
Interest income	21.9	4.8	7.8	65.0	0.6	13.5	(101.6)	12.0
Other investment results	42.7	9.3	48.7	12.8	–	4.1	–	117.6
Finance cost	(13.5)	(98.0)	(31.8)	(104.4)	(34.5)	(36.4)	101.6	(217.0)
Share of results of associates and joint ventures	4.0	22.8	3.3	141.6	–	–	–	171.7
Profit/(loss) before tax	206.4	(123.8)	161.0	109.8	80.2	159.1	–	592.7
Income tax expense								(94.2)
Profit for the year								498.5

37. CONTINGENT LIABILITIES

(a) On 30 March 2011, Boustead Plantation Berhad (BPB) and Boustead Pelita Kanowit Plantations Sdn Bhd (BPK) were named the 4th and 5th Defendants respectively in relation to a claim filed by 5 individuals suing on behalf of themselves and 163 other proprietors, occupiers and claimants of the Native Customary Rights lands (NCR) (Plaintiffs) situated in Sg Kelimut, Kanowit District, also known as Block D1 in Kanowit District, described as Kelimut Estate (NCR Lands) against Pelita Holdings Sdn Bhd (1st defendant), the Superintendent of Lands and Surveys, Sibu Sawarak (2nd defendant) and the State Government of Sarawak (3rd defendant) for inter-alia, a declaration that the trust deed between the Plaintiffs and the 1st and 3rd Defendants are null and void, damages and costs.

On 30 April 2012, the Sibu High Court delivered its decision on the litigation, judging in favour of the Plaintiffs' claim and found the joint venture agreement dated 6 May 1998 between BPB 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 BPB's and BPK's counter claim against the Plaintiffs with costs. BPB and BPK filed an appeal on 3 May 2012.

On 30 October 2012, the Sibu High Court granted BPB's and BPK's application for Stay of Execution until after the full and final determination of their appeal. The date of the next hearing has not been fixed by the High Court.

Based on the facts of the case, the Group, upon consultation with the solicitors, is of the view that BPB and BPK have a good defence to the claims by the Plaintiffs. In the event of an unfavourable outcome of the appeal, the impact to the Group will not be significant.

(b) 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. On 11 September 2012, BN Shipyard filed its defence and counterclaims and sought to add 5 parties as co-defendants in its counterclaims. On 30 November 2012, the Court dismissed the Plaintiff's objections to BN Shipyard's addition of the 5 co-defendants. The Court fixed 14 March 2013 for decision/clarification on BN Shipyard's application to strike out the Plaintiff's claims.

On 14 March 2013, the High Court allowed with cost BN Shipyard's application to strike out the Plaintiff's claims. Thus, on 1 April 2013, BN Shipyard withdrew its counterclaim against the Plaintiff, but with liberty to file afresh. On 22 March 2013, the Plaintiff filed a Notice of Appeal to the Court of Appeal. BN Shipyard's application via a Notice of Motion to strike out the Plaintiff's appeal for being procedurally defective was rejected by the Court of Appeal on 24 July 2013. On 11 November 2013, the Court of Appeal allowed the Plaintiff's appeal and ordered the case to be tried at the High Court. The case has been fixed for hearing on 23 June 2014.

The Group, upon consultation with the solicitors, is of the view that the Group has a good defence to the claim by the Plaintiff.

As regards to the defamation action by the same Plaintiff and another person, the High Court had, on 30 November 2012, allowed BN Shipyard's application to strike out the Plaintiff's claims without liberty to file afresh. In view of this, the Plaintiff's will not have any recourse to revive this defamation suit against BN Shipyard.

37. CONTINGENT LIABILITIES (CONT'D.)

(c) The amount of bank guarantees issued by the Group to third parties are as follows:

	Group		Company	
	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
Performance bonds in respect of contracts awarded to Subsidiaries				
– Government of Malaysia	**632.4**	586.5	**–**	–
– Other third parties	**105.2**	87.1	**19.6**	19.6
	737.6	673.6	**19.6**	19.6

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate, liquidity, credit, foreign exchange and market price risks. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders while minimising the potential adverse effects on the performance of the Group.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Executive Officer and Chief Financial Officer of the respective operating units. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use to hedge transaction exposure where appropriate and cost efficient. The Group and the Company do not apply hedge accounting.

Interest rate risk

The Group finances its operations through operating cash flows and borrowings which are principally denominated in Ringgit Malaysia. The Group's policy is to derive the desired interest rate profile through a mix of fixed and floating rate banking facilities.

The following tables set out the carrying amounts, the weighted average effective interest rate (WAEIR) as at the reporting date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Interest rate risk (cont'd.)

	Note	WAEIR %	1 year or less RM Million	1 to 2 years RM Million	2 to 5 years RM Million	More than 5 years RM Million	Total RM Million
Group							
At 31 December 2013							
Fixed rate							
Financial assets:							
Deposits	29	**2.9**	**255.3**	**–**	**–**	**–**	**255.3**
Financial liabilities:							
Term loans	34	**5.8**	**(50.9)**	**–**	**(0.7)**	**–**	**(51.6)**
Bank guaranteed medium term notes	34	**5.5**	**(77.6)**	**(511.8)**	**(408.6)**	**–**	**(998.0)**
Asset-backed bonds	34	**5.3**	**–**	**(140.0)**	**(756.2)**	**–**	**(896.2)**
Floating rate							
Financial liabilities:							
Terms loans	34	**4.9**	**(631.6)**	**(144.3)**	**(972.9)**	**(132.0)**	**(1,880.8)**
Overdrafts	34	**7.7**	**(30.1)**	**–**	**–**	**–**	**(30.1)**
Revolving credits	34	**4.7**	**(2,577.8)**	**–**	**–**	**–**	**(2,577.8)**
Bankers' acceptances	34	**3.6**	**(201.5)**	**–**	**–**	**–**	**(201.5)**
At 31 December 2012							
Fixed rate							
Financial assets:							
Deposits	29	2.4	90.0	–	–	–	90.0
Financial liabilities:							
Term loans	34	5.7	(55.0)	(2.5)	(3.2)	–	(60.7)
Bank guaranteed medium term notes	34	5.8	(68.7)	(588.4)	(181.6)	–	(838.7)
Asset-backed bonds	34	5.4	–	(140.0)	(550.0)	(205.5)	(895.5)
Floating rate							
Financial liabilities:							
Terms loans	34	4.8	(602.4)	(140.9)	(654.2)	(215.9)	(1,613.4)
Overdrafts	34	7.5	(50.2)	–	–	–	(50.2)
Revolving credits	34	4.6	(2,843.1)	–	–	–	(2,843.1)
Bankers' acceptances	34	3.7	(308.0)	–	–	–	(308.0)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Interest rate risk (cont'd.)

	Note	WAEIR %	1 year or less RM Million	1 to 2 years RM Million	2 to 5 years RM Million	Total RM Million
Company						
At 31 December 2013						
Fixed rate						
Financial liabilities:						
Term loan	34	6.9	(2.5)	–	–	(2.5)
Bank guaranteed medium term notes	34	5.5	(77.6)	(511.8)	(408.6)	(998.0)
Floating rate						
Financial assets:						
Amounts due from Subsidiaries	28	6.4	553.8	–	–	553.8
Financial liabilities:						
Term loan	34	4.7	(5.0)	–	–	(5.0)
Overdrafts	34	7.7	(14.8)	–	–	(14.8)
Revolving credits	34	4.6	(430.0)	–	–	(430.0)
Amounts due to Subsidiaries	35	4.2	(352.6)	–	–	(352.6)
At 31 December 2012						
Fixed rate						
Financial liabilities:						
Term loan	34	6.9	(10.0)	(2.5)	–	(12.5)
Bank guaranteed medium term notes	34	5.8	(68.7)	(588.4)	(181.6)	(838.7)
Floating rate						
Financial assets:						
Amounts due from Subsidiaries	28	6.3	543.8	–	–	543.8
Financial liabilities:						
Term loan	34	5.4	(40.0)	(5.0)	–	(45.0)
Overdrafts	34	7.7	(15.8)	–	–	(15.8)
Revolving credits	34	4.6	(1,035.0)	–	–	(1,035.0)
Amounts due to Subsidiaries	35	4.0	(380.6)	–	–	(380.6)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Interest rate risk (cont'd.)

Interest on borrowings that are subject to floating rates are contractually repriced within a year. Interest on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks except as discussed below.

The Group had previously entered into interest rate swap contract to hedge exposure to movements in interest rate on a financing transaction. The differential in interest rates to be paid over the term of the financing is recognised in the profit or loss as part of interest expense. As at the reporting date, the notional amount and maturities are as follows:

	Group	
	2013 RM Million	2012 RM Million
Notional amount of interest rate swap:		
Not more than 1 year	–	12.5
Later than 1 year and not later than 5 years	–	–
	–	12.5

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM17.6 million and RM0.9 million higher/lower respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings and higher/lower interest income from floating rate fixed deposits. The assumed movement in basis points for interest rate sensitivity analysis is based on a prudent estimate of the current market environment.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Liquidity risk

The Group practises prudent liquidity risk management by maintaining availability of funding through adequate amount of committed credit facilities.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Note	On demand or within one year RM Million	One to five years RM Million	More than 5 years RM Million	Total RM Million
Group					
2013					
Borrowings	34	**3,742.3**	**3,081.4**	**144.1**	**6,967.8**
Trade and other payables	35	**2,316.6**	**26.7**	**–**	**2,343.3**
Total undiscounted financial liabilities		**6,058.9**	**3,108.1**	**144.1**	**9,311.1**
2012					
Borrowings	34	4,195.2	2,471.8	511.7	7,178.7
Trade and other payables	35	1,605.4	29.4	–	1,634.8
Derivatives	35	0.2	–	–	0.2
Total undiscounted financial liabilities		5,800.8	2,501.2	511.7	8,813.7

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Liquidity risk (cont'd.)

	Note	On demand or within one year RM Million	One to five years RM Million	Total RM Million
Company				
2013				
Borrowings	34	**554.9**	**973.5**	**1,528.4**
Trade and other payables	35	**366.1**	**–**	**366.1**
Total undiscounted financial liabilities		**921.0**	**973.5**	**1,894.5**
2012				
Borrowings	34	1,261.4	855.4	2,116.8
Trade and other payables	35	395.6	–	395.6
Total undiscounted financial liabilities		1,657.0	855.4	2,512.4

Credit risk

The Group seeks to invest cash assets safely and profitably. The Group also seeks to control credit risk by setting counterparty limits, obtaining bank guarantees where appropriate; and ensuring that sale of products and services are made to customers with an appropriate credit history, and monitoring customers' financial standing through periodic credit reviews and credit checks at point of sales. The Group considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

As at 31 December 2013, the Group has a significant concentration of credit risk in the form of outstanding balance due from the Government of Malaysia, representing approximately 46.3% (2012: 43.7%) of the Group's total net trade receivables.

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 28. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are entered into or placed with reputable financial institutions or companies with high credit ratings and no history of default.

Information regarding financial assets that are either past due or impaired is disclosed in Note 28.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal operating activities, both external and intra-Group where the currency denomination differs from the local currency, Ringgit Malaysia. The Group's policy is to minimise the exposure of overseas operating Subsidiaries/activities to transaction risks by matching local currency income against local currency cost. The currency giving rise to this risk is primarily US Dollar and Euro. Foreign exchange exposures are kept to an acceptable level.

The net unhedged financial assets and liabilities of the Group that are not denominated in their functional currency are as follows:

	Deposits, cash and bank balances RM Million	Receivables RM Million	Payables RM Million	Borrowings RM Million	Total RM Million
Group					
At 31 December 2013					
US Dollar	**48.7**	**13.0**	**(413.9)**	**(97.5)**	**(449.7)**
Euro	**0.1**	**–**	**(56.0)**	**–**	**(55.9)**
Others	**–**	**0.6**	**(4.9)**	**–**	**(4.3)**
	48.8	**13.6**	**(474.8)**	**(97.5)**	**(509.9)**
At 31 December 2012					
US Dollar	5.2	17.9	(305.2)	(97.3)	(379.4)
Euro	3.2	–	(56.1)	–	(52.9)
Others	–	1.8	(2.5)	–	(0.7)
	8.4	19.7	(363.8)	(97.3)	(433.0)

Impact arising from a reasonably possible change in the US Dollar and Euro exchange rates of 5% against the respective functional currencies of the Group's entities would be insignificant.

Market price risk

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. All of the Group's quoted equity instruments are listed on Bursa Malaysia. These instruments are classified as available-for-sale financial assets.

At the reporting date, if the FTSE Bursa Malaysia KLCI had been 5% higher/lower, with all other variables held constant, the impact to the Group's other reserve in equity would be insignificant.

39. FAIR VALUE MEASUREMENTS

Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	28
Amount due from holding corporation	28
Amounts due from Subsidiaries	28
Amounts due from associates	28
Amounts due from joint ventures	28
Amounts due from other related companies	28
Borrowings (current)	34
Trade and other payables (current)	35
Other payables (non-current)	35
Amounts due to Subsidiaries	35
Amounts due to associates	35
Amounts due to joint ventures	35
Amounts due to other related companies	35

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amount of the current portion of borrowings is a reasonable approximation of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements at the reporting date.

The fair values of amounts due from/to Subsidiaries, amounts due from/to associates and joint ventures and fixed rate bank borrowings are estimated by discounting the expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements at the reporting date.

The fair value of quoted equity instruments is determined directly by reference to their published market closing price at the reporting date.

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing models, using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates.

Unquoted investments in Subsidiaries, associates and joint ventures are not carried at fair value due to the lack of quoted market price and the impracticality to estimate the fair value without incurring excessive cost.

39. FAIR VALUE MEASUREMENTS (CONT'D.)

Determination of fair value (cont'd.)

Investment properties are measured at fair value using valuation reports prepared by independent professional valuers on an open market approach. The assumptions used in arriving at the investment properties' values take into consideration the property type, size, location, tenure, title restrictions and other relevant characteristics. Significant increase/(decrease) in estimated market value per square foot in isolation, would result in a significantly higher/(lower) fair value of the properties. The investment properties are not currently at their highest and best use as they are held for long term investment purposes

Fair value hierarchy

Presented below is the Group's and the Company's classified assets and liabilities carried at fair value analysed by fair value measurement hierarchy:

	Level 1 RM Million	Level 2 RM Million	Total RM Million
Group			
2013			
Assets			
Investments	44.9	–	44.9
Investment properties	–	1,320.8	1,320.8
Forward currency contracts	–	3.0	3.0
Total assets carried at fair value	44.9	1,323.8	1,368.7
2012			
Assets			
Investments	693.3	–	693.3
Investment properties	–	1,273.4	1,273.4
Total assets carried at fair value	693.3	1,273.4	1,966.7
Financial liabilities			
Forward currency contracts	–	(0.1)	(0.1)
Interest rate swap	–	(0.1)	(0.1)
Total liabilities carried at fair value	–	(0.2)	(0.2)

39. FAIR VALUE MEASUREMENTS (CONT'D.)

Fair value hierarchy (cont'd.)

	Level 1 RM Million	Level 2 RM Million	Total RM Million
Company			
2013			
Assets			
Investments	6.3	–	6.3
Investment properties	–	81.0	81.0
Total assets carried at fair value	6.3	81.0	87.3
2012			
Assets			
Investments	5.3	–	5.3
Investment properties	–	77.6	77.6
Total assets carried at fair value	5.3	77.6	82.9

The Group and the Company do not have any financial assets or financial liabilities measured at Level 3 hierarchy.

39. FAIR VALUE MEASUREMENTS (CONT'D.)

Derivatives

	2013		2012	
	Contract/ notional amount RM Million	Fair value of derivatives RM Million	Contract/ notional amount RM Million	Fair value of derivatives RM Million
Group				
Current				
Non-hedging derivative assets (Note 28)				
Forward currency contracts	368.2	3.0	–	–
Total derivative assets	368.2	3.0	–	–
Non-hedging derivative liabilities (Note 35)				
Forward currency contracts	–	–	298.6	(0.1)
Interest rate swap	–	–	12.5	(0.1)
Total derivative liabilities	–	–	311.1	(0.2)

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for period consistent with currency transaction exposure and fair value changes exposure. The Group does not apply hedge accounting.

Forward currency contracts are used to hedge the Group's purchases denominated in US Dollar for which firm commitments existed at the reporting date.

As disclosed in Note 6 to the financial statements, the Group recognised a gain of RM11.2 million (2012: loss of RM11.7 million) arising from the fair value changes in derivatives. The fair value changes are attributable to changes in foreign exchange spot, foreign exchange forward rates and interest rate. The methods and assumptions applied in determining the fair values of derivatives are disclosed above.

39. FAIR VALUE MEASUREMENTS (CONT'D.)

Borrowings

	2013		2012	
	Carrying amount RM Million	Fair value of borrowings RM Million	Carrying amount RM Million	Fair value of borrowings RM Million
Group				
Non-current borrowings (Note 34)				
Term loans	**1,249.9**	**1,249.9**	1,016.7	1,016.6
Bank guaranteed medium term notes	**920.4**	**910.1**	770.0	766.2
Asset-backed bonds	**896.2**	**893.0**	895.5	892.0
	3,066.5	**3,053.0**	2,682.2	2,674.8
Company				
Non-current borrowings (Note 34)				
Term loans	**–**	**–**	7.5	7.4
Bank guaranteed medium term notes	**920.4**	**910.1**	770.0	766.2
	920.4	**910.1**	777.5	773.6

40. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 31 December 2012.

The Group monitors capital using a gearing ratio, which is derived by dividing the amount of borrowings (Note 34) over total equity. At the reporting date, the Group's gearing ratio calculated by dividing the amount of borrowings (Note 34) over the aggregate of the equity held by shareholders and non-controlling interests is 1.12 times (2012: 1.23 times). The Group's policy is to keep gearing within manageable levels.

With respect to banking facilities that the Group has with certain financial institutions, the Group is committed to ensure that the maximum gearing ratio limit of 1.5 times is complied with at all times.

41. COMMITMENTS

	Group		Company	
	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
Authorised and contracted				
Capital expenditure	282.5	334.4	0.1	–
Proposed acquisition of a Subsidiary	70.2	–	–	–
	352.7	334.4	0.1	–
Authorised but not contracted				
Capital expenditure	298.9	629.2	2.1	1.1
Additional investment in a joint venture	180.0	–	–	–
	478.9	629.2	2.1	1.1

42. OPERATING LEASE OBLIGATION

Group as a lessee

A Subsidiary has several non-cancellable operating lease agreements for the use of land and buildings. These leases have an average life of between 3 to 30 years with renewal option included in the contracts. In the financial year ended 31 December 1996, the Government of Malaysia and the Subsidiary finalised the lease agreement relating to the corporatisation of the Royal Malaysian Navy Dockyard, whereby the Subsidiary is granted a lease of 30 years from 1 September 1991 at a yearly rent of RM1 for the first five years, subject to revision thereafter.

The non-cancellable operating lease commitments arising from the above are as follows:

	Group	
	2013 RM Million	2012 RM Million
Within 1 year	25.3	120.5
Later than 1 year but not later than 5 years	12.3	147.9
Later than 5 years	16.9	19.3
	54.5	287.7

42. OPERATING LEASE OBLIGATION (CONT'D.)

Group as a lessor

The Group entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between one and three years. All leases include a clause to enable upward revision of the rental charge upon renewal of the leases based on prevailing market conditions. Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group		Company	
	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
Within 1 year	**44.8**	71.4	**5.5**	5.8
Later than 1 year but not later than 5 years	**41.7**	46.7	**4.7**	3.0
	86.5	118.1	**10.2**	8.8

43. SIGNIFICANT RELATED PARTY DISCLOSURES

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. Related parties of the Group include:

- direct and indirect Subsidiaries;
- holding corporation, Lembaga Tabung Angkatan Tentera (LTAT) and its subsidiaries, direct and indirect associates;
- direct and indirect associates and joint ventures;
- key management personnel which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly; and
- firms in which Directors have a substantial interest, namely MAA Arkitek and Azzat & Izzat, being firms in which the Company's Directors Dato' Ghazali Mohd Ali and Datuk Azzat Kamaludin have a substantial interest in the respective firms.

43. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
Associates and joint ventures				
Agricultural research and advisory services paid	11.9	9.4	–	–
Insurance premium paid	23.3	17.8	–	0.2
Rental income on office premises	16.3	16.0	–	–
Sales of goods	0.4	0.6	–	–
Professional fees paid	4.1	1.6	4.0	1.2
Insurance commission received	3.6	3.1	–	–
Rendering of services	82.2	117.8	–	–
Holding corporation				
Purchase of land	106.7	4.9	–	–
Provision of project management services	2.2	–	–	–
Subsidiaries of holding corporation				
Purchase of goods for sale	–	5.6	–	–
Sales of goods	38.5	25.6	–	–
Provision of project management services	0.1	2.7	–	–
Rental expense				
– Hotel	12.6	12.5	–	–
– Office premises	0.7	1.0	–	–
Marketing cost	–	1.3	–	–
Provision of renovation works	0.1	0.9	–	–
Provision of construction works	0.4	–	–	–
Key management personnel				
Sale of development properties	–	4.0	–	–
Firms in which Directors have a substantial interest				
Legal and professional fees paid	10.5	3.4	–	0.1
Government-related financial institutions				
Interest income	7.5	3.3	0.2	0.2
Finance cost	156.4	76.9	76.7	68.2

The Directors are of the opinion that the above transactions are in the normal course of business and at terms mutually agreed between parties.

43. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

The remuneration of key management personnel during the financial year is as follows:

	Group		Company	
	2013 RM Million	2012 RM Million	2013 RM Million	2012 RM Million
Directors				
Fees	**1.0**	1.0	**0.4**	0.4
Remuneration	**3.7**	3.2	**0.2**	0.2
Defined contribution plans	**0.6**	0.5	**–**	–
Meeting allowances	**0.1**	0.1	**–**	–
Estimated monetary value of benefits-in-kind	**0.7**	1.0	**–**	–
	6.1	5.8	**0.6**	0.6
Other key management personnel				
Short term employee benefits	**40.5**	33.9	**4.6**	3.5
Defined contribution plans	**4.8**	3.9	**0.7**	0.5
	45.3	37.8	**5.3**	4.0
Total paid to key management personnel	**51.4**	43.6	**5.9**	4.6

The Group is a Government-related entity by virtue of its relationship with Lembaga Tabung Angkatan Tentera, the ultimate holding corporation of the Group.

43. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

The significant transactions with Government-related entities are as follows:

(a) On 7 September 2012, a Subsidiary received a letter of award from the Ministry of Defence (MINDEF) to supply and deliver spare parts, maintenance services and training for the 23rd frigate squadron of the Royal Malaysian Navy at a contract value of RM70 million for a period of 3 years from the date of acceptance of the award. The aggregate revenue recognised for the year ended 31 December 2013 amounted to RM5 million (2012: Nil).

On 16 December 2011, the Subsidiary received a letter of award from MINDEF to design, construct, equip, install, commission, integrate, test and trials and deliver 6 units of 'Second Generation Patrol Vessels Littoral Combat Ship (Frigate Class)' (LCS) at a contract value of RM9 billion. The aggregate revenue recognised under the letter of award for the year ended 31 December 2013 amounted to RM1,527 million (2012: RM642 million).

On 2 December 2009, the Subsidiary signed a contract with MINDEF to provide Service Life Extension Programme for Kasturi Class Corvettes (KD Kasturi and KD Lekir) a contract sum of RM704 million. The aggregate revenue recognised for the year ended 31 December 2013 amounted to RM85 million (2012: RM119 million).

(b) On 16 March 2011, a Subsidiary entered into a Concession Agreement with the Government of Malaysia represented by the Ministry of Health Malaysia (MOH) for a period of ten years expiring on 30 November 2019 for the right and authority to purchase, store, supply and distribute the Approved Products (drugs and non-drugs approved by MOH) to the Public Sector Customers such as government hospital, health office, health clinic, dental clinic or any health institution or other similar facility within Malaysia which is operated and controlled by MOH and as determined by MOH from time to time. The aggregate revenue recognised for the year amounted to RM1,443 million (2012: RM1,311 million).

(c) On 12 August 2010, a joint venture received a letter of award from the Government of Malaysia to undertake In Service Support for 2 Royal Malaysian Navy's Prime Minister Class Scorpene Submarines for EUR193 million (RM870 million equivalent) and RM532 million and is effective until 30 November 2015.

44. SIGNIFICANT AND SUBSEQUENT EVENTS

(a) 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, being the manager and trustee of Al-Hadharah Boustead REIT (BREIT) respectively, to notify that BPB intends to convert BREIT from being a collective investment scheme to a private property trust.

In this regard, BPB 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 RM1.94 per Unit to the fund's unitholders (excluding BPB) (Proposed SUR) and a final special dividend of RM0.16 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 privatisation of BREIT was duly completed at year end, and settlement of the Special Dividend and Proposed SUR was effected on 28 January 2014 and 29 January 2014 respectively.

The Group announced on 30 December 2013 that BPB will undertake an initial public offering (IPO) on the Main Market of Bursa Securities. The proposed IPO of up to 656 million ordinary shares of RM0.50 each which represents up to 41% of the enlarged issued and paid-up share capital of BPB will comprise 76 million existing BPB shares offered for sale by the Company and 580 million new BPB shares to be issued by BPB. The proposed IPO and listing of and quotation for the entire enlarged issued and paid-up share capital of BPB on the Main Market of Bursa Securities of RM800 million comprising 1.6 billion ordinary shares of RM0.50 each is subject to the approval of the Company's shareholders, Securities Commission and other relevant authorities.

(b) On 18 November 2013, the Company announced its intention to establish a hybrid equity programme involving the issuance of Junior Sukuk Musharakah (Perpetual Sukuk) under the Junior Islamic Medium Term Note Programme of up to RM1.2 billion nominal value. On 23 December 2013, the Company issued the first tranche of Perpetual Sukuk at par value amounting to RM683 million.

(c) On 28 November 2013, the Group disposed of its entire stake in Asia Smart Cards Centre (M) Sdn Bhd comprising 50,000 ordinary shares of RM1 each at a cash consideration of RM1.6 million.

(d) On 5 June 2013, BHIC Allied Defence Technology Sdn Bhd (formerly known as Atlas Defence Technology Sdn Bhd) (ADT) became a wholly-owned Subsidiary of the Boustead Heavy Industries Corporation Berhad group, following the acquisition of the remaining 30% equity interest in ADT comprising 153,000 ordinary shares of RM1.00 each for a cash consideration of RM3.5 million.

(e) Subsequent to the year end, the Group's Subsidiary, Mutiara Rini Sdn Bhd, subscribed for 180 million ordinary shares of RM1.00 in the 50% joint venture company, Boustead Ikano Sdn Bhd at a cash consideration of RM180.0 million.

(f) On 2 April 2013, the Group's Subsidiary Pharmaniaga Berhad and Glenn Rahyu Adli Ariff entered into a Memorandum of Understanding with the vendors of PT Errita Pharma (Errita) in relation to the proposed acquisition of 40,000 ordinary shares representing the entire issued and paid up share capital of Errita. On 29 August 2013, Pharmaniaga International Corporation Sdn Bhd (PIC), a wholly-owned Subsidiary of Pharmaniaga Berhad, and PT Dasar Technologi (Purchasers) entered into a Binding Agreement (BA) to purchase from the vendors the entire stake in Errita for a total cash payment of USD24 million. Pursuant to the Supplementary Agreement to the BA entered into on 18 February 2014, the purchase consideration of USD24 million was revised to comprise a cash payment to the vendors totalling USD13.8 million and assumption of the total liabilities of Errita amounting to USD10.2 million. The total cost of acquisition of Errita shall be USD29.4 million, after incorporating settlement of a USD5.4 million tax liability of the vendors.

Subsequent to the year end, Errita became a 75% Subsidiary of the Pharmaniaga Berhad group.

45. ACQUISITION AND DISPOSAL

(a) Acquisition of Subsidiaries

Upon privatisation of Al-Hadharah Boustead REIT (BREIT) by way of a selective unit redemption (SUR) as described in Note 44 (a) to the financial statements, BREIT became a Subsidiary of Boustead Plantations Berhad (BPB).

The fair value of assets acquired and liabilities assumed upon the acquisition of BREIT are as follows:

	Group	
	2013 RM Million	**2012 RM Million**
Net assets acquired:		
Property, plant and equipment (Note 13)	**(817.9)**	(19.0)
Biological assets (Note 14)	**(502.2)**	–
Prepaid land lease payments (Note 17)	**–**	(7.2)
Intangible assets (Note 24)	**–**	(5.6)
Current assets	**(25.1)**	(57.5)
Current liabilities	**209.4**	26.5
Long term borrowings	**90.0**	–
Non-controlling interests	**–**	3.7
Purchase consideration	**(1,045.8)**	(59.1)
SUR consideration payable to the unitholders of BREIT (Note 35)	**564.3**	–
Carrying value of the Group's investment in BREIT	**481.5**	–
Cash and cash equivalent acquired	**21.5**	(2.7)
Net cash inflow/(outflow) on acquisition	**21.5**	(61.8)

Pursuant to the privatisation, BPB's investment in BREIT which was previously held as available for sale investments is now deemed disposed. Accordingly, the Group recognised in the current year's consolidated income statement a net gain of RM136.8 million.

45. ACQUISITION AND DISPOSAL (CONT'D.)

(b) Disposal of Subsidiaries

Effects on the financial position of the Group arising from the disposal of Subsidiaries in the previous year are as follow:

	Group 2012 RM Million
Net assets disposed:	
Property, plant and equipment (Note 13)	10.9
Current assets	73.0
Current liabilities	(11.4)
Deferred tax liabilities (Note 19)	(0.5)
Non-controlling interests	(2.7)
Transfer from exchange fluctuation reserve (Note 33)	45.4
Transfer from assets of disposal group classified as held for sale (Note 30)	(5.8)
Profit on disposal (Note 8)	9.4
Sale proceeds	118.3
Cash and cash equivalents disposed	(3.8)
Net cash inflow from disposal	114.5

46. DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained earnings of the Group and of the Company into realised and unrealised profit, pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements are as follows:

	Group		Company	
	2013 RM Million	**2012 RM Million**	**2013 RM Million**	**2012 RM Million**
Total retained earnings of the Company and Subsidiaries				
– Realised	**2,649.9**	2,235.1	**211.5**	267.8
– Unrealised	**284.7**	299.3	**24.7**	21.3
	2,934.6	2,534.4	**236.2**	289.1
Total share of retained earnings of associates and joint ventures				
– Realised	**758.8**	648.4	**–**	–
– Unrealised	**63.7**	53.9	**–**	–
	3,757.1	3,236.7	**236.2**	289.1
Consolidation adjustments	**(1,384.3)**	(994.9)	**–**	–
	2,372.8	2,241.8	**236.2**	289.1

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

Name of company*	Principal activities	Paid-up capital	Group interest % 2013	% 2012
As at 31 December 2013				
SUBSIDIARIES				
Boustead Plantations Berhad	Investment holding and oil palm cultivation	RM124,521,383	**100**	100
Boustead Properties Berhad	Investment holding and property investment	RM255,199,031	**100**	100
Pharmaniaga Berhad**	Investment holding	RM129,441,366	**56**	56
Boustead Heavy Industries Corporation Berhad	Investment holding	RM248,457,612	**65**	65
Boustead Naval Shipyard Sdn Bhd	Construction, repair and maintenance of naval and merchant ships	RM130,000,003	**82**	82
Boustead Petroleum Marketing Sdn Bhd**	Marketing of petroleum products	RM229,967,000	**42**	42
UAC Berhad	Manufacture of fibre cement products and property investment	RM1,000,000	**100**	100
Al-Hadharah Boustead REIT	Property investment	RM658,635,000	**100**	–
Boustead Rimba Nilai Sdn Bhd	Cultivation and processing of oil palm	RM100,000,000	**100**	100
Bounty Crop Sdn Bhd	Investment holding	RM70,200,000	**100**	100
Boustead Segaria Sdn Bhd	Oil palm cultivation	RM18,000,520	**100**	100
Boustead Emastulin Sdn Bhd	Cultivation and processing of oil palm	RM17,000,000	**100**	100
Boustead Credit Sdn Bhd	Hire purchase and lease financing	RM15,000,000	**100**	100
Boustead Eldred Sdn Bhd	Oil palm cultivation	RM15,000,000	**100**	100
Boustead Engineering Sdn Bhd	Engineering equipment and chemicals distributor	RM8,000,000	**100**	100
Boustead Trunkline Sdn Bhd	Oil palm cultivation	RM7,000,000	**100**	100
Boustead Global Trade Network Sdn Bhd	Insurance agent	RM3,000,000	**100**	100

Name of company*	Principal activities	Paid-up capital	Group interest % 2013	Group interest % 2012
As at 31 December 2013				
SUBSIDIARIES (CONT'D.)				
Boustead Weld Quay Sdn Bhd	Property investment	RM100,000,000	**100**	100
Boustead Gradient Sdn Bhd	Cultivation and processing of oil palm	RM3,000,000	**100**	100
Boustead Travel Services Sdn Bhd	Travel agent	RM5,500,000	**100**	100
Boustead Estates Agency Sdn Bhd	Plantation management	RM1,050,000	**100**	100
Boustead Management Services Sdn Bhd	Management services	RM3,000,000	**100**	100
Boustead Information Technology Sdn Bhd	Computer services	RM1,000,000	**100**	100
Boustead Construction Sdn Bhd	Project management	RM1,000,000	**100**	100
Boustead Sungai Manar Sdn Bhd	Property investment	RM4,500,000	**100**	100
Mutiara Rini Sdn Bhd	Property developer	RM75,000,000	**100**	100
U.K. Realty Sdn Bhd	Property developer	RM40,000,000	**100**	100
Boustead Balau Sdn Bhd	Property developer	RM30,000,000	**100**	100
Boustead Curve Sdn Bhd	Property investment	RM150,000,000	**100**	100
Damansara Entertainment Centre Sdn Bhd	Property investment	RM60,000,000	**100**	100
Boustead Hotels & Resorts Sdn Bhd	Hotel operations	RM75,000,000	**100**	100
Boustead Realty Sdn Bhd	Property investment	RM100,000,000	**100**	100
Boustead Weld Court Sdn Bhd	Property investment	RM20,000,000	**100**	100
Nam Seng Bee Hoon Sdn Bhd	Property investment	RM20,000,000	**100**	100
Mecuro Properties Sdn Bhd	Property investment	RM2	**100**	100
Boustead Advisory and Consultancy Services Sdn Bhd	Plantation management	RM500,002	**100**	100
Boustead Shipping Agencies Sdn Bhd	Shipping agent	RM2,000,000	**100**	100
Boustead Solandra Sdn Bhd	Oil palm cultivation	RM200,000	**100**	100
AB Shipping Sdn Bhd	Shipbroker	RM45,000	**100**	100
Bestari Marine Sdn Bhd	Marine surveys and consultancy	RM35,000	**100**	100

Name of company*	Principal activities	Paid-up capital	Group interest % 2013	Group interest % 2012
As at 31 December 2013				
SUBSIDIARIES (CONT'D.)				
Boustead Telok Sengat Sdn Bhd	Cultivation and processing of oil palm	RM9,184,000	**100**	100
Boustead Building Materials Sdn Bhd	Building products distributor and project management	RM50,000,000	**100**	100
Boustead Sissons Paints Sdn Bhd	Paint manufacturer	RM22,663,000	**100**	100
Johan Ceramics Berhad	Manufacture of glazed ceramic wall and floor tiles	RM84,898,510	**98**	98
Boustead Pelita Kanowit Oil Mill Sdn Bhd	Processing of oil palm	RM30,000,000	**60**	60
Boustead Sedili Sdn Bhd	Oil palm cultivation	RM6,150,000	**70**	70
Midas Mayang Sdn Bhd	Property investment	RM10,000,000	**80**	80
Cargo Freight Shipping Sdn Bhd	Shipping agent	RM186,000	**70**	70
Boustead Pelita Kanowit Sdn Bhd	Cultivation of oil palm	RM34,560,000	**60**	60
Boustead Pelita Tinjar Sdn Bhd	Cultivation and processing of oil palm	RM48,000,000	**60**	60
The University of Nottingham in Malaysia Sdn Bhd	Operation of a university	RM154,960,000	**66**	66
Boustead DCP Sdn Bhd	Manufacture of chilled water	RM12,000,000	**100**	100
Bakti Wira Development Sdn Bhd	Investment holding	RM75,000	**100**	100
Astacanggih Sdn Bhd	Investment holding	RM20,000,000	**80**	80
Pharmaniaga Manufacturing Berhad**	Manufacture of pharmaceutical products	RM10,000,000	**56**	56
Pharmaniaga Logistics Sdn Bhd**	Procurement and distribution of pharmaceutical and medical products	RM40,000,000	**56**	56

Name of company*	Principal activities	Paid-up capital	Group interest % 2013	% 2012
As at 31 December 2013				
SUBSIDIARIES (CONT'D.)				
Pharmaniaga Marketing Sdn Bhd**	Marketing of pharmaceutical products	RM3,000,000	**56**	56
Pharmaniaga LifeScience Sdn Bhd**	Manufacture of pharmaceutical products	RM75,000,000	**56**	56
Pharmaniaga Research Centre Sdn Bhd**	Pharmaceutical research & development	RM100,000	**56**	56
Pharmaniaga Biomedical Sdn Bhd**	Supply & installation of medical and hospital equipment	RM8,000,000	**56**	56
Idaman Pharma Manufacturing Sdn Bhd**	Manufacture of pharmaceutical products	RM25,000,000	**56**	56
Pharmaniaga Pristine Sdn Bhd**	Retail pharmaceutical	RM20,000,050	**56**	56
Pharmaniaga International Corporation Sdn Bhd**	Investment holding	RM12,000,000	**56**	56
PT Millennium Pharmacon International Tbk**+	Distribution of pharmaceutical & diagnostic products and food supplements	Rp72,800,000,000	**31**	31
UAC Steel Systems Sdn Bhd	Manufacture, sale and installation of steel roof truss systems	RM1,860,000	**100**	100
Boustead Penang Shipyard Sdn Bhd	Heavy engineering construction, ship repair and shipbuilding	RM350,000,000	**65**	65
Perstim Industries Sdn Bhd	Investment holding	RM51,155,724	**65**	65
BHIC Marine Carrier Sdn Bhd	Provision of engineering services for oil and gas industry	RM3,000,000	**65**	65
Dominion Defence & Industries Sdn Bhd	Supply and services of marine and defence related products	RM1,000,000	**65**	65

Name of company*	Principal activities	Paid-up capital	Group interest % 2013	Group interest % 2012
As at 31 December 2013				
SUBSIDIARIES (CONT'D.)				
BHIC Defence Techservices Sdn Bhd	Provision of maintenance and services for defence related products	RM1,000,000	**65**	65
BHIC Defence Technologies Sdn Bhd	Investment holding	RM36,579,282	**65**	65
Naval and Defence Communication System Sdn Bhd	Provision for maintenance and services of telecommunication systems	RM100,000	**65**	65
BHIC Navaltech Sdn Bhd	In-service support for the maintenance, services and supply of spare parts for vessels	RM1,000,000	**65**	65
BHIC Electronics and Technologies Sdn Bhd	Provision of maintenance and services for defence weapons and related products	RM2,329,897	**65**	65
BHIC Allied Defence Technology Sdn Bhd *(formerly known as Atlas Defence Technology Sdn Bhd)*	Supply of electronics and system technology to defence related industry	RM510,000	**65**	46
Malaysian Heavy Industry Group Sdn Bhd	Investment holding	RM25,000	**39**	39
Boustead Langkawi Shipyard Sdn Bhd	Repair and maintenance of luxury boats and yachts	RM100,000,000	**82**	82
Boustead Petroleum Sdn Bhd	Investment holding	RM118,329,300	**60**	60
MHS Aviation Berhad	Provision of air transportation, flight support, engineering and technical services	RM20,000,000	**51**	51
MHS Assets Sdn Bhd	Leasing of aircraft	RM10,000,000	**51**	51
Boustead Atlas Hall Sdn Bhd *(formerly known as Atlas Hall Sdn Bhd)*	Oil and gas engineering agency	RM3,265,306	**51**	51
Boustead Idaman Sdn Bhd	Dormant	RM13,000,000	**100**	100

Name of company*	Principal activities	Paid-up capital	Group interest % 2013	% 2012
As at 31 December 2013				
ASSOCIATES				
Pavilion Entertainment Centre (M) Sdn Bhd	Property development	RM3,000,000	**50**	50
Drew Ameroid (Malaysia) Sdn Bhd	Industrial chemicals distributor	RM20,000	**50**	50
Boustead Wah Seong Sdn Bhd	Investment holding	RM1,000,000	**50**	50
Wah Seong Boustead Co Ltd^	Consumer and building products distributor	Kyat2,760,000	**50**	50
Applied Agricultural Resources Sdn Bhd	Agricultural research and advisory services	RM500,000	**50**	50
Kao (Malaysia) Sdn Bhd	Toiletries, household products distributor	RM16,000,000	**45**	45
K'Line Kinkai (Malaysia) Sdn Bhd	Shipping agent	RM500,000	**30**	30
Cadbury Confectionery Malaysia Sdn Bhd	Chocolate and sugar confectionery manufacturer	RM8,185,000	**25**	25
Affin Holdings Berhad	Financial services group	RM1,494,575,806	**21**	21
Jendela Hikmat Sdn Bhd	Property development	RM42,000,000	**30**	30
Rakan Riang Sdn Bhd	Operating education and entertainment facilities	RM30,600,000	**20**	20

Name of company*	Principal activities	Paid-up capital	Group interest % 2013	% 2012
As at 31 December 2013				
JOINT VENTURES				
Boustead Ikano Sdn Bhd	Property investment	RM40,000,000	**50**	50
BHIC MSM Sdn Bhd	Provision for maintenance and repair of MTU products	RM1,000,000	**39**	39
Boustead DCNS Naval Corporation Sdn Bhd	Vessel maintenance	RM10,000,000	**39**	39
Contraves Advanced Devices Sdn Bhd	Manufacture of electronic products	RM5,000,000	**33**	33
BYO Marine Sdn Bhd	Construction of vessels	RM100	**33**	33
BHIC Bofors Asia Sdn Bhd	Providing, supplying and servicing BOFORS weapons system	RM1,000,000	**33**	33
BHIC Aeroservices Sdn Bhd	Maintenance, repair and overhaul of rotary and fixed wing aircraft	RM500,000	**33**	33

* Incorporated in Malaysia unless otherwise indicated
** Subsidiaries not audited by Ernst & Young
\+ Incorporated in Indonesia
^ Incorporated in Myanmar

_Additional Disclosures

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

Proceeds from issue of the bank guaranteed medium term notes (MTN) have been fully utilised as at 28 February 2014:

	Proposed utilisation RM Million	Actual utilised RM Million	To be utilised RM Million
Repayment of revolving credit loans	69.0	69.0	–
Acquisition of Pharmaniaga Berhad	350.0	350.0	–
Acquisition of plantation assets	92.0	92.0	–
General investment and repayment of borrowings	489.0	489.0	–
	1,000.0	1,000.0	–

2. SHARE BUY BACKS DURING THE FINANCIAL YEAR

The Company did not carry out any share buy back exercises during the financial year ended 31 December 2013.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

The Company did not issue any warrants or convertible securities for the financial year ended 31 December 2013.

4. AMERICAN DEPOSITORY RECEIPTS (ADR)/GLOBAL DEPOSITORY RECEIPT (GDR)

The Company has not sponsored any ADR/GDR programme during the financial year ended 31 December 2013.

5. SANCTIONS/PENALTIES

There were no sanctions and/or penalties imposed on the Company and its Subsidiaries, Directors and Management by the relevant regulatory bodies during the financial year ended 31 December 2013.

6. NON-AUDIT FEES

	Group RM'000	Company RM'000
Non-audit fees paid to the external auditors for the financial year ended 31 December 2013		
– Auditor of the Company	994	161
– Others	320	–
	1,314	161

The provision of non-audit services by the external auditors to the Group is both cost effective and efficient due to their knowledge and understanding of the operations of the Group, and did not compromise their independence and objectivity. It is also the Group's policy to use the auditors in cases where their knowledge of the Group means it is neither efficient nor cost effective to employ another firm of accountants.

7. VARIATION IN RESULT

There was no profit estimation, forecast and projection made or released by the Company during the financial year ended 31 December 2013.

8. PROFIT GUARANTEE

There was no profit guarantees given by the Company and its Subsidiaries during the financial year ended 31 December 2013.

9. MATERIAL CONTRACTS

There were no material contracts which had been entered into by the Group involving the interests of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2013 or entered into since the end of the previous financial year.

_Recurrent Related Party Transactions

At the Annual General Meeting held on 8 April 2013, the Company obtained Shareholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Section 3.1.5 of Practice Note No. 12 of the Bursa Malaysia Securities Berhad Listing Requirements, the details of recurrent related party transactions conducted during the financial year ended 31 December 2013 pursuant to the Shareholders' Mandate are disclosed as follows:

Related party	Interested Director/ connected person	Nature of transactions	Actual transactions RM Million
Boustead Naval Shipyard Sdn Bhd	Tan Sri Dato' Seri Lodin Wok Kamaruddin Datuk Azzat Kamaludin Lembaga Tabung Angkatan Tentera (LTAT)	Ship building and shiprepair works provided to Boustead Heavy Industries Corporation Berhad	4.7
		Premise rental paid by Boustead Heavy Industries Corporation Berhad	0.7
		Provision of computer services from Boustead Information Technology Sdn Bhd	0.4
		Office rental at Menara Boustead, paid to Boustead Realty Sdn Bhd	2.0
Boustead Heavy Industries Corporation Berhad	Tan Sri Dato' Seri Lodin Wok Kamaruddin Dato' Ghazali Mohd Ali Datuk Azzat Kamaludin LTAT	Sale of equipment and machinery for ship related activities to Boustead Naval Shipyard Sdn Bhd	0.5
		Ship building and ship repair works provided to Boustead Naval Shipyard Sdn Bhd	384.6
Affin Holdings Berhad Group	Tan Sri Dato' Seri Lodin Wok Kamaruddin Datuk Azzat Kamaludin Dato' Ghazali Mohd Ali LTAT	Office rental for Menara Boustead, Menara Affin and the Curve paid to Boustead Realty Sdn Bhd, Boustead Properties Berhad and Boustead Curve Sdn Bhd	14.1
		Provision of professional services to Boustead Holdings Berhad and Boustead Naval Shipyard Sdn Bhd	4.1

Related party	Interested Director/ connected person	Nature of transactions	Actual transactions RM Million
Irat Hotels and Resorts Sdn Bhd	Tan Sri Dato' Seri Lodin Wok Kamaruddin Dato' Ghazali Mohd Ali LTAT	Rental of hotel building paid by Boustead Hotels and Resorts Sdn Bhd	12.6
Perwira Niaga Malaysia	Tan Sri Dato' Seri Lodin Wok Kamaruddin LTAT	Purchase of fuel from Boustead Petroleum Marketing Sdn Bhd	38.5
Jendela Hikmat Sdn Bhd	Tan Sri Dato' Seri Lodin Wok Kamaruddin LTAT	Provision of construction works from Boustead Buildings Materials Sdn Bhd	0.4
Perbadanan Perwira Harta Malaysia	Tan Sri Dato' Seri Lodin Wok Kamaruddin LTAT	Provision of renovation works from Boustead Building Materials Sdn Bhd	0.1
Arkitek MAA	Dato' Ghazali Mohd Ali	Architectural services to Boustead Curve Sdn Bhd, Boustead Weld Quay Sdn Bhd, Damansara Entertainment Centre Sdn Bhd, Mutiara Rini Sdn Bhd and Boustead Balau Sdn Bhd	9.3
Azzat & Izzat	Datuk Azzat Kamaludin	Provision of legal services to Boustead Holdings Berhad Group	1.2
LTAT	Tan Sri Dato' Seri Lodin Wok Kamaruddin	Provision of IT related service by Boustead Information Technology Sdn Bhd	–
		Provision of project management service by Boustead Properties Berhad	2.2

_Top 30 Properties of the Group

Location	Hectares	Description	Tenure	Age of buildings Years	Book value	Year of acquisition/ revaluation
The Curve, Jalan PJU 7/3, Mutiara Damansara, Selangor	5.0	Commercial land and building	Freehold	9	567.8	*2013
Telok Sengat Estate, Kota Tinggi, Johor	3,698.6	Oil palm estate & palm oil mill	Freehold	27	283.0	2013
University of Nottingham in Malaysia, Semenyih Selangor	41.2	University Campus	Freehold	8	243.6	2003
Royale Chulan Damansara, No 2, Jalan PJU 7/3 Mutiara Damansara, Selangor	0.88	Hotel	Freehold	2	207.3	2012
G&G Estate, Lahad Datu, Sabah	2,409.8	Oil palm estate	1978 – 2077		190.4	2013
Mutiara Rini, Kulai, Johor	283.6	Development Land	1912 – 2911		185.9	1995
eCurve, Jalan PJU 7/3 Mutiara Damansara, Selangor	1.6	Commercial land and building	Freehold	8	180.5	*2013
Menara Affin, 80 Jalan Raja Chulan, Kuala Lumpur	0.34	Office Complex	Freehold	15	150.6	*2013
Bukit Mertajam Estate, Kulim, Kedah	2,165.0	Oil palm estate	Freehold		140.5	2013
Malakoff Estate, Tasek Glugor, Pulau Pinang	1,379.0	Oil palm estate	Freehold		128.1	2013
PT480, PT481 and PT482 Seksyen 90 Bandar Kuala Lumpur	5.2	Commercial and development land	Freehold		123.0	2013
Bebar Estate, Rompin, Pahang	2,340.6	Oil palm estate	1984 – 2083		122.6	2013

_Top 30 Properties of the Group

Location	Hectares	Description	Tenure	Age of buildings Years	Book value	Year of acquisition/ revaluation
Menara Boustead, 69 Jalan Raja Chulan, Kuala Lumpur	0.43	Office Complex	Freehold	28	120.2	2001
Curve NX, Jalan PJU 7/3 Mutiara Damansara, Selangor	0.61	Commercial land and building	Freehold	2	116.0	*2013
Lepan Kabu Estate, Kuala Pahi, Kelantan	2,034.6	Oil palm estate & palm oil mill	Freehold	43	102.0	2013
Royale Bintang Kuala Lumpur, 17-21 Jalan Bukit Bintang, Kuala Lumpur	0.31	Hotel	Freehold	16	97.8	2003
Sungai Sungai Estate, Sugut, Sabah	4,062.0	Oil palm estate & palm oil mill	1997 – 2098	8	97.7	2012
Segaria Estate, Semporna Sabah	4,746.2	Oil palm estate & palm oil mill	1965 – 2072	33	91.8	2012
Lot 719, Lot 723-725, Lot 444-445 and Lot 235 Mukim Georgetown Daerah Timur Laut, Pulau Pinang	0.48	Hotel under construction	Freehold		89.0	2007
Royale Bintang Seremban, Jalan Dato' A.S. Dawood Seremban, Negeri Sembilan	2.5	Hotel	Freehold	13	88.6	2008
Menara UAC, 12 Jalan PJU 7/5 Mutiara Damansara, Selangor	0.57	Office Complex	Freehold	6	86.0	*2013
TRP Estate, Trong, Perak	1,379.2	Oil palm estate & palm oil mill	Freehold	12	82.3	2013

Location	Hectares	Description	Tenure	Age of buildings Years	Book value	Year of acquisition/ revaluation
Lot PT 46016, HSD 87359 Mukim of Kapar, Klang Selangor	4.1	Industrial land and building	Freehold	19	81.3	2011
Menara Boustead Penang, Jalan Sultan Ahmad Shah Georgetown, Pulau Pinang	4.0	Office Complex	Freehold	15	81.0	*2013
Lot 70, Mutiara Damansara Mukim Sungai Buluh, Selangor	4.9	Development land	Freehold		76.6	1999
Grant No. 44309, Mukim Pekan Puchong Perdana, Selangor	2.8	Industrial land and building	Freehold	13	76.3	2011
Bekoh Estate, Tangkak, Johor	1,226.1	Oil palm estate	Freehold		71.4	2013
Sungai Jernih Estate, Pekan, Pahang	2,695.7	Oil palm estate & palm oil mill	1981 – 2091	22	65.2	2013
Sungai Segamaha Estate, Lahad Datu, Sabah	3,224.5	Oil palm estate & palm oil mill	1979 – 2077	17	63.5	2013
Lot 67329 and Lot 67330 Mutiara Damansara Mukim Sungai Buluh, Selangor	0.85	Commercial Land	Freehold		62.1	*2013

** Year of revaluation*
Book values are stated in RM million

_Group Oil Palm Agricultural Statistics

	2013	2012	2011	2010	2009
Planted area in hectares (ha)					
Past prime	**9,631**	9,426	7,494	6,627	6,330
Prime	**42,922**	41,756	48,769	47,309	43,227
Young	**12,542**	11,595	11,650	13,695	17,313
Total mature	**65,095**	62,777	67,913	67,631	66,870
Immature	**5,243**	5,598	6,271	6,723	7,500
Total planted	**70,338**	68,375	74,184	74,354	74,370
FFB crop (MT)	**1,043,280**	1,100,409	1,121,629	1,070,455	1,106,371
FFB yield per mature ha (MT/ha)	**16.6**	17.5	16.5	15.8	16.5
Mill production (MT)					
Palm oil	**238,371**	250,430	247,928	237,078	242,582
Palm kernel	**52,927**	56,059	56,339	54,269	56,918
Extraction rates (%)					
Palm oil	**20.9**	20.8	20.3	20.5	20.2
Palm kernel	**4.6**	4.7	4.6	4.7	4.7
Oil yield per ha (MT/ha)	**3.5**	3.7	3.9	3.7	3.7
Average selling prices (RM/MT)					
FFB	**486**	577	687	556	433
Palm oil	**2,353**	2,902	3,272	2,622	2,170
Palm kernel	**1,284**	1,568	2,195	1,625	990

Total planted area includes 2,275 ha of plantation land in Lahad Datu which was acquired on 30 December 2013.

_Plantation Area Statement

AREA STATEMENT

	2013 Ha	2013 %	2012 Ha	2012 %
Oil palm	**70,338**	**84.9**	68,375	84.8
Building sites, roads, unplantable areas, etc.	**12,552**	**15.1**	12,264	15.2
Total	**82,890**	**100.0**	80,639	100.0

AGE PROFILE OF PALMS

		Mature			
Region	**Immature < 3 years**	**Young 4 – 9 years**	**Prime 10 – 20 years**	**Past prime >20 years**	**Total planted**
Peninsular Malaysia	**3,425**	**7,110**	**11,187**	**4,294**	**26,016**
Sabah	**1,818**	**5,432**	**13,662**	**5,337**	**26,249**
Sarawak	**–**	**–**	**18,073**	**–**	**18,073**
Total hectares	**5,243**	**12,542**	**42,922**	**9,631**	**70,338**

_Location of Group Plantations

Peninsular Malaysia

1. Batu Pekaka
2. Kuala Muda
3. Stothard
4. Kedah Oil Palm
5. Bukit Mertajam
6. Malakoff
7. TRP
8. Malaya
9. Lepan Kabu
10. Solandra
11. LTT-Terengganu
12. Sungai Jernih
13. Bebar
14. Balau
15. Bekoh
16. Eldred
17. Kulai Young
18. Chamek
19. Boustead Sedili
20. Telok Sengat

Sabah & Sarawak

21. Sungai Sungai 1
22. Sungai Sungai 2
23. Kawananan
24. Resort
25. Nak
26. Sutera
27. LTT-Sabah
28. Segaria
29. Sungai Segamaha
30. Bukit Segamaha
31. Lembah Paitan
32. Loagan Bunut
33. Sungai Lelak
34. Bukit Limau
35. Pedai
36. Jih
37. Kelimut
38. Maong
39. Mapai
40. Bawan
41. G & G

Legend

Estate

Estate with Palm Oil Mill

_Shareholding Statistics

AS AT 10 FEBRUARY 2014

Size of shareholdings	No. of holders	%	No. of shares	%
Less than 100	728	6.02	16,095	0.00
100 to 1,000	1,516	12.53	947,690	0.09
1,001 to 10,000	7,180	59.33	26,663,224	2.58
10,001 to 100,000	2,337	19.31	65,088,225	6.30
100,001 to less than 5% of issued shares	339	2.81	260,324,910	25.17
5% and above of issued shares	2	0.00	681,137,909	65.86
Total	12,102	100.00	1,034,178,053	100.00

30 LARGEST SHAREHOLDERS AS AT 10 FEBRUARY 2014

	Name of shareholders	No. of shares	%
1	Lembaga Tabung Angkatan Tentera	606,998,309	58.69
2	Kumpulan Wang Persaraan (Diperbadankan)	74,139,600	7.17
3	Citigroup Nominees (Tempatan) Sdn Bhd *Exempt An for AIA Bhd.*	28,652,784	2.77
4	Scotia Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Che Lodin Bin Wok Kamaruddin*	23,724,250	2.29
5	Cartaban Nominees (Tempatan) Sdn Bhd *Exempt An for Eastspring Investments Berhad*	9,148,520	0.89
6	Key Development Sdn. Berhad	8,657,070	0.84
7	Chinchoo Investment Sdn. Berhad	8,528,164	0.83
8	Gan Teng Siew Realty Sdn. Berhad	8,508,634	0.82
9	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Dimensional Emerging Markets Value Fund*	7,531,498	0.73
10	Yong Siew Yoon	6,244,761	0.60
11	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad *icapital.biz Berhad*	6,197,850	0.60
12	HSBC Nominees (Asing) Sdn Bhd *Pictet & Cie (Europe) for Pictet Global Selection Fund Global High Yield Emerging Equities Fund*	4,793,073	0.46
13	HSBC Nominees (Asing) Sdn Bhd *BNY Brussels for Wisdomtree Emerging Markets Smallcap Dividend Fund*	4,678,419	0.45
14	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for OCBC Securities Private Limited (Client A/C-NR)*	4,477,448	0.43
15	Gemas Bahru Estates Sdn. Bhd.	3,529,480	0.34
16	Bidor Tahan Estates Sdn. Bhd.	3,283,300	0.32

30 LARGEST SHAREHOLDERS AS AT 10 FEBRUARY 2014 (CONT'D.)

	Name of shareholders	No. of shares	%
17	Mikdavid Sdn Bhd	3,017,430	0.29
18	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (Nomura)*	2,567,000	0.25
19	Citigroup Nominees (Asing) Sdn Bhd *CBLDN for Pohjola Bank Plc (Client A/C Eur)*	2,500,000	0.24
20	Rengo Malay Estate Sendirian Berhad	2,473,460	0.24
21	Hong Leong Assurance Berhad *As Beneficial Owner (S'holders NPAR)*	2,406,890	0.23
22	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Emerging Market Core* *Equity Portfolio DFA Investment Dimensions Group Inc*	2,350,392	0.23
23	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Dato' Che Lodin Bin Wok Kamaruddin (MM0197)*	2,268,508	0.22
24	HSBC Nominees (Asing) Sdn Bhd *Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)*	2,211,600	0.21
25	Che Lodin Bin Wok Kamaruddin	2,200,000	0.21
26	Hong Leong Assurance Berhad *As Beneficial Owner (Life Par)*	2,142,300	0.21
27	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for Citibank NA, Singapore (Julius Baer)*	2,128,979	0.21
28	Chinchoo Holdings (S) Private Limited	2,034,330	0.20
29	Hong Leong Assurance Berhad *As Beneficial Owner (Unitlinked GF)*	1,995,900	0.19
30	Maybank Nominees (Tempatan) Sdn Bhd *Maybank Trustees Berhad for* *Public Regular Savings Fund (N14011940100)*	1,842,554	0.18
	TOTAL	841,232,503	81.34

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct interest		Indirect interest	
	No. of shares	%	No. of shares	%
Lembaga Tabung Angkatan Tentera	606,998,309	58.69	–	–

Class of shares	Ordinary shares of RM0.50 each
Voting rights	1 vote per ordinary share

_Statement of Directors' Interests

In the Company and Related Corporations as at 10 February 2014

Name of Director	No. of shares	Direct %
Ordinary shares of RM0.50 each		
Boustead Holdings Berhad		
Tan Sri Dato' Seri Lodin Wok Kamaruddin	28,192,758	2.73
Datuk Azzat Kamaludin	44,000	–
Pharmaniaga Berhad		
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	220,000	0.08
Tan Sri Dato' Seri Lodin Wok Kamaruddin	12,500,148	4.83
Dato' (Dr.) Megat Abdul Rahman Megat Ahmad	121,000	0.05
Datuk Azzat Kamaludin	226,260	0.09
Dato' Ghazali Mohd Ali	143,000	0.06
Ordinary shares of RM1.00 each		
Boustead Heavy Industries Corporation Berhad		
Tan Sri Dato' Seri Lodin Wok Kamaruddin	2,000,000	0.80
Datuk Azzat Kamaludin	400,000	0.16
Dato' Ghazali Mohd Ali	75,000	0.03
Boustead Petroleum Sdn Bhd		
Tan Sri Dato' Seri Lodin Wok Kamaruddin	5,916,465	5.00
Affin Holdings Berhad		
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	91,708	0.01
Tan Sri Dato' Seri Lodin Wok Kamaruddin	808,714	0.05
Datuk Azzat Kamaludin	110,000	0.01
Datuk Francis Tan Leh Kiah	20,000	0.01

_Dividend Policy

It is the Board's intention to pay dividends to allow shareholders to participate in the profits of Boustead Holdings Berhad. The dividend policy is in line with the Board's intention to adopt a policy of active capital management where the Board endeavours to declare an interim dividend at the end of each quarter of the financial year in order that shareholders may enjoy a distribution on a regular basis. In this regard, the Company's ability to pay dividends would depend upon factors such as business prospects, expansion and growth strategies, capital requirements, cash reserves and other factors the Board may deem relevant.

Under the dividend policy, the Company intends to pay a minimum of 70% of the audited consolidated profit after taxation attributable to shareholders for each financial year after appropriate adjustments for the profit retained by Associated Companies and any unrealised income from fair value adjustments that are non-cash in nature.

The dividend policy is effective from the financial year 2011.

As the Company is an investment holding company, its income, and therefore its ability to pay dividends or make distributions to shareholders, is dependent upon the dividends and other distributions from Subsidiaries, Associated Companies and investments which in turn will depend upon their operating results, financial condition, capital expenditure plans and other factors that their respective board of directors deem relevant.

The dividend policy reflects the Board's current views on the Group's financial position and the said policy will be reviewed from time to time. In recommending dividends, it is the Board's policy to allow shareholders to participate directly in the Company's profits whilst taking into account the retention of adequate reserves for future growth.

NOTICE IS HEREBY GIVEN that the Fifty-Second Annual General Meeting of Boustead Holdings Berhad will be held at The Royale Ballroom, Level 2, The Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor on Monday, 7 April 2014 at 9.30 a.m. for the purpose of transacting the following business:

ORDINARY BUSINESS

To receive the audited financial statements for the year ended 31 December 2013, and the Report of the Directors. **Resolution 1**

To re-elect Dato' Ghazali Mohd Ali who retires by rotation and, being eligible, offers himself for re-election. **Resolution 2**

To consider and, if thought fit, pass the following resolutions:

"THAT pursuant to Section 129(6) of the Companies Act, 1965, Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R) be re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 3**

"THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' (Dr.) Megat Abdul Rahman Megat Ahmad be re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 4**

To approve Directors' fees. **Resolution 5**

To re-appoint Auditors and to authorise the Directors to determine their remuneration. **Resolution 6**

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions:

Ordinary Resolution – Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965 **Resolution 7**

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Ordinary Resolution – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions **Resolution 8**

"THAT, subject to the Companies Act, 1965 (Act), the Memorandum and Articles of Association of the Company and the Listing Requirements of the Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its Subsidiaries to enter into all transactions involving the Related Parties as specified in Section 2.3.1 of the Circular to Shareholders dated 14 March 2014 provided that such transactions are:

(i) recurrent transactions of a revenue or trading nature;

(ii) necessary for the day-to-day operations;

(iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

(iv) are not to the detriment of the minority shareholders.

AND THAT such approval shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting (AGM), at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;

(ii) the expiration of the period within the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by a resolution passed by the shareholders in a General Meeting;

whichever is the earlier.

And further that the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Mandate."

Ordinary Resolution – Proposed Additional Shareholders' Mandate for Recurrent Related Party Transactions **Resolution 9**

"THAT, subject always to the Companies Act, 1965 (Act), the Memorandum and Articles of Association of the Company and the Listing Requirements of the Bursa Malaysia Securities Berhad, the Company and its Subsidiaries shall be mandated to enter into recurrent transactions of a revenue or trading nature with the Related Party as specified in Section 2.3.2 of the Circular to Shareholders dated 14 March 2014 subject further to the following:

(i) the transactions are in the ordinary course of business and are on terms not more favourable than those generally available to the public and not to the detriment of the minority shareholders;

(ii) disclosure will be made of a breakdown of the aggregate value of transactions conducted pursuant to the Mandate during the financial year based on the following information in the Company's annual report and in the annual reports for subsequent financial years that the Mandate continues in force:

   (a) the type of the recurrent related party transactions made; and

   (b) the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company; and

(iii) that such authority shall continue to be in force until:

   (a) the conclusion of the next Annual General Meeting (AGM) of the Company following the General Meeting at which the Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

   (b) the expiration of the period within which the next AGM after this date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

   (c) revoked or varied by resolution passed by the shareholders in a General Meeting;

whichever is earlier provided that such transactions are made on an arms' length basis and on normal commercial terms."

Ordinary Resolutions – Retention of Independent Directors

"THAT subject to the passing of Ordinary Resolution 3, approval be and is hereby given to Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R), who has served as an Independent Non-Executive Director for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance 2012." **Resolution 10**

"THAT subject to the passing of Ordinary Resolution 4, approval be and is hereby given to Dato' (Dr.) Megat Abdul Rahman Megat Ahmad, who has served as an Independent Non-Executive Director for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance 2012." **Resolution 11**

To transact any other business of the Company.

By Order of the Board

TASNEEM MOHD DAHALAN
Secretary

Kuala Lumpur
14 March 2014

Notes

(a) A member of the Company entitled to attend and vote at the meeting is entitled to appoint any person to be his proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1) of the Companies Act, 1965 shall not apply to the Company.

(b) In In the case of a Corporation, the proxy should be executed under its Common Seal or under the hand of a duly authorised officer.

(c) A member shall not, subject to Paragraph (d) below, be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

(d) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(e) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, shall be deposited at the Share Registrar's office located at 13th Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia, not less than 48 hours before the time for holding the Meeting or adjourned Meeting at which the person or persons named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

(f) Only members registered in the Record of Depositors as at 28 March 2014 shall be eligible to attend the meeting or appoint a proxy to attend and vote on his/her behalf.

Explanatory Notes to Special Business

(a) Ordinary Resolution 7

The ordinary resolution 7, if passed, will give powers to the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the Fifty-First Annual General Meeting held on 8 April 2013. This current authority will lapse at the conclusion of the Fifty-Second Annual General Meeting.

(b) Ordinary Resolutions 8 and 9

The ordinary resolutions 8 and 9, if passed, will enable the Company and/or its Subsidiaries to enter into recurrent transactions involving the interests of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

(c) Ordinary Resolutions 10 and 11

The Board has determined that Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R) and Dato' (Dr.) Megat Abdul Rahman Megat Ahmad are fair and impartial in carrying out their duties to the Company. As Directors, they continue to bring independent and objective judgements to Board deliberations and the decision-making process as a whole. They also possess vast professional experience and bring the right mix of skills to the Board.

_Statement Accompanying Notice of Annual General Meeting

1. DIRECTORS WHO ARE STANDING FOR RE-APPOINTMENT AND RE-ELECTION

(a) Director standing for re-election

Dato' Ghazali Mohd Ali

(b) Directors standing for re-appointment under Section 129(6) of the Companies Act, 1965

(i) Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)
(ii) Dato' (Dr.) Megat Abdul Rahman Megat Ahmad

Details of attendance of Board Meetings of Directors seeking re-election and re-appointment are set out on page 94 of the Annual Report.

Profile of Directors standing for re-election and re-appointment are set out on pages 80 to 85 of the annual report; while details of their interest in securities are set out on pages 111 and 234 of the annual report.

2. DATE, TIME AND PLACE OF THE ANNUAL GENERAL MEETING

The Fifty-Second Annual General Meeting of Boustead Holdings Berhad will be held as follows:

Date : 7 April 2014
Time : 9.30 a.m.
Place : The Royale Ballroom, Level 2, The Royale Chulan Damansara, 2 Jalan PJU 7/3 Mutiara Damansara, 47810 Petaling Jaya, Selangor

_ Proxy Form

I/We ______________________________ NRIC (New)/Company No.: ______________
(INSERT FULL NAME IN BLOCK CAPITAL)

of ____
(FULL ADDRESS)

being a member/members of **BOUSTEAD HOLDINGS BERHAD**, hereby appoint* ______________
(INSERT FULL NAME IN BLOCK CAPITAL)

NRIC (New) No.: ______________ of ______________________________
(FULL ADDRESS)

and/or ______________________________ NRIC (New) No.: ______________
(INSERT FULL NAME IN BLOCK CAPITAL)

of ____
(FULL ADDRESS)

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us on *my/our behalf, at the Fifty-Second Annual General Meeting of the Company to be held at The Royale Ballroom, Level 2, The Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor on Monday, 7 April 2014 at 9.30 a.m. or any adjournment thereof, to vote as indicated below:

No.	Resolution	For	Against
1.	Tabling of Directors' Report and Audited Financial Statements		
2	Re-election of Dato' Ghazali Mohd Ali		
3.	Re-appointment of Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)		
4.	Re-appointment of Dato' (Dr.) Megat Abdul Rahman Megat Ahmad		
5.	Approval of Directors' fees		
6.	Re-appointment of Auditors		
7.	Approval for Directors to allot and issue shares		
8.	Renewal of Shareholders' Mandate for recurrent related party transactions		
9.	Additional Shareholders' Mandate for recurrent related party transactions		
10.	Retention of Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R) as Independent Non-Executive Director of the Company		
11.	Retention of Dato' (Dr.) Megat Abdul Rahman Megat Ahmad as Independent Non-Executive Director of the Company		

Dated this ________ day of ________ 2014

____
Signature of Member/Common Seal

No. of ordinary shares held:	
CDS Account No.:	
Proportion of shareholdings to be represented by proxies	First Proxy: ______% Second Proxy: ______%
Contact No.:	

Notes

(a) If you wish to appoint as a proxy some person other than the Chairman of the Meeting, please insert in block letters the full name and address of the person of your choice and initial the insertion at the same time deleting the words "the Chairman of the Meeting". A proxy need not be a member of the Company but must attend the Meeting in person to vote. Please indicate with an "X" in the appropriate box how you wish your vote to be cast in respect of each Resolution.

(b) In the case of a Corporation, the proxy should be executed under its Common Seal or under the hand of a duly authorised officer.

(c) A member shall not, subject to Paragraph (d) below, be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

(d) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(e) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, shall be deposited at the Share Registrar's office located at 13th Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia, not less than 48 hours before the time for holding the Meeting or adjourned Meeting at which the person or persons named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

(f) Only members registered in the Record of Depositors as at 28 March 2014 shall be eligible to attend the meeting or appoint a proxy to attend and vote on his/her behalf.

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STAMP

Boustead Management Services Sdn Bhd (7059-M)
13th Floor, Menara Boustead
No. 69 Jalan Raja Chulan
50200 Kuala Lumpur, Malaysia

Fold here

BOUSTEAD HOLDINGS BERHAD 3871-H
28th Floor, Menara Boustead, 69 Jalan Raja Chulan
50200 Kuala Lumpur, Malaysia

www.boustead.com.my