

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

For the quarter ended 30 September 2008	Current Period		Cumulative Period	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Revenue	1,951,232	1,495,566	5,801,949	3,563,108
Operating cost	(1,782,377)	(1,199,703)	(5,137,607)	(3,130,767)
Profit from operations	168,855	295,863	664,342	432,341
Interest income	4,283	2,329	15,839	3,972
Gain on disposal of Subsidiaries	17,149	-	18,538	-
Other investment results	5,211	6,398	19,366	53,129
Finance cost	(42,823)	(35,204)	(112,392)	(94,612)
Share of results of Associates	13,504	19,123	52,798	66,467
	166,179	288,509	658,491	461,297
Reversal of reduction of goodwill	42,517	-	-	-
Gain from disposal of plantation assets	-	-	-	41,200
Profit before taxation	208,696	288,509	658,491	502,497
Taxation	(28,375)	(78,915)	(96,318)	(114,694)
Net profit for the period	180,321	209,594	562,173	387,803
Attributable to:				
Shareholders of the Company	163,996	145,739	468,199	298,566
Minority interests	16,325	63,855	93,974	89,237
Net profit for the period	180,321	209,594	562,173	387,803
Earnings per share - sen				
Basic	25.48	24.36	73.86	49.90
Fully diluted	25.48	22.41	73.86	46.13
Gross dividend per share - sen	7.50	7.00	17.50	12.00

The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2007.

Boustead Holdings Berhad (3871-H)**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

As at 30 September 2008	Audited	
	2008	31 December
	RM'000	2007
	RM'000	RM'000
ASSETS		
Non current assets		
Property, plant and equipment	1,694,663	1,661,484
Biological assets	354,568	345,468
Investment properties	684,882	634,562
Development properties	197,754	190,936
Prepaid land lease payments	142,942	150,935
Long term prepayment	135,326	134,132
Offshore patrol vessel expenditure	455,341	455,341
Deferred tax assets	68,691	81,225
Associates	1,065,414	983,475
Investments	538,980	603,458
Goodwill	984,899	972,284
	6,323,460	6,213,300
Current assets		
Inventories	326,007	195,370
Property development in progress	60,760	111,225
Due from customers on contract	86,201	53,972
Receivables	1,183,846	1,015,937
Cash and bank balance	591,777	753,831
	2,248,591	2,130,335
Assets of disposal group classified as held for sale	81,831	97,475
	2,330,422	2,227,810
TOTAL ASSETS	8,653,882	8,441,110
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	325,516	314,520
Reserves	2,520,701	2,046,401
Shareholders' equity	2,846,217	2,360,921
Minority interests	443,510	847,913
Total equity	3,289,727	3,208,834
Non current liabilities		
Long term borrowings	921,188	1,152,124
Other payable	20,219	19,992
Deferred tax liabilities	100,536	97,638
	1,041,943	1,269,754
Current liabilities		
Borrowings	2,792,927	2,231,109
Trade and other payables	1,180,887	1,432,817
Due to customer on contracts	261,184	231,392
Taxation	55,853	22,392
Dividend payable	24,088	32,584
	4,314,939	3,950,294
Liabilities of disposal group associated with assets classified as held for sale	7,273	12,228
	4,322,212	3,962,522
Total liabilities	5,364,155	5,232,276
TOTAL EQUITY AND LIABILITIES	8,653,882	8,441,110
Net assets per share attributable to ordinary equity holders of the parent - RM	4.37	3.75

The Unaudited Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2007.

Boustead Holdings Berhad (3871-H)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 30 September 2008	Attributable to shareholders of the Company							Minority Interests	Total Equity
	Share Capital	*Share Premium	*Revaluation Reserve	Statutory Reserve	*Other Reserves	Retained Profit	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Balance at 1 January 2008	314,520	439,052	41,621	101,891	118,747	1,345,090	2,360,921	847,913	3,208,834
Exchange fluctuation	-	-	-	-	82	-	82	122	204
Net gain not recognised in the income statement	-	-	-	-	82	-	82	122	204
Transfer during the period	-	-	-	23,763	-	(23,763)	-	-	-
Change in group structure									
- Additional investment in Subsidiaries	-	-	-	-	-	-	-	(479,127)	(479,127)
- Disposal of Subsidiaries	-	-	-	-	10,713	-	10,713	(3,163)	7,550
Issue of shares									
- by the Company	10,996	126,457	-	-	-	-	137,453	-	137,453
- by a Subsidiary to minority interest	-	-	-	-	-	-	-	1,960	1,960
Net profit for the period	-	-	-	-	-	468,199	468,199	93,974	562,173
Dividends									
- Final of previous financial year approved	-	-	-	-	-	(37,239)	(37,239)	-	(37,239)
- Bonus dividend of previous financial year approved	-	-	-	-	-	(46,549)	(46,549)	-	(46,549)
- Interim of current financial year	-	-	-	-	-	(47,363)	(47,363)	-	(47,363)
- Payable by Subsidiaries	-	-	-	-	-	-	-	(18,169)	(18,169)
Balance at 30 September 2008	325,516	565,509	41,621	125,654	129,542	1,658,375	2,846,217	443,510	3,289,727
Balance at 1 January 2007	299,135	394,437	41,357	79,050	122,826	986,860	1,923,665	783,220	2,706,885
Exchange fluctuation	-	-	-	-	(3,687)	-	(3,687)	-	(3,687)
Net loss not recognised in the income statement	-	-	-	-	(3,687)	-	(3,687)	-	(3,687)
Change in group structure									
- Additional investment in a Subsidiary	-	-	-	-	-	-	-	(154,079)	(154,079)
Net profit for the period	-	-	-	-	-	298,566	298,566	89,237	387,803
Dividends									
- Final of previous financial year	-	-	-	-	-	(26,204)	(26,204)	-	(26,204)
- Bonus dividend of previous financial year approved	-	-	-	-	-	(10,919)	(10,919)	-	(10,919)
- Payable by Subsidiaries	-	-	-	-	-	-	-	(20,998)	(20,998)
Repayment of RPS	-	-	-	-	-	-	-	(2,023)	(2,023)
Balance at 30 September 2007	299,135	394,437	41,357	79,050	119,139	1,248,303	2,181,421	695,357	2,876,778

NOTES

* Denotes non distributable reserves.

The Unaudited Condensed Consolidated Statements of Changes of Equity should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2007.

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the quarter ended 30 September 2008

	2008	2007
	RM'000	RM'000
Operating Activities		
Receipts from customers	5,758,103	3,650,090
Cash paid to suppliers and employees	(5,425,964)	(3,158,964)
	332,139	491,126
Tax paid less refund	(34,036)	(44,279)
Net cash from operating activities	298,103	446,847
Investing Activities		
Capital expenditure & construction of investment property	(129,101)	(199,345)
Disposal of property plant & equipment and biological assets	5,305	141,344
Additional investments in Associates & Subsidiaries	(392,554)	(266,422)
Net outflow on Subsidiaries acquired	-	(41,617)
Net inflow on disposal of Subsidiaries	37,602	-
Others	34,153	33,182
Net cash used in investing activities	(444,595)	(332,858)
Financing Activities		
Transactions with owners	(139,646)	(37,123)
New loans	535,268	555,256
Repayment of loans	(565,498)	(146,616)
Other borrowings	360,264	184,302
Interest paid	(189,445)	(122,703)
Others	(16,209)	(12,283)
Net cash (used in)/from financing activities	(15,266)	420,833
Net (decrease)/increase in cash and cash equivalents	(161,758)	534,822
Cash and cash equivalent at beginning of period	714,693	103,616
Cash and Cash Equivalent at End of Period	552,935	638,438
Analysis of Cash and Cash Equivalents		
Deposits, cash and bank balances	591,777	699,605
Overdrafts	(43,385)	(61,167)
Cash and bank balance classified as held for sale	4,543	-
Cash and Cash Equivalent at End of Period	552,935	638,438

The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2007.

Boustead Holdings Berhad (3871-H)

Notes to the Interim Financial Report for the Quarter Ended 30 September 2008

Part A - Explanatory Notes Pursuant to FRS 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2007.

A2. Changes in Accounting Policies

The accounting policies and method of computation adopted by the Group are consistent with those used in the preparation of the Y2007 Audited Financial Statements, except for the adoption of the following new/revised Financial Reporting Standards (FRS) effective for financial period beginning 1 January 2008.

- (i) FRS 107: Cash Flow Statements
- (ii) FRS 111: Construction Contracts
- (iii) FRS 112: Income Taxes
- (iv) FRS 118: Revenue
- (v) FRS 120: Accounting for Government Grants and Disclosures of Government Assistance
- (vi) FRS 134: Interim Financial Reporting
- (vii) FRS 137: Provisions, Contingent Liabilities and Contingent Assets
- (viii) Amendment to FRS 121: The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
- (ix) IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities
- (x) IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments
- (xi) IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- (xii) IC Interpretation 6: Liabilities arising from Participating in a Specific Market Waste Electrical and Electronic Equipmen
- (xiii) IC Interpretation 7: Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies
- (xiv) IC Interpretation 8: Scope of FRS 2

The above new and revised FRSs, amendment to FRS and IC Interpretations are not expected to have a significant impact on the financial statements of the Group upon their initial application.

A3. Auditors' Report on Preceding Annual Financial Statements

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

A4. Comments about Seasonal or Cyclical Factors

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

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

During the current quarter, Boustead Naval Shipyard Sdn Bhd was granted exemption in respect of its income from vessel construction project for a period of 4 years commencing from 2007. Accordingly, the amount of RM42.5 million previously charged as reduction of goodwill in the income statement is reversed during the current quarter, with a corresponding increase to the Group's goodwill on consolidation. There were no other unusual items affecting assets, liabilities, equity, net income or cash flows.

A6. Change in Estimates

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

A7. Dividends Paid

- (i) A 2nd interim dividend of 7 sen (2006: 5 sen) per share less tax in respect of the year ended 31 December 2007 amounting to RM32.58 million was paid on 18 January 2008.
- (ii) A final dividend of 8 sen (2006: 6 sen) and bonus dividend of 10 sen (2006: 2.50 sen) per share less tax in respect of the financial year ended 31 December 2007 amounting to RM83.79 million were paid on 12 May 2008.
- (iii) A 1st interim dividend of 5 sen (2007: 5 sen) per share less tax in respect of the year ending 31 December 2008 amounting to RM24.09 million was paid on 14 July 2008.

A8. Segmental Information

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

	Plantation	Heavy Industries	Property development	Property investment	Finance & Investment	Trading	Manufacturing & Services	Elim'n	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2008									
Revenue									
Group total sales	721,160	940,281	279,830	96,168	227,684	3,300,364	297,433	(60,971)	5,801,949
Inter-segment sales	-	-	-	(9,958)	(18,092)	(32,921)	-	60,971	-
External sales	721,160	940,281	279,830	86,210	209,592	3,267,443	297,433	-	5,801,949
Result									
Segment result									
- external	201,134	248,885	91,025	33,979	3,817	63,386	22,116	-	664,342
Interest expense	(24,849)	(20,355)	(6,149)	(18,808)	(49,059)	(34,080)	(15,037)	55,945	(112,392)
Interest income	38,071	2,362	4,175	1,562	11,238	4,488	9,888	(55,945)	15,839
Gain on disposal of Subsidiaries	18,538	-	-	-	-	-	-	-	18,538
Other investment result	24,419	-	-	-	(6,447)	-	1,394	-	19,366
Share of result of Associates	3,486	2,250	(104)	351	42,858	768	3,189	-	52,798
Profit before taxation	260,799	233,142	88,947	17,084	2,407	34,562	21,550	-	658,491
Taxation									(96,318)
Net profit for the period									562,173
	Plantation	Heavy Industries	Property development	Property investment	Finance & Investment	Trading	Manufacturing & Services	Elim'n	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2007									
Revenue									
Group total sales	532,863	276,940	196,877	82,080	23,865	2,308,487	158,169	(16,173)	3,563,108
Inter-segment sales	-	-	-	(4,445)	-	(11,728)	-	16,173	-
External sales	532,863	276,940	196,877	77,635	23,865	2,296,759	158,169	-	3,563,108
Result									
Segment result									
- external	106,736	198,308	49,025	30,350	(3,482)	48,214	3,190	-	432,341
Interest expense	(28,360)	(15,838)	(4,275)	(24,261)	(26,723)	(27,625)	(13,242)	45,712	(94,612)
Interest income	33,804	941	1,653	4,992	241	391	7,662	(45,712)	3,972
Other investment result	11,300	-	-	-	40,174	1,000	655	-	53,129
Share of result of Associates	3,737	5,702	(22)	(964)	49,961	851	7,202	-	66,467
	127,217	189,113	46,381	10,117	60,171	22,831	5,467	-	461,297
Disposal of plantation assets									41,200
Profit before taxation									502,497
Taxation									(114,694)
Net profit for the period									387,803

A9. Debts and Equity Securities

- (i) The Group repaid RM40 million of the Islamic Bonds on 7 January 2008.
- (ii) On 8 April 2008, the Group repurchased and cancelled RM45 million of a Subsidiary's redeemable convertible bonds.
- (iii) On 7 July 2008, the Group repurchased and cancelled RM35 million of a Subsidiary's redeemable convertible bonds.
- (iv) On 29 July 2008 and 26 August 2008, the Company repurchased and cancelled RM250 million of the Bank Guaranteed Serial Bonds.
- (v) During the current quarter, the Company issued 21,992,603 new BHB shares of RM0.50 each priced at RM6.25 as settlement in respect of those holders of BPB shares who opted to receive BHB Shares in exchange. The Company's issued and paid up capital was thus increased to RM325.52 million comprising 651,031,822 ordinary shares of RM0.50 each.

There were no other issuances and repayment of debt and equity securities, share buybacks, share cancellations, shares held as treasury shares and resale of treasury shares in the current financial period.

A10. Carrying Amount of Revalued Assets

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

A11. Subsequent Events

There were no subsequent events as at 12 November 2008 that will materially affect the financial statements of the financial period under review.

A12. Changes in Group Composition

- (i) During the 1st quarter, the Group sold its entire interest in Boustead Oil Bulking Sdn Bhd.
- (ii) Disposal of the Group's entire interest in PT Anam Koto was completed during the current quarter.
- (iii) During the 3rd quarter, the Group's interest in Boustead Properties Berhad (BPB) was increased from 65.0% to 100% pursuant to the Proposed Offer as set out in B22(iii).

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

A13. Changes in Contingent Liabilities and Contingent Assets

The status of the contingent liabilities disclosed in the 2007 Annual Report remains unchanged as at 12 November 2008. No other contingent liability has arisen since the financial year end.

A14. Capital Commitments

The Group has the following commitments as at 30 September 2008:

	Authorised but not contracted RM'000	Authorised and contracted RM'000
Additional investment in a Subsidiaries	-	53,000
Capital expenditure	<u>138,000</u>	<u>393,000</u>
	<u>138,000</u>	<u>446,000</u>

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

B15. Performance Review

For the nine months ended 30 September 2008, the Group posted an unaudited profit before tax of RM658.5 million representing an increase of 31% over last year's corresponding period gain of RM502.5 million. The Group's profit after tax and MI totalling RM468.2 million had exceeded last year's net profit of RM298.6 million by a margin of RM169.6 million or 57%.

The Plantation Division which accounted for 40% of the Group's bottom line has reported a stronger cumulative pre-tax profit of RM260.8 million (2007: RM127.2 million) mainly due to good palm product prices. During the nine months period, the Division achieved an average palm oil price of RM3,103 per MT, a premium of RM931 or 43% against last year corresponding period's average of RM2,172 per MT. The cumulative FFB crop totalling 867,739 MT is 3% lower than the corresponding period last year.

B15. Performance Review (Cont'd.)

Heavy Industries Division which contributed towards 35% of the Group's profit, posted a pre-tax profit of RM233.1 million representing a 23% improvement over the previous year. Boustead Naval Shipyard derived its revenue substantially from vessel construction had reported a 10% decline in profit, while BHIC earnings improved significantly due to the increase in income from shipbuilding and related activities.

Property Division's pre-tax profit of RM106.0 million for the current cumulative period is 88% higher, as the Division's overall yield was enhanced by gains from sale of corporate lots during the current period. Operating profit from the property investment sub-division posted an increase from last year, as the Royale Bintang hotels and the Curve operations continued to register positive results.

Finance and Investment Division reported a pre-tax profit of RM2.4 million during the nine months period which is lower than the previous year mainly due to an increase in funding cost on investments. Subsidiary BH Insurance (M) Bhd posted a lower pre-tax profit mainly due to higher claims in addition to the write-down in the valuation of quoted securities. Affin Group posted a pre-tax profit of RM288.6 million for the nine months ended 30 September 2008, an increase of 2% over the pre-tax profit of RM282.4 million for the preceding year's corresponding period. This was mainly attributed to the increase in interest income and Islamic banking income which helped to cushion an increase in loan loss provision.

The Trading Division posted a higher pre-tax profit of RM34.6 million (2007: RM22.8 million) on a turnover of RM3.3 billion (2007: RM2.3 billion) during the nine months period. BHPetrol reported a 13% increase in pre-tax profit mainly due to an increase in sales volume.

B16. Material Changes in Quarterly Results Compared to The Results of the Immediate Preceding Quarter

The Group's pre-tax profit for the quarter of RM208.7 million is 3% lower than the preceding quarter's profit of RM216.3 million.

Plantation Division's operating profit for the current quarter is lower than the preceding quarter as the 13% increase in FFB crop was negated by the lower CPO price of RM3,046 (Last quarter: RM3,239) per MT and higher estate costs. Heavy Industries Division's operating profit for the current quarter is lower mainly due to the lower billings and profit contribution from BNS, while the Property Division earnings for the current quarter has improved due to better yields from sales of corporate lots.

B17. Prospect for the current financial year

Plantation's earnings will very much be dependent on palm oil prices which had fallen sharply in recent months. Thus, CPO prices for the 4th quarter are expected to be lower than what was realised during the first nine months. Heavy Industries Division is positioned to pursue business opportunities for growth which will hopefully enable it to weather the challenges of economic turbulence. Property Division will continue to contribute profit mainly from the Mutiara Damansara and Mutiara Rini Johor projects.

B18 Notes on variance in actual profit and shortfall in profit guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interests and shortfall in profit guarantee are not applicable.

B19. Taxation

Malaysian taxation based on profit for the period:

	<u>Current Period</u> 2008 RM'000	<u>Cumulative Period</u> 2008 RM'000
- Current	26,285	83,728
- Deferred	4,092	14,592
	<u>30,377</u>	<u>98,320</u>
Over provision of prior years	(2,002)	(2,002)
	<u>28,375</u>	<u>96,318</u>

The Group's effective tax rate for the current quarter and the financial year-to-date is lower than the statutory tax rate because certain income is not subject to income tax, while the utilisation of previously unrecognised tax losses and unabsorbed allowances has further reduced tax expense.

B20. Sale of Unquoted Investments and Properties

There were no sale of unquoted investments and properties for the period under review other than as disclosed below:

	Current Period	Cumulative Period
	2008	2008
	RM'000	RM'000
Gain on disposal of a Subsidiary	17,149	18,538
Gain on disposal of MGS and bonds	490	1,328
	<u>17,639</u>	<u>19,866</u>

B21. Quoted Securities

- (i) Purchases or disposals of quoted securities other than securities in existing Subsidiaries and Associates during the current financial period.

Purchases	1,360	19,769
Sale proceeds	725	5,215
(Loss)/gain on disposal	(38)	645

- (ii) Investments in quoted securities as at 30 September 2008:

	RM'000
At cost	329,684
At carrying value/book value	319,351
At market value	<u>336,484</u>

B22. Status of Corporate Proposals (Cont'd.)

- (i) On 12 December 2005, the Company announced its intention to acquire from Affin Bank Berhad 36,000,001 ordinary shares of RM1.00 each representing approximately 27.7% equity interest in PSC-Naval Dockyard Sdn Bhd now renamed Boustead Naval Shipyard Sdn Bhd (BNS) for a cash consideration of RM150.12 million. The purchase consideration will be paid in three (3) equal annual instalments of RM50.04 million each, together with a holding cost of 5% per annum until full payment. The 3rd and final tranche comprising 12 million ordinary shares or 9.23% of total issued and paid up capital of BNS is expected to be purchased in December 2008.
- (ii) On 25 February 2008, the Group entered into a binding sale and purchase agreement (SPA) to sell its entire 90% equity interest in PT Dendymarker (PTDI) and its entire 99.75% equity interest in PT Anam Koto (PTAK) for a total cash consideration of USD14.5 million. In addition, advances by the Group to PTDI and PTAK totalling USD60 million will be repaid. On 4 April 2008 the Group entered into Novation Agreement relating to the SPA and Escrow Agreement for sale and purchase of shares.
- The sale of shares in PTAK was completed on 28 July 2008.
- (iii) On 15 May 2008, the Company served a notice for the Offer (Proposed Offer) on the Board of Boustead Properties Berhad (BPB) to acquire the remaining BPB Shares which are not already owned by Boustead and Persons Acting in Concert for a consideration of RM5.50 (Offer Price for BPB Shares) per BPB Share and to acquire up to RM35 million outstanding redeemable convertible bonds (RCB) at a consideration of RM1.33 per RM1 nominal value of RCB (Offer Price for RCB). The Offer Price for BPB Shares and the Offer Price for RCB will be settled by way of cash, or in exchange for shares of RM0.50 each in Boustead Holdings Berhad (BHB shares), or a combination of cash and BHB shares. In determining the number of BHB Shares to be exchanged, BHB shares are priced at RM6.25 per share. Accordingly, each BPB Share and every RM1 nominal value of RCB will be eligible for exchange into 0.88 BHB Share and 0.21 BHB Share respectively.

The offer became unconditional on 16 July 2008, and BHB proceeded to compulsorily acquire their shares in accordance with Section 34 of the SCA. Accordingly, BPB became a wholly owned Subsidiary of the Group and BPB was delisted from the official list of Bursa Securities on 8 August 2008.

B22. Status of Corporate Proposals (Cont'd.)

- (iv) On 16 May 2008, Boustead Weld Quay Sdn Bhd (Boustead Weld), a wholly owned Subsidiary of the Group entered into a Novation Agreement (the Novation Agreement) with Azrahi Hotels Sdn Bhd (Receiver and Manager Appointed, and the Vendor) and Affin Bank Berhad (Affin Bank or Purchaser) in relation to the proposed acquisition of two pieces of land under Geran 179663 Lot No. 20745 (formerly known as HSD 102990 PT No. 5330) and Geran 115214 Lot No 20890 (formerly known as HSD 125256 PT No. 5744) both in the Town and District of Seremban, Negeri Sembilan Darul Khusus (collectively the Property) for a total cash consideration of RM90 million.

Earlier, on 13 March 2008, Affin Bank had entered into a Sale and Purchase Agreement (SPA) to acquire the Property for a cash consideration of RM90 million upon being the highest bidder for the Property in an open tender conducted by Azrahi Hotels Sdn Bhd. Pursuant to the SPA, Affin Bank, as the purchaser, is entitled to novate the SPA to Boustead Weld. Under the Novation Agreement, Boustead Weld will assume Affin Bank's rights, titles, interests, benefits, obligations and liabilities as the purchaser for the Property under the SPA

- (v) On 29 January 2008, the Group announced its intention to exercise the First Call Option to acquire two palm oil estates comprising the Malakoff Estate and Bebar Estate (Plantation Assets) which measure approximately 3,739.80 hectares. On 6 August 2008, the Group further announced that it intends to enter into a sale and leaseback arrangement which would entail the disposal of these Plantation Assets to Al-Hadharah Boustead REIT (Bsdreit) and the lease of the Plantation Assets by Bsdreit back to the Group at lease payments and periods to be determined in due course and will be undertaken after exercise of the First Call Option. The sale consideration of RM188.80 million will be settled through cash and the issuance of 85 million units in Bsdreit priced at RM1.10 per unit. The sale & purchase agreement and the lease agreement are currently being finalised and shall be entered into in due course.

There were no other corporate proposals announced or pending completion as at 12 November 2008.

B23. Group Borrowings and Debt Securities

Total group borrowings as at 30 September 2008 are as follows:-

	<u>30.9.2008</u> <u>RM'000</u>	<u>31.12.2007</u> <u>RM'000</u>
Long Term Loans		
- Term loan	1,715,146	1,378,176
- Redeemable Convertible Bonds (RCB)	-	75,294
- Islamic Bonds (IB)	-	40,000
- Bank Guaranteed Serial Bonds	-	250,000
	<u>1,715,146</u>	<u>1,743,470</u>
Less: repayable in 1 year	<u>793,958</u>	<u>591,346</u>
	<u>921,188</u>	<u>1,152,124</u>
Short term borrowings		
- Bank overdrafts	43,385	44,443
- Bankers' acceptances	264,834	256,070
- Revolving credits	1,690,750	1,339,250
- IB & RCB	-	115,294
- Bank Guaranteed Serial Bonds	-	50,000
- Short term loans	793,958	426,052
	<u>2,792,927</u>	<u>2,231,109</u>

Included above is a short term loan of RM43.9 million (US Dollar: 12.70 million) which is denominated in US Dollar. All other borrowings are denominated in Ringgit Malaysia.

B24. Off Balance Sheet Financial Instruments

The Group does not have any off balance sheet financial instruments as at 12 November 2008.

B25. Changes in Material Litigations

- (i) Pertaining to the litigation referred to in Note 41(a) of the 2007 Annual Report, Zaitun Marketing Sdn Bhd (Zaitun)'s inter partes application for a Mareva Injunction (which was granted on 20 September 2007) was dismissed with costs by the Court on 12 June 2008. Boustead Eldred Sdn Bhd (BESB) now intends to pursue damages against Zaitun as a result of the ex-parte Mareva Injunction granted earlier. On 14 October 2008, the Court of Appeal was unanimous in dismissing, with costs, Zaitun's appeal against the High Court's dismissal of its application for an inter partes Mareva Injunction against BESB. Meanwhile, the Court decisions on BESB's application to set aside the ex-parte Mareva Injunction (and pursue for damages), as well as on BESB's application to strike out Zaitun's claim for want of prosecution have been fixed for 1 December 2008 and 3 December 2008 respectively. BESB's other application for further security and for costs has been postponed indefinitely
- (ii) Boustead Naval Shipyard Sdn Bhd (BNS), had on 30 June 2008 been served with a Writ of Summons by Meridien Shore Sdn Bhd (Meridien). Under the said Writ of Summons, Meridien is claiming against BNS for specific damages in the amount of RM49.58 million, arising from foreclosure of several of its lands in Johor by Bank Kerjasama Rakyat Malaysia Berhad. Meridien is alleging that it had created third party charges over the Lands as a form of security for a financing facility granted by Bank Rakyat to BNS for the sum of RM15 million. In its Defence BNS made a counterclaim on 22 July 2008. On 29 August 2008, Meridien has filed defence to BN Shipyard's counterclaim.

As at 12 November 2008, there were no other changes in material litigation, including the status of pending material litigation since the last annual balance sheet as at 31 December 2007.

B26. Dividend Payable

- (i) The Directors have declared a 2nd interim dividend of 5 sen (2007: 7 sen) per share less tax in respect of the year ending 31 December 2008. The dividend was paid on 17 October 2008.
- (ii) The Directors have declared a 3rd interim dividend of 7.50 sen (2007: Nil) per share less tax bringing total dividends for the 9 months ended 30 September 2008 to 17.50 sen (2007: 12 sen) per share. The 3rd interim dividend will be paid on 16 January 2009 to shareholders registered on the Register of Members at the close of business on 22 December 2008.

B27. Earnings Per Share

	Current Period		Cumulative Period	
	2008	2007	2008	2007
(i) Basic earnings per share				
Net profit for the period (RM'000)	163,996	145,739	468,199	298,566
Weighted average number of ordinary shares in issue ('000)	643,700	598,269	633,926	598,269
Basic earnings per share (sen)	25.48	24.36	73.86	49.90
(ii) Diluted earnings per share				
Net profit for the period (RM'000)		145,739		298,566
After-tax effects of potential dilution upon conversion of a Subsidiary's RCB		(1,858)		(4,030)
After-tax effects of interest on the Company's bank guaranteed redeemable convertible bonds (BGRCB)		1,709		5,127
		145,590		299,663
Weighted average number of ordinary shares in issue ('000)		598,269		598,269
Adjustment for assumed conversion of BGRCB ('000)		51,282		51,282
Adjusted weighted average number of ordinary shares in issue ('000)		649,551		649,551
Diluted earnings per share (sen)		22.41		46.13

28. Plantation Statistics

	Cumulative Period	
	2008	2007
(a) Planted areas (hectares)		
Oil palm - prime mature	57,706	62,311
- young mature	5,147	7,493
- immature	6,708	7,147
	69,561	76,951
Coconut	151	176
Others	203	225
	69,915	77,352

* Includes 48,940 hectares leased under the Asset Backed Securitisation Programme and from Al Hadharah Boustead REIT.

	Cumulative Period	
	2008	2007
(b) Crop Production		
FFB - MT	867,739	892,674
(c) Average Selling Prices (RM)		
FFB (per MT)	687	447
Palm oil (per MT)	3,103	2,172
Palm kernel (per MT)	1,841	1,245

29. Economic Profit

	Cumulative Period	
	2008	2007
	RM'000	RM'000
For the period ended 30 September	295,712	221,752

30. Headline KPI

	Sep 2008	2008
	(9 Months)	(12 Months)
	Actual	Target
Return on Equity (ROE)	18.0%	14.0%
Return on Assets (ROA)	9.1%	11.0%