

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

For the quarter ended 31 December 2008	Current Period		Cumulative Period	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Revenue	1,227,869	2,188,811	7,029,818	5,751,919
Operating cost	(1,278,231)	(1,871,776)	(6,415,838)	(5,017,948)
Profit from operations	(50,362)	317,035	613,980	733,971
Interest income	6,261	8,467	22,100	12,439
Other investment results	13,615	29,740	51,519	82,869
Finance cost	(40,650)	(46,400)	(153,042)	(125,607)
Share of results of Associates	15,944	17,475	68,742	83,942
	(55,192)	326,317	603,299	787,614
Gain from disposal of plantation assets	75,603	-	75,603	41,200
Profit before taxation	20,411	326,317	678,902	828,814
Taxation	85,090	(59,584)	(11,228)	(174,278)
Net profit for the period	105,501	266,733	667,674	654,536
Attributable to:				
Shareholders of the Company	110,587	179,170	578,786	477,736
Minority interests	(5,086)	87,563	88,888	176,800
Net profit for the period	105,501	266,733	667,674	654,536
Earnings per share - sen				
Basic	16.99	28.96	90.69	79.04
Fully diluted	16.99	28.78	90.69	78.87
Gross dividend per share - sen	12.50	18.00	30.00	30.00

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 31 December 2008	Audited 31 December	
	2008 RM'000	2007 RM'000
ASSETS		
Non current assets		
Property, plant and equipment	1,817,193	1,661,484
Biological assets	357,142	345,468
Investment properties	763,050	634,562
Development properties	208,347	190,936
Prepaid land lease payments	157,510	150,935
Long term prepayment	134,050	134,132
Offshore patrol vessel expenditure	455,341	455,341
Deferred tax assets	67,969	81,225
Associates	1,045,947	983,475
Investments	524,926	603,458
Goodwill	1,068,458	972,284
	6,599,933	6,213,300
Current assets		
Inventories	230,752	195,370
Property development in progress	49,329	111,225
Due from customers on contract	76,783	53,972
Receivables	1,052,845	1,015,937
Cash and bank balance	669,449	753,831
	2,079,158	2,130,335
Assets of disposal group classified as held for sale	-	97,475
	2,079,158	2,227,810
TOTAL ASSETS	8,679,091	8,441,110
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	325,516	314,520
Reserves	2,585,255	2,046,401
Shareholders' equity	2,910,771	2,360,921
Minority interests	385,244	847,913
Total equity	3,296,015	3,208,834
Non current liabilities		
Long term borrowings	624,719	1,152,124
Other payable	20,217	19,992
Deferred tax liabilities	105,714	97,638
	750,650	1,269,754
Current liabilities		
Borrowings	2,878,661	2,231,109
Trade and other payables	1,065,553	1,432,817
Due to customer on contracts	630,232	231,392
Taxation	21,359	22,392
Dividend payable	36,621	32,584
	4,632,426	3,950,294
Liabilities of disposal group associated with assets classified as held for sale	-	12,228
	4,632,426	3,962,522
Total liabilities	5,383,076	5,232,276
TOTAL EQUITY AND LIABILITIES	8,679,091	8,441,110
NET ASSET PER SHARE - RM		
Attributable to ordinary shareholders of the Company	4.47	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 31 December 2008	Attributable to shareholders of the Company						Total	Minority Interests	Total Equity
	Share Capital	*Share Premium	*Revaluation Reserve	*Statutory Reserve	*Other Reserves	Retained Profit			
	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	-	-	-	-	(8,022)	-	(8,022)	239	(7,783)
Net (loss)/gain not recognised in the income statement	-	-	-	-	(8,022)	-	(8,022)	239	(7,783)
Transfers during the period	-	-	-	34,481	(9,809)	(24,672)	-	-	-
Change in group structure									
- Additional investment in Subsidiaries	-	-	-	-	-	-	-	(525,558)	(525,558)
- Disposal of Subsidiaries	-	-	-	-	9,404	-	9,404	(3,163)	6,241
Issue of shares									
- by the Company	10,996	126,457	-	-	-	-	137,453	-	137,453
- by a Subsidiary to minority interest	-	-	-	-	-	-	-	4,410	4,410
Net profit for the period	-	-	-	-	-	578,786	578,786	88,888	667,674
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	-	-	-	-	-	(83,983)	(83,983)	-	(83,983)
- Payable by Subsidiaries	-	-	-	-	-	-	-	(27,485)	(27,485)
Balance at 31 December 2008	325,516	565,509	41,621	136,372	110,320	1,731,433	2,910,771	385,244	3,296,015
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	-	-	-	-	(4,189)	-	(4,189)	35	(4,154)
Writeback of deferred tax	-	-	264	-	-	-	264	141	405
Goodwill transfer to minority interests	-	-	-	-	-	-	-	(12,551)	(12,551)
Dilution in Associates	-	-	-	(1,892)	-	(3,108)	(5,000)	-	(5,000)
Net loss not recognised in the income statement	-	-	264	(1,892)	(4,189)	(3,108)	(8,925)	(12,375)	(21,300)
Transfer during the period	-	-	-	24,733	121	(24,854)	-	-	-
Change in group structure									
- Additional investment in a Subsidiary	-	-	-	-	-	-	-	(209,547)	(209,547)
- Minority interests acquired upon additional investment in Associates	-	-	-	-	-	-	-	156,886	156,886
- Disposal of shares in a Subsidiary	-	-	-	-	(11)	-	(11)	1,667	1,656
Issue of shares pursuant to conversion of bank guaranteed redeemable convertible bonds	15,385	44,615	-	-	-	-	60,000	-	60,000
Issue of shares by Subsidiary to Minority Interest	-	-	-	-	-	-	-	80,837	80,837
Repayment of RPS	-	-	-	-	-	-	-	(3,584)	(3,584)
Net profit for the period	-	-	-	-	-	477,736	477,736	176,800	654,536
Dividends									
- Final of previous financial year approved	-	-	-	-	-	(26,204)	(26,204)	-	(26,204)
- Bonus dividend of previous financial year approved	-	-	-	-	-	(10,919)	(10,919)	-	(10,919)
- Interim of current financial year	-	-	-	-	-	(54,421)	(54,421)	-	(54,421)
- Payable by Subsidiaries	-	-	-	-	-	-	-	(125,991)	(125,991)
Balance at 31 December 2007	314,520	439,052	41,621	101,891	118,747	1,345,090	2,360,921	847,913	3,208,834

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 31 December 2008

	2008	2007
	RM'000	RM'000
Operating Activities		
Receipts from customers	7,217,501	5,817,884
Cash paid to suppliers and employees	(6,373,389)	(5,318,203)
	844,112	499,681
Tax paid less refund	(87,710)	(35,594)
Net cash from operating activities	756,402	464,087
Investing Activities		
Capital expenditure & construction of investment property	(446,459)	(278,668)
Disposal of property plant & equipment and biological assets	109,179	252,568
Additional investments in Associates & Subsidiaries	(443,559)	(280,019)
Net inflow on Subsidiaries acquired	-	123,601
Net inflow on disposal of Subsidiaries	35,507	-
Others	215,828	35,107
Net cash used in investing activities	(529,504)	(147,411)
Financing Activities		
Transactions with owners	(163,734)	(80,797)
New loans	343,479	520,435
Repayment of loans	(649,419)	(410,141)
Other borrowings	413,743	492,896
Interest paid	(247,423)	(178,954)
Others	(23,075)	(48,738)
Net cash (used in)/from financing activities	(326,429)	294,701
Net (decrease)/increase in cash and cash equivalents	(99,531)	611,377
Foreign currency translation difference	(468)	(300)
Cash and cash equivalent at beginning of period	714,693	103,616
Cash and Cash Equivalent at End of Period	614,694	714,693
Analysis of Cash and Cash Equivalents		
Deposits, cash and bank balances	669,449	753,831
Overdrafts	(54,755)	(44,443)
Cash and bank balance classified as held for sale	-	5,305
Cash and Cash Equivalent at End of Period	614,694	714,693

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 31 December 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 Equipment
- (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 previous financial year, the Group had recognised RM90 million worth of deferred tax asset arising from unutilised tax losses as part of the assets acquired upon consolidation of Boustead Naval Shipyard Sdn Bhd (BNS). Subsequent to the initial recognition, a deferred tax charge was effected in the income statement for the year ended 31 December 2007 when the tax loss was utilised against profit made by BNS.

During the 3rd quarter of 2008, Boustead Naval Shipyard Sdn Bhd (BNS) received approval for tax exemption in respect of its income from vessel construction project for a period of 4 years commencing from 2007. BNS sought clarification from the Authorities, and received confirmation during the current quarter that those tax losses arising from vessel construction accumulated in the previous years cannot be used for set off against future profits. As such, the deferred tax asset accounted for at initial recognition was reversed resulting in an increase in the goodwill on consolidation of BNS by RM90 million, while the deferred tax charge totalling RM90 million expensed during the last financial year is now written back as BNS profit comprised tax exempt income.

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

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 3rd 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 RM325.5 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. The revaluation of investment properties in compliance with FRS 140 contributed a fair value gain of RM37.2 million during the period under review.

A11. Subsequent Events

On 16 February 2009, the Group's wholly owned Subsidiary, Mutiara Rini Sdn Bhd, entered into a share sale agreement with Samburu Holdings Sdn Bhd (Vendor), for the purchase of all the remaining equity capital of our 50% Associate, Damansara Entertainments Centre Sdn Bhd (DEC). Purchase of the stake comprising 15 million ordinary shares of RM1.00 each and 15 million redeemable preference shares of RM0.01 each at a total consideration of RM27.3 million will be settled by way of cash. The Group also undertakes to settle on behalf of DEC, an additional sum of RM1.3 million and RM1.6 million being debt and trade debt respectively due to companies related to the Vendor. The acquisition is subject to the approval of the Foreign Investment Committee.

There were no subsequent events as at 23 February 2009 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) During the 3rd quarter, the Group sold its entire interest in PT Anam Koto.
- (iii) During the 3rd quarter, the Group's interest in Boustead Properties Berhad (BPB) was increased from 65.0% to 100%.
- (iv) During the current quarter, the voluntary liquidation of Gradient Holdings Sdn Bhd, Yaw Lim Plantations Sdn Bhd, Syarikat Kemajuan Bumidaya (Sabah) Sdn Bhd, Syarikat Hing Lee Plantations Sdn Bhd, Ladang Segaria Sdn Bhd and Kedah Oil Palms Bhd was completed.

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 23 February 2009. No other contingent liability has arisen since the financial year end.

A14. Capital Commitments

The Group has the following commitments as at 31 December 2008:

	Authorised but not contracted RM'000	Authorised and contracted RM'000
Capital expenditure	<u>442,000</u>	<u>244,000</u>

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

B15. Performance Review

For the year ended 31 December 2008, the Group posted an unaudited profit after tax and MI of RM578.8 million which had exceeded last year's net profit of RM477.7 million by a margin of RM101.1 million or 21%. The Group's profit before tax totalling RM678.9 million was 18% lower than last year's gain of RM828.8 million.

The Plantation Division was the primary contributor with a higher operating profit of RM269.8 million (2007: RM200.6 million) as the average palm product prices were better in 2008. During the financial year, the Division achieved an average palm oil price of RM2,794 per MT, a premium of RM515 or 23% against last year corresponding period's average of RM2,279 per MT. The cumulative FFB crop totalling 1,161,334 MT is 3% lower than last year.

Heavy Industries Division posted a pre-tax profit of RM183.8 million which is 52% lower than the previous year, mainly due to the decline in contribution from Boustead Naval Shipyard, although BHIC's earnings have improved significantly due to the increase in income from construction of several chemical vessels, accommodation work barges and oil & gas fabrication. Property Division's pre-tax profit of RM147.0 million for the current year is 73% higher, due to fair value gains from investment properties while sale of corporate lots had enhanced yields and revenue. Operating profit from the Royale Bintang hotels and the Curve operations continued to register positive results.

Finance and Investment Division reported a small deficit of RM4.4 million during the current year mainly due to an increase in funding cost on investments while higher claims and the write-down in the valuation of quoted securities had affected the bottom line of our insurance operations. Affin Group posted a pre-tax profit of RM404.2 million for the year ended 31 December 2008, an increase of 15% over the pre-tax profit of RM353.0 million for the preceding year's corresponding period. This was mainly attributed to the increase in interest income and Islamic banking income in addition to a decline in loan loss provision, impairment loss on securities and finance cost. The Trading Division posted a loss of RM12.5 million (2007: profit of RM38.4 million) as the sharp fall in crude oil price has resulted in a significant stockholding loss.

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

The Group's pre-tax profit for the current quarter was RM20.4 million as compared to the preceding quarter's profit of RM209.7 million.

Plantation Division's operating profit for the current quarter is lower than the preceding quarter due to the lower CPO price of RM1,968 (Last quarter: RM3,046) per MT and higher estate costs. Heavy Industries Division incurred a pre-tax deficit in the current quarter mainly due to the lower billings and profit contribution from BNS, while the Property Division earnings is also lower as there were more corporate land sales in the preceding quarter. Trading Division also posted a higher deficit during the current quarter due to the significantly higher stockholding loss.

B17. Prospect for the current financial year

The Group's overall profitability for the coming year will be lower in view of the tremendous uncertainty brought on by the global economic slowdown which is expected to worsen in 2009. Plantation's earnings for the coming year will be lower as the high prevailing palm oil stocks and concerns of a global recession will depress palm product prices, although the Malaysian Government's various proactive measures to boost palm oil prices will provide some relief. With the deteriorating global economic environment and cautious outlook for 2009 as a backdrop, the Heavy Industries Division in facing these challenges will embark on higher value added projects and provision of services, both defence and commercial through strategic alliances and foreign equity partnerships. Property Division earnings will be lower, as we do not expect any sale of corporate lots, while the Affin Group expects to register satisfactory results in the coming year. Trading Division expects to post a stronger profit in the new financial year as the global oil price volatility is not expected to equal that of 2008.

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:

- Current
- Deferred

Over provision of prior years

Current Period	Cumulative Period
2008	2008
RM'000	RM'000
(1,849)	81,879
7,466	22,058
5,617	103,937
(90,707)	(92,709)
(85,090)	11,228

B19. Taxation (Cont'd.)

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 2008 RM'000	Cumulative Period 2008 RM'000
Gain on disposal of plantation assets	75,603	75,603
Gain on sale of investment property	2,079	2,079
Gain on disposal of a Subsidiaries	982	19,520
Gain on disposal of MGS and bonds	594	1,922
	<u>79,258</u>	<u>99,124</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	(2,742)	35,477
Units in Al-Hadharah Boustead REIT received on sale of plantation assets	93,500	93,500
Sale proceeds	3,327	6,382
(Loss)/gain on disposal	<u>(29)</u>	<u>343</u>

- (ii) Investments in quoted securities as at 31 December 2008:

	RM'000
At cost	426,522
At carrying value/book value	402,248
At market value	<u>386,473</u>

B22. Status of Corporate Proposals

- (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 was 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, while a default was declared in respect of the sale of PTDI on 20 November 2008. Subsequently on 23 December 2008 an amicable settlement was reached whereby 50% of the deposits including accrued interest held in an escrow account will be paid to the Group as final settlement.

- (iii) 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.

The acquisition was duly completed in December 2008.

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

- (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 comprising cash and the issuance of 85 million units in Bsdreit priced at RM1.10 per unit was duly received on 23 December 2008. At year end, the Group had also entered into an Ijarah agreement with Boustead REIT to enable the Group the continued use of these plantation assets.

There were no other corporate proposals announced or pending completion as at 23 February 2009.

B23. Group Borrowings and Debt Securities

Total group borrowings as at 31 December 2008 are as follows:-

	31.12.2008	31.12.2007
	RM'000	RM'000
Long Term Loans		
- Term loan	1,439,562	1,378,176
- Redeemable Convertible Bonds (RCB)	-	75,294
- Islamic Bonds (IB)	-	40,000
- Bank Guaranteed Serial Bonds	-	250,000
	<u>1,439,562</u>	<u>1,743,470</u>
Less: repayable in 1 year	814,843	591,346
	<u>624,719</u>	<u>1,152,124</u>
Short term borrowings		
- Bank overdrafts	54,755	44,443
- Bankers' acceptances	150,563	256,070
- Revolving credits	1,858,500	1,339,250
- IB & RCB	-	115,294
- Bank Guaranteed Serial Bonds	-	50,000
- Short term loans	814,843	426,052
	<u>2,878,661</u>	<u>2,231,109</u>

Included above is a short term loan of RM44.1 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 23 February 2009.

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. Zaitun filed an appeal to the Federal Court against the above decision by the Court of Appeal. On 24 November 2008, the Federal Court allowed Zaitun's application for leave to appeal. On the hearing on 3 February 2009, the Federal Court adjourned the appeal to another date to be notified later.

When the case came up on 1 December 2008 for the hearing, the High Court Judge ordered that the ex-parte Mareva Injunction order be set aside, and a date be fixed by the Deputy Registrar to assess the damages suffered by BESB as a result of the said ex-parte Mareva Injunction order and to be paid by one En Khaidzir Bin Hj Ishak, one of Zaitun's former directors; and that the costs of the application are to be borne by En Khaidzir Bin Hj Ishak. The case which came up on 21 January 2009 for the hearing of BESB's application to strike out Zaitun's claim for want of prosecution has been adjourned indefinitely. The Judicial Commissioner who informed of her intention to get this case to trial and ordered that the parties to instruct KPMG to commence work on the audit in respect of both parties' claims on or by the end of March 2009, and that case management be fixed on 22 April 2009 before the Case Management Judge.

B25. Changes in Material Litigations (Cont'd.)

- (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. BNS filed its defence and a counterclaim for loss and damages suffered arising from the Plaintiff's failure to repay the sum owed of RM14.9 million on 22 July 2008. On 29 August 2008, Meridien filed its defence to BNS's counterclaim.
- (iii) Pertaining to the litigation between the Company and the bondholder (Plaintiff) of RM40 million bank guaranteed redeemable convertible bonds (RCB) as referred to in Note 41(b) of the 2007 Annual Report, the High Court had on 12 November 2007, struck out with costs the Plaintiff's application for an interlocutory injunction to restrain the Company from redeeming all or any of the RCB. On 24 November 2008 the High Court dismissed with costs the Plaintiff's application for a specific performance, and allowed with costs the Company's application to strike out the suit. The Plaintiff has filed an appeal against the High Court decision.

As at 23 February 2009, 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 3rd interim dividend of 7.5 sen (2007: Nil) per share less tax in respect of the year ended 31 December 2008. The dividend was paid on 16 January 2009.
- (ii) The Directors have proposed a final dividend of 12.5 sen (2007: 18 sen comprising final of 8 sen and bonus dividend of 10 sen) per share less tax in respect of the year ended 31 December 2008 payable on 18 May 2009 to shareholders registered in the Register of Members at the close of business on 30 April 2009.

B27. Earnings Per Share

	Current Period		Cumulative Period	
	2008	2007	2008	2007
(i) Basic earnings per share				
Net profit for the period (RM'000)	110,587	179,170	578,786	477,736
Weighted average number of ordinary shares in issue ('000)	651,031	618,782	638,202	604,423
Basic earnings per share (sen)	16.99	28.96	90.69	79.04
(ii) Diluted earnings per share				
Net profit for the period (RM'000)		179,170		477,736
After-tax effects of potential dilution upon conversion of a Subsidiary's RCB		(1,087)		(1,019)
After-tax effects of interest on the Company's bank guaranteed redeemable convertible bonds (BGRCB)	<i>Not applicable</i>	-	<i>Not applicable</i>	-
		<u>178,083</u>		<u>476,717</u>
Weighted average number of ordinary shares in issue ('000)		618,782		604,423
Adjustment for assumed conversion of BGRCB ('000)		-		-
Adjusted weighted average number of ordinary shares in issue ('000)		<u>618,782</u>		<u>604,423</u>
Diluted earnings per share (sen)		28.78		78.87

28. Plantation Statistics

	Cumulative Period	
	2008	2007
(a) Planted areas (hectares)		
Oil palm - prime mature	62,634	62,521
- young mature	5,147	7,493
- immature	6,708	6,158
	74,489	76,172
Coconut	-	176
Others	203	225
	74,692	76,573

* Includes 48,927 hectares leased under the Asset Backed Securitisation Programme and from Al Hadharah Boustead REIT.

	Cumulative Period	
	2008	2007
(b) Crop Production		
FFB - MT	1,161,334	1,196,035
(c) Average Selling Prices (RM)		
FFB (per MT)	597	482
Palm oil (per MT)	2,794	2,279
Palm kernel (per MT)	1,571	1,338

29. Economic Profit

	Cumulative Period	
	2008	2007
	RM'000	RM'000
For the year ended 31 December	282,457	386,654

	2008	2008	2009
	Actual	Target	Target

30. Headline KPIs

Return on Equity (ROE)	22.0%	14.0%	10.0%
Return on Assets (ROA)	9.7%	11.0%	7.0%
Gross dividend per share	60.0%	40.0%	40.0%

The headline KPIs for 2009 represent the main corporate targets set for these periods and act as a transparent performance management practice. It shall not be construed as either forecasts, projections or estimates and is not intended to represent any future performance, occurrence or matter as the KPIs are merely a set of targets/aspirations of future performance aligned to Boustead's strategy.

The current year's ROE and ROA are higher than the target announced previously mainly due to better plantation earnings in addition to gains from disposal of plantation assets. The ROA and ROE for 2009 are expected to be lower than the current year due to the global financial turmoil which will dampen growth and trim profitability.