Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the quarter ended 30 June 2010	**Current Period**		**Cumulative Period**	
(All figures are stated in RM million)	**2010**	**2009**	**2010**	**2009**
Revenue	**1,425.0**	1,276.2	**2,978.1**	2,491.8
Operating cost	**(1,321.4)**	(1,199.4)	**(2,745.8)**	(2,325.5)
Profit from operations	**103.6**	76.8	**232.3**	166.3
Interest income	**0.7**	3.6	**1.3**	7.5
Other investment results	**80.4**	9.8	**88.5**	18.3
Finance cost	**(24.4)**	(28.5)	**(50.3)**	(66.5)
Share of results of Associates	**25.6**	20.3	**48.7**	42.5
Profit before taxation	**185.9**	82.0	**320.5**	168.1
Taxation	**(24.5)**	(19.2)	**(54.9)**	(37.5)
Net profit for the period	**161.4**	62.8	**265.6**	130.6
Attributable to:				
Shareholders of the Company	**146.5**	46.9	**236.7**	107.8
Minority interests	**14.9**	15.9	**28.9**	22.8
Net profit for the period	**161.4**	62.8	**265.6**	130.6
Earnings per share - sen				
Basic	**15.68**	7.21	**25.45**	16.55

The condensed consolidated income statement should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2009.

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

For the quarter ended 30 June 2010	Current Period		Cumulative Period	
(All figures are stated in RM million)	**2010**	**2009**	**2010**	**2009**
Profit for the period	**161.4**	62.8	**265.6**	130.6
Other comprehensive income/(loss)				
Currency translation difference in respect of foreign operations	**(6.0)**	6.1	**(6.0)**	5.9
Fair value gain on available for sale investments	**(10.1)**	-	**0.4**	-
Disposal of available for sale investments	**(0.7)**	-	**(0.7)**	-
Total comprehensive income for the period	**144.6**	68.9	**259.3**	136.5
Attributable to:				
Shareholders of the Company	**129.9**	52.9	**230.4**	113.6
Minority interests	**14.7**	16.0	**28.9**	22.9
Total comprehensive income for the period	**144.6**	68.9	**259.3**	136.5

The unaudited condensed statement of consolidated comprehensive Income should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2009.

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010 (All figures are stated in RM million)	2010	Audited 31 December 2009 (Restated)
ASSETS		
Non current assets		
Property, plant and equipment	**2,074.7**	2,089.5
Biological assets	**359.6**	356.5
Investment properties	**987.7**	960.3
Development properties	**223.1**	220.1
Prepaid land lease payments	**49.8**	50.0
Long term prepayment	**135.1**	132.9
Offshore patrol vessel expenditure	**455.3**	455.3
Deferred tax assets	**60.4**	66.0
Associates	**1,129.6**	1,087.0
Available for sale investments	**475.7**	375.9
Goodwill	**1,015.1**	1,015.1
	6,966.1	6,808.6
Current assets		
Inventories	**209.3**	234.6
Property development in progress	**35.6**	28.9
Due from customers on contracts	**158.8**	111.2
Receivables	**1,015.1**	942.5
Deposits, cash and bank balance	**396.2**	396.5
Assets classified as held for sale	**-**	565.5
	1,815.0	2,279.2
TOTAL ASSETS	**8,781.1**	9,087.8
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	**470.1**	455.7
Reserves	**3,612.5**	3,372.6
Shareholders' equity	**4,082.6**	3,828.3
Minority interests	**413.8**	446.4
Total equity	**4,496.4**	4,274.7
Non current liabilities		
Long term borrowings	**290.4**	310.6
Other payable	**25.5**	25.2
Deferred tax liabilities	**107.6**	105.8
	423.5	441.6
Current liabilities		
Borrowings	**2,537.9**	2,633.8
Trade and other payables	**944.6**	949.9
Due to customer on contracts	**330.3**	525.1
Taxation	**48.4**	23.0
Liabilities classified as held for sale	**-**	239.7
	3,861.2	4,371.5
Total liabilities	**4,284.7**	4,813.1
TOTAL EQUITY AND LIABILITIES	**8,781.1**	9,087.8
NET ASSET PER SHARE - RM		
Attributable to shareholders of the Company	**4.34**	4.20

The condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2009.

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 30 June 2010	Attributable to shareholders of the Company: Share Capital	*Share Premium	*Revaluation & fair value Reserve	*Statutory Reserve	*Other Reserves	Retained Profit	Total	Minority Interests	Total Equity
(All figures are stated in RM million)									
As at 1 January 2010									
As previously stated	**455.7**	**1,163.6**	**41.6**	**173.9**	**119.0**	**1,874.5**	**3,828.3**	**446.4**	**4,274.7**
Effect of adopting FRS 139	-	-	**93.8**	-	-	**(1.9)**	**91.9**	**0.6**	**92.5**
As restated	**455.7**	**1,163.6**	**135.4**	**173.9**	**119.0**	**1,872.6**	**3,920.2**	**447.0**	**4,367.2**
Total comprehensive income for the period	-	-	**(0.3)**	-	**(6.0)**	**236.7**	**230.4**	**28.9**	**259.3**
Disposal of a Subsidiary	-	-	-	-	-	-	-	**(56.7)**	**(56.7)**
Issue of shares during the period	**14.4**	**48.5**	-	-	-	-	**62.9**	-	**62.9**
Issue of shares by a Subsidiary to minority interest	-	-	-	-	-	-	-	**1.4**	**1.4**
Dividends	-	-	-	-	-	**(130.9)**	**(130.9)**	**(6.8)**	**(137.7)**
Balance at 30 June 2010	**470.1**	**1,212.1**	**135.1**	**173.9**	**113.0**	**1,978.4**	**4,082.6**	**413.8**	**4,496.4**
Balance at 1 January 2009	325.5	565.5	41.6	136.4	110.3	1,731.5	2,910.8	385.2	3,296.0
Total comprehensive income for the period	-	-	-	-	5.8	107.8	113.6	22.9	136.5
Disposal of a Subsidiary	-	-	-	-	-	-	-	0.5	0.5
Issue of shares by a Subsidiary to minority interest	-	-	-	-	-	-	-	7.3	7.3
Dividends	-	-	-	-	-	(85.5)	(85.5)	(10.7)	(96.2)
Balance at 30 June 2009	325.5	565.5	41.6	136.4	116.1	1,753.8	2,938.9	405.2	3,344.1

NOTES

* Denotes non distributable reserves.

The condensed consolidated statements of changes in equity should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2009.

Boustead Holdings Berhad (3871-H)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the quarter ended 30 June 2010

(All figures are stated in RM million)	2010	2009
Operating Activities		
Receipts from customers	**2,975.9**	2,691.4
Cash paid to suppliers and employees	**(2,981.7)**	(2,437.1)
	(5.8)	254.3
Tax paid less refund	**(32.0)**	(36.2)
Net cash (used in)/generated from operating activities	**(37.8)**	218.1
Investing Activities		
Capital expenditure & construction of investment property	**(64.3)**	(152.2)
Disposal of property plant & equipment and biological assets	**-**	9.8
Additional investments in Associates & Subsidiaries	**-**	(27.3)
Net inflow on disposal of a Subsidiary	**131.4**	-
Others	**(18.4)**	(15.8)
Net cash used in investing activities	**48.7**	(185.5)
Financing Activities		
Transactions with owners	**(68.0)**	(90.3)
New loans	**16.6**	111.9
Loans repayment	**(430.6)**	(262.7)
Other borrowings	**349.3**	154.3
Interest paid	**(55.0)**	(98.0)
Others	**(5.4)**	(10.8)
Net cash used in financing activities	**(193.1)**	(195.6)
Net decrease in cash and cash equivalents	**(182.2)**	(163.0)
Cash and cash equivalent at beginning of period	**549.9**	614.7
Cash and Cash Equivalent at End of Period	**367.7**	451.7
Analysis of Cash and Cash Equivalents		
Deposits, cash and bank balances	**396.2**	534.7
Overdrafts	**(28.5)**	(83.0)
Cash and Cash Equivalent at End of Period	**367.7**	451.7

The Condensed Consolidated Cash Flow Statement is unaudited, and should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2009.

Boustead Holdings Berhad (3871-H)

Notes to the Interim Financial Report for the Quarter Ended 30 June 2010

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 2009. All figures are stated in RM million, unless otherwise stated.

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 FY2009 Audited Financial Statements, other than for the adoption of new FRSs, Amendments to FRSs and Interpretations issued which are effective for financial periods beginning on or after 1 January 2010. Other than the implications as discussed below, the adoption of the new FRSs, Amendments to FRSs, and interpretations do not have any material impact on the financial statements of the Group:

(i) FRS 139 : Financial instruments recognition and measurement

The adoption of FRS 139 has resulted in changes to accounting policies relating to the recognition and measurement of financial instruments and the changes are as follows:

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

Following the adoption of FRS 139, the Group's interest rate swap contract is now being fair valued through profit and loss. The change has resulted in the restatement of opening balances as at 1 January 2010 as follows:

RM million	**Increase / (decrease)**
Other payable	2.4
Deferred tax assets	0.5
Shareholders' equity	(1.9)

(b) Available for sale financial assets

The Group's non-current investments other than investments in Subsidiaries, Associates and investment properties were previously stated at cost less impairment losses. Following the adoption of FRS 139, these investments are now being classified as available for sale financial assets which are not for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are stated at cost less impairment losses. Other financial assets categorised as available for sale are stated at their fair values, with the gains and losses being recognised in other comprehensive income, except for impairment losses which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss.

The above change has the effect of increasing available for sale investments and shareholders' equity as at 1 January 2010 by RM93.8 million.

(ii) FRS 140: Investment property

Previously, the Group classifies an investment property under construction as property, plant and equipment which is measured initially at cost until construction or development was completed, at which time it would be remeasured at fair value and reclassified as investment property. Any gain or loss on remeasurement was recognised in profit or loss.

With the amendment made to FRS 140 which took effect from 1 January 2010, investment property under construction is classified as investment property. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier. The change in accounting policy has been made prospectively in accordance with the transitional provisions of FRS 140.

The adoption of FRS 140 has resulted in the following changes as at 1 January 2010:

RM million	**Increase / (decrease)**
Investment property	6.5
Property plant equipment	(6.5)

A2. Changes in Accounting Policies (Cont'd.)

(iii) FRS 8: Operating segments

As of 1 January 2010, the Group determines and presents operating segments based on the information that internally is provided to the Group Managing Director who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of FRS 8. Previously operating segments were determined and presented in accordance with FRS 114 $_{2004}$ Segment Reporting.

Following the adoption of FRS 8, the reportable segments are presented based on the Group's six operating divisions. Both the property development and property investment activities which were previously presented for external reporting as two separate segments are managed and reported internally as one segment. The change affects presentation only, and does not have any impact on the financial position and results of the Group.

(iv) FRS 101: Presentation of financial statements (revised 2009)

The Group applies FRS 101 (revised) which was effective from 1 January 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it is in conformity with the revised standard. The change affects presentation only, and does not have any impact on the financial position and results of the Group.

(iii) FRS 117: Leases

The Group has adopted the amendment to FRS 117. The Group has reassessed and determined that all leasehold land of the Group which are in substance finance leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment.

The following comparative figures have been restated following the adoption of the amendment to FRS 117:

RM' million	Previously stated	Increase / (decrease)	As restated
Property plant equipment	1,977.2	112.3	2,089.5
Prepaid land lease payments	162.3	(112.3)	50.0

The Group has not early adopted the following FRSs, Amendments to FRSs and IC Interpretations that are not yet effective:

- FRS 1: First time adoption of financial reporting standards
- FRS 3: Business combinations (revised)
- FRS 127: Consolidated and separate financial statements
- IC Interpretation 12 Service concession arrangements
- IC Interpretation 15 Agreements for the construction of real estate
- IC Interpretation 16: Hedges of a net investment in a foreign operation
- IC Interpretation 17: Distributions of non-cash assets to owners
- Amendments to FRS 2: Share-based payment
- Amendments to FRS 5: Non-current assets held for sale and discontinued operations
- Amendments to FRS 138: Intangible assets
- Amendments to FRS 1: Limited exemption from comparative FRS 7 disclosures for first-time adopters
- Amendments to FRS 7: Improving disclosures about financial instruments
- Amendments to FRS 132: Financial instruments presentation

A3. Auditors' Report on Preceding Annual Financial Statements

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

A4. Comments about Seasonal or Cyclical Factors

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

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

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

A6. Change in Estimates

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

A7. Dividends Paid

(i) Interim dividend of 4 sen per share less tax in respect of the year ended 31 December 2009 amounting to RM28.0 million was paid on 31 March 2010.

(ii) Single tier dividend of 6 sen per share in respect of the year ended 31 December 2009 amounting to RM55.9 million was paid on 2 April 2010.

(iii) Single tier dividend of 5 sen per share in respect of the year ending 31 December 2010 amounting to RM47.0 million was paid on 28 June 2010.

A8. Segmental Information

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

RM million	Plantation	Heavy Industries	Property	Finance & Investment	Trading	Manuf & Services	Elim'n	Total
2010								
Revenue								
Group total sales	405.8	442.5	173.4	105.4	1,669.4	214.3	(32.7)	2,978.1
Inter-segment sales	-	-	(6.9)	(8.8)	(17.0)	-	32.7	-
External sales	405.8	442.5	166.5	96.6	1,652.4	214.3	-	2,978.1
Result								
Segment result - external	73.3	68.9	40.8	(7.9)	44.4	12.8	-	232.3
Interest expense	(5.1)	(17.4)	(15.0)	(15.7)	(14.2)	(9.8)	26.9	(50.3)
Interest income	7.1	0.1	4.8	10.6	1.2	4.4	(26.9)	1.3
Other investment result	15.3	-	-	72.1	-	1.1	-	88.5
Share of result of Associates	1.8	(2.4)	0.2	45.7	2.0	1.4	-	48.7
Profit before taxation	92.4	49.2	30.8	104.8	33.4	9.9	-	320.5
Taxation								(54.9)
Net profit for the period								265.6

RM million	Plantation	Heavy Industries	Property (Restated)	Finance & Investment	Trading	Manuf & Services	Elim'n	Total
2009								
Revenue								
Group total sales	325.5	452.0	216.3	163.9	1,168.8	199.0	(33.7)	2,491.8
Inter-segment sales	-	-	(4.3)	(18.3)	(11.1)	-	33.7	-
External sales	325.5	452.0	212.0	145.6	1,157.7	199.0	-	2,491.8
Result								
Segment result - external	4.7	76.9	49.5	1.5	19.6	14.1	-	166.3
Interest expense	(14.8)	(15.5)	(17.6)	(49.1)	(16.3)	(9.3)	56.1	(66.5)
Interest income	27.7	0.7	8.2	18.2	2.8	6.0	(56.1)	7.5
Other investment result	15.2	-	-	1.7	-	1.4	-	18.3
Share of result of Associates	1.2	1.8	-	37.5	1.1	0.9	-	42.5
Profit before taxation	34.0	63.9	40.1	9.8	7.2	13.1	-	168.1
Taxation								(37.5)
Net profit for the period								130.6

A9. Debts and Equity Securities

(i) During the 1st quarter, in compliance with the Federal Court's decision, the RM40 million bank guaranteed redeemable convertible bonds were converted into 20,512,820 new ordinary shares of RM0.50 each in Boustead Holdings Berhad (based on the conversion price of RM1.95 as stated in the Trust Deed between the parties).

(ii) During the 2nd quarter, the Company issued for cash, 8,205,128 new ordinary shares of RM0.50 each in Boustead Holdings Berhad at RM2.80 per share. The Company's issued and paid up share capital was thus increased to RM470.08 million comprising 940.16 million 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 financial period.

A11. Subsequent Events

There were no subsequent events as at 19 August 2010 that will materially affect the financial statements of the financial period under review.

A12. Changes in Group Composition

During the current quarter, the Group sold its entire stake in the 80% Subsidiary, BH Insurance (M) Bhd comprising 85,814,232 ordinary shares of RM1.00 each for a total cash consideration of RM362.6 million. The disposal which was completed on 30 April 2010 have resulted in a gain of RM75.0 million to the Group.

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

A13. Changes in Contingent Liabilities and Contingent Assets

Other than the changes in the material litigations as described in Note B26, the status of the contingent liabilities disclosed in the 2009 Annual Report remains unchanged as at 19 August 2010. No other contingent liability has arisen since the financial year end.

A14. Capital Commitments

The Group has the following commitments as at 30 June 2010:

	Authorised but not contracted RM million	Authorised and contracted RM million
Acquisition of a Subsidiary	-	620.0
Additional investment in an Associate	-	7.0
Capital expenditure	355.0	429.3
	355.0	1,056.3

A15. Financial Risk Management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2009.

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

B16. Performance Review

For the 2nd quarter, the Group posted an unaudited profit before tax of RM185.9 million. Compared with the profit of RM82.0 million posted for the 2nd quarter of FY2009, this is 126% or RM103.9 million higher.

Cumulatively, the Group’s pre-tax profit climbed to RM320.5 million which was 91% better than last year's corresponding period’s gain of RM168.1 million. The Group's cumulative profit after tax and MI totalling RM236.7 million had more than doubled last year's net profit of RM107.8 million.

Group revenue for the half year of RM2.98 billion was 20% higher than that recorded during the corresponding period last year. Notable increase in revenue from both the Plantation and Trading Divisions was attributable to the stronger palm product prices and higher sales volume respectively.

For the half year, the Plantation Division contributed a significantly higher pre-tax profit of RM92.4 million (2009: RM34.0 million). During the period, the Division achieved an average palm oil price of RM2,495 per MT, an increase of RM382 or 18% against last year corresponding period's average of RM2,113 per MT. The cumulative FFB crop totalling 556,165 MT was 2% better than the corresponding period last year.

The Heavy Industries Division contributed a pre-tax profit of RM49.2 million, as compared with last year’s profit of RM63.9 million mainly due to lower progress billings and cost escalations resulting from delays in completing certain shipbuilding projects. Property Division's pre-tax profit of RM30.8 million for the six months’ period was 23% lower than last year mainly due to the decline in contribution from property development activity.

The Finance & Investment Division’s profit for the half year was significantly better at RM104.8 million, an increase of RM95 million from last year. The half year results had taken cognition of the RM75 million gain from disposal of BH Insurance (M) Bhd, while better results from Affin Group and interest savings at Boustead Holdings Berhad boosted the bottom line further.

The Trading Division’s pre-tax profit for the six months totalling RM33.4 million was a satisfactory improvement from the gain of RM7.2 million posted last year. During the period, all the operating units in the Division had performed better, with notable increase from BH Petrol operations which enjoyed an increase in sales volumes.

B17. Material Changes in Quarterly Results Compared to The Results of the Immediate Preceding Quarter

The current quarter pre-tax profit of RM185.9 million was higher than the preceding quarter's profit of RM134.6 million.

Plantation profit for the current quarter of RM30.1 million was 52% lower than the preceding quarter. Although CPO price for the current quarter was largely unchanged at RM2,491 (Previous quarter: RM2,499) per MT, the Division's bottom line was affected by a drop in FFB crop while manuring cost had also increased. Property division's pre-tax profit for the current quarter was higher than the previous quarter mainly due to the gains from sale of a corporate lot at Mutiara Damansara.

The Finance & Investment Division's profit for the current quarter was significantly higher, mainly helped by the gain from disposal of BH Insurance. The Heavy Industries Division's profit for the current quarter was 10% better than the preceding quarter on improved margins.

B18 Current Year Prospects

While both the domestic and regional economies are showing encouraging signs of recovery, the global reconomy continues to remain challenging.

Plantation's earnings will very much be dependent on palm oil prices. The strong buying from Asian giants China and India for the festive season starting in August, and the aggressive domestic biofuel mandates in the Americas which are swallowing up bumper soy crops in Argentina and Brazil faster than usual shall augur well for CPO. We are therefore cautiously optimistic that CPO prices may still hold at attractive levels for the rest of the year. The Heavy Industries Division is expected to benefit from recovery in the oil and gas sector, and it is anticipated that the strategic alliances formed with our foreign partners will start generating earnings in the coming months. The Property Division can look forward to stable recurring income from its portfolio of commercial and retail properties and the expansion of the hotel operations. The other divisions are expected to perform satisfactorily for the remainder of the year.

B19 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.

B20. Taxation

	Current Period 2010 RM million	Cumulative Period 2010 RM million
Malaysian taxation based on profit for the period:		
- Current	21.4	46.9
- Deferred	5.0	5.2
	26.4	52.1
Under provision of prior years	(1.9)	2.8
	24.5	54.9

B21. Sale of Unquoted Investments and Properties

There were no sale of unquoted investments and properties during the current financial period.

B22. Quoted Securities

	Current Period 2010 RM million	Cumulative Period 2010 RM million
(i) Purchases or disposals of quoted securities other than securities in existing Subsidiaries and Associates during the current financial period:		
Purchases	1.4	10.3
Sale proceeds	1.3	4.5
Gain on disposal	-	0.6
(ii) Investments in quoted securities as at 30 June 2010		
At cost		381.9
At carrying value		475.4
At fair value/market value		475.4

B23. Corporate Proposals

(a) Status of Corporate Proposals

The Company had, on 11 June 2010, entered into a conditional share sale and purchase of agreement (SPA) with UEM Group Berhad (UEM) for the acquisition of UEM's entire equity interest in Pharmaniaga comprising 92,868,619 ordinary shares of RM1.00 each in Pharmaniaga (Pharmaniaga Shares) representing 86.81% in Pharmaniaga at a price of RM5.75 per Pharmaniaga Share or RM533,994,559.25 (Purchase Consideration). Upon completion of the proposed acquisition, the Company would be obliged to undertake a mandatory take-over offer for the remaining 14,109,169 Pharmaniaga Shares representing approximately 13.19% of the existing issued and paid-up share capital of Pharmaniaga not already owned by BHB. The proposed acquisition is subject to the conditions precedent as stipulated in the SPA, and the approval of the Securities Commission which was received on 10 August 2010.

There were no other corporate proposals announced or pending completion as at 19 August 2010.

(b) Status on Utilisation of Proceeds from Rights Issue as at 31 July 2010

RM' million	Proposed utilisation	Actual utilisation	Time frame	Deviation Amount	Deviation %	Explanation
Repayment of bank borrowings	400.0	400.0	Up to 31 Dec 2010	-	-	Fully utilised
Working capital and/or acquisition	328.2	153.5	Up to 31 Dec 2010	174.7	53%	To be utilised
Rights issue expenses	1.0	0.9	Up to 31 Dec 2010	0.1	10%	No further expenditure
	729.2	554.4		174.8		

B24. Group Borrowings and Debt Securities

Total group borrowings as at 30 June 2010 are as follows:-

	30.6.2010 RM million	31.12.2009 RM million
Long Term Loans	594.7	1,010.8
Less: repayable in 1 year	304.3	700.2
	290.4	310.6
Short term borrowings		
- Bank overdrafts	28.5	77.8
- Bankers' acceptances	192.1	168.8
- Revolving credits	2,013.0	1,687.0
- Short term loans	304.3	700.2
	2,537.9	2,633.8

Included above is a short term loan of RM41.4 million (US Dollar: 12.70 million) which is denominated in US Dollar. All other borrowings are denominated in Ringgit Malaysia.

B25. Derivative financial instruments

As at 30 June 2010, the Group has the following outstanding derivative financial instruments:

Derivatives (in RM million)	Principal or notional amount	Fair value of financial asset/ (liability)	Gain/ (loss) on fair value changes	Purpose
(i) Currency forward contract				
- less than a year	200.1	2.4	0.2	To hedge currency risk of payables
(ii) Interest rate swap contract				To hedge interest rate risk of floating rate
- less than a year	25.0	(0.9)	0.6	term loans
- 1 year to 3 years	50.0	(0.6)	0.2	
	275.1	0.9	1.0	

The Group does not have any off balance sheet financial instruments as at 19 August 2010.

B26. Changes in Material Litigations

(i) On 26 April 2010, the suit referred to in Note 40(c) of the 2009 Annual Report has been fully discontinued by both parties.

(ii) The independent audit referred to in Note 40(a) of the 2009 Annual Report has now been completed, with the findings in Boustead Eldred Sdn Bhd (BESB)'s favour. On 21 July 2010, the High Court allowed BESB's application to enter judgment against Zaitun, taking into account the KPMG Report. Thus, Zaitun's claim against BESB was dismissed, and BESB's counter-claim to the extent of RM8.8 million against Zaitun was allowed with interest at the rate of 8% per annum from 1 April 1999 until full settlement, and with costs to be taxed. Zaitun was also ordered to pay back BESB's portion of fees paid to KPMG in the sum of RM157,037. Zaitun now has until 21 August to file an appeal to the Court of Appeal.

(iii) In connection with the litigation referred to in Note 40(b) of the 2009 Annual Report, as part of reinstatement of the Plaintiff's missed opportunity to participate in Boustead's Rights Issue, an additional 8,205,128 new ordinary shares of RM0.50 each in Boustead were issued to the Plaintiff (based on its 2 to 5 entitlement) at RM2.80 per share. The Securities Commission had, vide its letter dated 26 April 2010 approved the issuance, and on 29 April 2010, Bursa Malaysia approved the listing and quotation of these shares. These shares were subsequently issued and listed on 24 May 2010.

As at 19 August 2010, 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 2009.

B27. Dividend Payable

For the 2nd quarter, the Directors have declared a single tier dividend of 10 sen per share in respect of the year ending 31 December 2010. The dividend will be paid on 28 September 2010 to shareholders registered in the Register of Members at the close of business on 17 September 2010.

B28. Earnings Per Share - Basic

	Current Period		Cumulative Period	
	2010	**2009**	**2010**	**2009**
Net profit for the period (RM' Million)	**146.5**	46.9	**236.7**	107.8
Weighted average number of ordinary shares in issue (Million)	**934.7**	651.0	**929.9**	651.0
Basic earnings per share (sen)	**15.68**	7.21	**25.45**	16.55

29. Plantation Statistics

	Cumulative Period	
	2010	**2009**
(a) Planted areas (hectares)		
Oil palm - prime mature	**61,323**	62,236
- young mature	**6,308**	4,634
- immature	**6,722**	7,500
	74,353	74,370

* Includes 48,902 hectares leased under the Asset Backed Securitisation Programme and from Al Hadharah Boustead REIT.

	2010	**2009**
(b) Crop Production		
FFB - MT	**556,165**	544,799
(c) Average Selling Prices (RM)		
FFB (per MT)	**522**	426
Palm oil (per MT)	**2,495**	2,113
Palm kernel (per MT)	**1,383**	926

30. Economic Profit

	2010	**2009**
	RM million	**RM million**
For the cumulative period ended 30 June	**32.7**	1.5

31. Headline KPIs

	2010 (6 months)	**2010 (12 months)**
	Actual	**Target**
Return on Equity (ROE)	**6.0%**	10.0%
Return on Assets (ROA)	**4.2%**	7.0%