Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the quarter ended 30 September 2010	Current Period		Cumulative Period	
(All figures are stated in RM million)	**2010**	**2009**	**2010**	**2009**
Revenue	**1,513.9**	1,419.1	**4,492.0**	3,910.9
Operating cost	**(1,358.2)**	(1,307.2)	**(4,104.0)**	(3,632.7)
Profit from operations	**155.7**	111.9	**388.0**	278.2
Interest income	**1.0**	5.6	**2.3**	13.2
Other investment results	**0.7**	9.9	**89.2**	28.1
Finance cost	**(26.7)**	(29.0)	**(77.0)**	(95.5)
Share of results of Associates	**23.0**	27.1	**71.7**	69.6
Profit before taxation	**153.7**	125.5	**474.2**	293.6
Taxation	**(29.1)**	(17.0)	**(84.0)**	(54.5)
Net profit for the period	**124.6**	108.5	**390.2**	239.1
Attributable to:				
Shareholders of the Company	**91.9**	86.2	**328.6**	193.9
Minority interests	**32.7**	22.3	**61.6**	45.2
Net profit for the period	**124.6**	108.5	**390.2**	239.1
Earnings per share - sen				
Basic	**9.77**	12.41	**35.21**	29.14

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 September 2010	Current Period		Cumulative Period	
(All figures are stated in RM million)	**2010**	**2009**	**2010**	**2009**
Profit for the period	**124.6**	108.5	**390.2**	239.1
Other comprehensive income/(loss)				
Currency translation difference in respect of foreign operations	**(7.2)**	(6.0)	**(13.2)**	(0.1)
Fair value gain on available for sale investments	**20.3**	-	**20.7**	-
Disposal of available for sale investments	**(0.8)**	-	**(1.5)**	-
Total comprehensive income for the period	**136.9**	102.5	**396.2**	239.0
Attributable to:				
Shareholders of the Company	**103.6**	80.1	**334.0**	193.7
Minority interests	**33.3**	22.4	**62.2**	45.3
Total comprehensive income for the period	**136.9**	102.5	**396.2**	239.0

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 September 2010		**Audited 31 December**
(All figures are stated in RM million)	**2010**	**2009**
		(Restated)
ASSETS		
Non current assets		
Property, plant and equipment	**2,099.3**	2,089.5
Biological assets	**359.8**	356.5
Investment properties	**1,000.7**	960.3
Development properties	**181.2**	220.1
Prepaid land lease payments	**49.2**	50.0
Long term prepayment	**135.0**	132.9
Offshore patrol vessel expenditure	**455.3**	455.3
Deferred tax assets	**60.6**	66.0
Associates	**1,147.6**	1,087.0
Available for sale investments	**487.3**	375.9
Goodwill	**1,017.3**	1,015.1
	6,993.3	6,808.6
Current assets		
Inventories	**252.9**	234.6
Property development in progress	**85.0**	28.9
Due from customers on contracts	**131.3**	111.2
Receivables	**1,128.8**	942.5
Deposits, cash and bank balance	**422.7**	396.5
Assets classified as held for sale	**-**	565.5
	2,020.7	2,279.2
TOTAL ASSETS	**9,014.0**	9,087.8
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	**470.1**	455.7
Reserves	**3,622.1**	3,372.6
Shareholders' equity	**4,092.2**	3,828.3
Minority interests	**459.8**	446.4
Total equity	**4,552.0**	4,274.7
Non current liabilities		
Long term borrowings	**277.2**	310.6
Other payable	**25.6**	25.2
Deferred tax liabilities	**110.5**	105.8
	413.3	441.6
Current liabilities		
Borrowings	**2,623.6**	2,633.8
Trade and other payables	**1,155.8**	949.9
Due to customer on contracts	**216.8**	525.1
Taxation	**52.5**	23.0
Liabilities classified as held for sale	**-**	239.7
	4,048.7	4,371.5
Total liabilities	**4,462.0**	4,813.1
TOTAL EQUITY AND LIABILITIES	**9,014.0**	9,087.8
NET ASSET PER SHARE - RM		
Attributable to shareholders of the Company	**4.35**	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 September 2010	Share Capital	*Share Premium	*Revaluation & fair value Reserve	*Statutory Reserve	*Other Reserves	Retained Profit	Total	Minority Interests	Total Equity
	Attributable to shareholders of the Company								
(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	**-**	**-**	**18.6**	**-**	**(13.2)**	**328.6**	**334.0**	**62.2**	**396.2**
Change in group structure									
- Investment in Subsidiaries	-	-	-	-	-	-	-	**16.3**	**16.3**
- Disposal of a Subsidiary	-	-	-	-	-	-	-	**(56.7)**	**(56.7)**
Transfer to statutory reserve during the period	**-**	**-**	**-**	**18.1**	**-**	**(18.1)**	**-**	**-**	**-**
Issue of shares during the period	**14.4**	**48.5**	**-**	**-**	**-**	**-**	**62.9**	**-**	**62.9**
Issue of shares by Subsidiaries to minority interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3.4**	**3.4**
Dividends	**-**	**-**	**-**	**-**	**-**	**(224.9)**	**(224.9)**	**(12.4)**	**(237.3)**
Balance at 30 September 2010	**470.1**	**1,212.1**	**154.0**	**192.0**	**105.8**	**1,958.2**	**4,092.2**	**459.8**	**4,552.0**
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	-	-	-	27.6	(0.1)	166.2	193.7	45.3	239.0
Disposal of a Subsidiary	-	-	-	-	-	-	-	0.5	0.5
Issue of shares									
- By the Company	130.2	598.2	-	-	-	-	728.4	-	728.4
- Issue of shares by a Subsidiary to minority interest	-	-	-	-	-	-	-	8.0	8.0
Dividends	-	-	-	-	-	(109.8)	(109.8)	(14.4)	(124.2)
Balance at 30 September 2009	455.7	1,163.7	41.6	164.0	110.2	1,787.9	3,723.1	424.6	4,147.7

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 September 2010

(All figures are stated in RM million)	2010	2009
Operating activities		
Receipts from customers	**4,394.8**	4,057.0
Cash paid to suppliers and employees	**(4,248.2)**	(3,756.6)
	146.6	300.4
Tax paid less refund	**(56.7)**	(28.5)
Net cash generated from operating activities	**89.9**	271.9
Investing activities		
Capital expenditure & construction of investment property	**(112.8)**	(211.4)
Disposal of property plant & equipment and biological assets	**-**	9.8
Acquisition of Subsidiaries	**(38.5)**	-
Additional investments in Associates & Subsidiaries	**(2.5)**	(28.3)
Net inflow on disposal of a Subsidiary	**131.4**	-
Others	**21.0**	0.8
Net cash used in investing activities	**(1.4)**	(229.1)
Financing activities		
Transactions with owners	**(162.0)**	606.4
New loans	**20.2**	186.8
Loans repayment	**(509.6)**	(605.1)
Other borrowings	**490.3**	(240.4)
Interest paid	**(83.2)**	(141.7)
Others	**(9.0)**	(6.4)
Net cash used in financing activities	**(253.3)**	(200.4)
Net decrease in cash and cash equivalents	**(164.8)**	(157.6)
Cash and cash equivalent at beginning of period	**549.9**	614.7
Cash and cash equivalent at end of period	**385.1**	457.1
Analysis of cash and cash equivalents		
Deposits, cash and bank balances	**422.7**	527.0
Overdrafts	**(37.6)**	(69.9)
Cash and cash equivalent at end of period	**385.1**	457.1

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 September 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) 4th interim dividend for year ended 31 December 2009 - 4 sen per share less tax amounting to RM28.0 million was paid on 31 March 2010.

(ii) 4th interim dividend for year ended 31 December 2009 - single tier dividend of 6 sen per share amounting to RM55.9 million was paid on 2 April 2010.

(iii) 1st interim dividend for year ending 31 December 2010 - single tier dividend of 5 sen per share amounting to RM47.0 million was paid on 28 June 2010.

(iv) 2nd interim dividend for year ending 31 December 2010 - single tier dividend of 10 sen per share amounting to RM94.0 million was paid on 28 September 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	598.1	795.0	271.7	107.4	2,430.4	335.6	(46.2)	4,492.0
Inter-segment sales	-	-	(10.4)	(8.8)	(27.0)	-	46.2	-
External sales	598.1	795.0	261.3	98.6	2,403.4	335.6	-	4,492.0
Result								
Segment result - external	113.2	128.2	62.6	(10.0)	61.2	32.8	-	388.0
Interest expense	(7.4)	(26.9)	(21.6)	(24.2)	(21.0)	(15.1)	39.2	(77.0)
Interest income	10.9	0.2	6.0	16.3	1.3	6.8	(39.2)	2.3
Other investment result	12.9	-	1.6	71.6	-	3.1	-	89.2
Share of result of Associates	2.6	(2.4)	0.4	66.0	3.3	1.8	-	71.7
Profit before taxation	132.2	99.1	49.0	119.7	44.8	29.4	-	474.2
Taxation								(84.0)
Net profit for the period								390.2

RM million	Plantation	Heavy Industries	Property (Restated)	Finance & Investment	Trading	Manuf & Services	Elim'n	Total
2009								
Revenue								
Group total sales	487.3	708.0	311.8	239.6	1,911.6	301.0	(48.4)	3,910.9
Inter-segment sales	-	-	(6.8)	(21.8)	(19.8)	-	48.4	-
External sales	487.3	708.0	305.0	217.8	1,891.8	301.0	-	3,910.9
Result								
Segment result - external	10.7	132.5	70.6	7.1	37.9	19.4	-	278.2
Interest expense	(23.9)	(23.6)	(24.7)	(66.3)	(24.4)	(14.8)	82.2	(95.5)
Interest income	39.3	1.6	12.9	26.6	5.7	9.3	(82.2)	13.2
Other investment result	22.5	-	-	2.7	-	2.9	-	28.1
Share of result of Associates	2.1	2.6	0.1	59.5	2.2	3.1	-	69.6
Profit before taxation	50.7	113.1	58.9	29.6	21.4	19.9	-	293.6
Taxation								(54.5)
Net profit for the period								239.1

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 25 November 2010 that will materially affect the financial statements of the financial period under review.

A12. Changes in Group Composition

(i) On 30 April 2010, the Group completed the disposal if 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.

(ii) During the current quarter, the Group's equity interest in our Associate, Midas Mayang Sdn Bhd (MMSB) was increased from 49% to 80% upon the subscription for 7,999,951 MMSB's new ordinary shares of RM1 each for a cash consideration of RM8 million.

(iii) During the current quarter, the Group's equity interest in Boustead Linear Corporation Sdn Bhd was increased from 60% to 100%, upon acquisition of the remaining interest comprising 4.8 million ordinary shares of RM1 each for a cash consideration of RM2.5 million.

(iv) On 13 August 2010, Boustead Heavy Industries Corporation Berhad via its wholly owned subsidiary BHIC Defence Technologies Sdn Bhd, had acquired 2,550,000 ordinary shares of RM1.00 each in Contraves Advanced Devices Sdn Bhd (CAD) representing 51% of the issued and paid up capital of CAD for a cash consideration of RM25.9 million.

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 25 November 2010. No other contingent liability has arisen since the financial year end.

A14. Capital Commitments

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

	Authorised but not contracted RM million	Authorised and contracted RM million
Acquisition of a Subsidiary	-	620.0
Capital expenditure	347.0	427.0
	347.0	1,047.0

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 3rd quarter, the Group posted an unaudited profit before tax of RM153.7 million. Compared with the profit of RM125.5 million posted for the 3rd quarter of FY2009, this is 22% or RM28.2 million higher.

B16. Performance Review (Cont'd.)

Cumulatively, the Group’s pre-tax profit increased to RM474.2 million which was 62% better than last year's corresponding period’s gain of RM293.6 million. The Group's cumulative profit after tax totalling RM390.2 million was better than last year's net profit of RM239.1 million by RM151.1 million or 63%.

Group revenue for the nine months of RM4.49 billion was 15% 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 cumulative period, the Plantation Division contributed a significantly higher pre-tax profit of RM132.2 million (2009: RM50.7 million). During the period, the Division achieved an average palm oil price of RM2,514 per MT, an increase of RM342 or 16% against last year corresponding period's average of RM2,172 per MT. The cumulative FFB crop totalling 837,197 MT was 1% better.

Heavy Industries Division posted a pre-tax profit of RM99.1 million, as compared with last year’s profit of RM113.1 million. The Division's naval vessels maintenance contracts are beginning to generate income during the current period, which had helped to cushion to some extent, the effect of cost escalations. Property Division's pre-tax profit of RM49.0 million for the nine months’ period was 17% lower than last year mainly due to the decline in contribution from property development activity. Retail mall operations had performed better on some increase in revenue and cost savings.

Finance & Investment Division which benefited from the RM75 million gain from the sale of BH Insurance (M) Bhd during the preceding quarter, had posted a cumulative profit of RM119.7 million, an increase of RM90.1 million from last year. Interest savings at Boustead Holdings level and better earnings from the Affin Group had also enhanced the Division’s performance.

Trading Division’s pre-tax profit for the nine months totalling RM44.8 million was a two-fold increase over last year’s RM21.4 million. During the period, all the operating units in the Division had performed well, 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 preceding quarter’s pre-tax profit of RM185.9 million had included the gain on disposal of BH Insurance (M) Bhd of RM75 million. Excluding the effect of this gain, the current quarter’s profit of RM153.7 million was 39% better.

Plantation profit for the current quarter of RM40.0 million was 33% better than the preceding quarter. CPO price for the current quarter was higher at RM2,565 (Previous quarter: RM2,491) per MT, while FFB Crop had also improved by 12% from the last quarter. Property Division’s pre-tax profit was lower than the previous quarter, on lower gain from the sale of a corporate lot during the current quarter. The Heavy Industries Division’s profit for the current quarter was 94% higher than the preceding quarter mainly due to an increase in revenue.

The Finance & Investment Division’s profit for the preceding quarter was significantly higher, mainly helped by the gain from disposal of BH Insurance. The Manufacturing Division’s profit for the current quarter of RM19 million was well above the preceding quarter’s profit of RM4.6 million, mainly on stronger profit contribution from the pharmaceutical manufacturing activity under subsidiary Idaman Pharma Manufacturing which had enjoyed stronger volumes and margins.

B18 Current Year Prospects

While both the domestic and regional economies are showing encouraging signs of recovery, the US and European economies continue to remain challenging.

Plantation's earnings will very much be dependent on palm oil prices. Asia’s robust economic growth and hunger for vegetable oils will continue to drive demand for palm oil and keep prices buoyant for the rest of the year. The US Federal Reserve’s recent announcement of its plan to buy US$600 billion of longer-term treasuries by mid 2011 which is expected to put pressure on the already weakened dollar, also brought on an improvement in commodity prices. We are therefore cautiously optimistic that CPO prices may still hold at attractive levels ranging from RM2,500 to RM3,300. The Heavy Industries Division is expected to benefit from recovery in the oil and gas sector, and 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.

	Current Period 2010 RM million	Cumulative Period 2010 RM million
B20. Taxation		
Malaysian taxation based on profit for the period:		
- Current	27.1	74.0
- Deferred	(4.5)	0.7
	22.6	74.7
Under provision of prior years	6.5	9.3
	29.1	84.0

The Group's effective tax rate for the current quarter and the financial year-to-date is lower than the statutory tax rate mainly due to certain income which is not subject to income tax.

B21. Sale of Unquoted Investments and Properties

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

B22. Quoted Securities

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

	Current Period 2010 RM million	Cumulative Period 2010 RM million
Purchases	2.5	12.8
Sale proceeds	13.0	17.5
Gain on disposal	1.9	2.5

(ii) Investments in quoted securities as at 30 September 2010

At cost	373.8
At carrying value	485.8
At fair value/market value	485.8

B23. Corporate Proposals

(a) Status of Corporate Proposals

(i) On 11 November 2010, the Group announced its intention to undertake a sale and leaseback arrangement which would entail the disposal of Sutera Estate and TRP Estate including Trong Mill (Plantation Assets) to Al-Hadharah Boustead REIT (Boustead REIT) and the lease of the Plantation Assets by Boustead REIT back to the Group at lease payments and periods to be determined in due course. The sale consideration of RM189.2 million will be settled through cash. The sale & purchase agreement and the lease agreement are currently being finalised and shall be entered into in due course.

(ii) On 2 November 2010, the Company had executed agreements to undertake a RM1 Billion Guaranteed Medium Term Notes (MTN) Programme. The Guaranteed MTN Programme will have tenure of up to 7 years from the first issuance date. Malaysian Rating Corporation Berhad has assigned an indicative long term rating of AAA(bg) for the Guaranteed MTN Programme. OCBC Bank, Public Bank and The Bank of East Asia Limited, Labuan Branch are acting as guarantor banks. The Securities Commission has approved the Guaranteed MTN Programme on 15 October 2010 on a deemed approval basis. The proceeds to be raised shall be utilised amongst others to part finance acquisitions, investments and/or refinancing of borrowings. The Group expects to fully drawdown the RM1 billion MTN by the end of 2011.

(iii) On 11 June 2010, the Company had 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 Berhad (Pharmaniaga) comprising 92,868,619 ordinary shares of RM1.00 each representing 86.81% in Pharmaniaga at a price of RM5.75 per share or RM534.0 million. Upon completion of the proposed acquisition, the Company would be obliged to undertake a mandatory take-over offer for the remaining 14,109,169 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 25 November 2010.

B23. Corporate Proposals (Cont'd.)

(b) Status on Utilisation of Proceeds from Rights Issue as at 31 October 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	181.5	Up to 31 Dec 2010	146.7	45%	To be utilised
Rights issue expenses	1.0	0.9	Up to 31 Dec 2010	0.1	10%	No further expenditure
	729.2	582.4		146.8		

B24. Group Borrowings and Debt Securities

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

	30.9.2010 RM million	31.12.2009 RM million
Long Term Loans	517.1	1,010.8
Less: repayable in 1 year	239.9	700.2
	277.2	310.6
Short term borrowings		
- Bank overdrafts	37.6	77.8
- Bankers' acceptances	129.3	168.8
- Revolving credits	2,216.8	1,687.0
- Short term loans	239.9	700.2
	2,623.6	2,633.8

Included above is a short term loan of RM39.2 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 September 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	158.8	0.5	(4.6)	To hedge currency risk of payables
(ii) Interest rate swap contract				
- less than a year	25.0	(0.8)	0.8	To hedge interest rate risk of floating rate term loans
- 1 year to 3 years	50.0	(0.4)	0.3	
	233.8	(0.7)	(3.5)	

The Group does not have any off balance sheet financial instruments as at 25 November 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) In the case referred to in Note 40(a) of the 2009 Annual Report, the High Court had on 21 July 2010, dismissed Zaitun's claim against BESB and allowed BESB's counter-claim of RM8.8 million against Zaitun. Zaitun was also ordered to pay back BESB's portion of fees paid to KPMG in the sum of RM157,037. On 19 August 2010, Zaitun filed their Notice of Appeal at the Court of Appeal. Hearing date for the appeal will be set after the High Court makes available its grounds of judgment, which are still pending. Meanwhile, BESB has taken steps to recover against Zaitun the judgment sum and BESB's portion of the fees paid to KPMG. As Zaitun has already been wound up (by another creditor), BESB has filed a Proof of Debt with the Official Receiver.

B26. Changes in Material Litigations (Cont'd.)

(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 25 November 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 3rd quarter, the Directors have declared a single tier dividend of 12 sen per share in respect of the year ending 31 December 2010. The dividend will be paid on 30 December 2010 to shareholders registered in the Register of Members at the close of business on 16 December 2010.

B28. Earnings Per Share - Basic

	Current Period		**Cumulative Period**	
	2010	**2009**	**2010**	**2009**
Net profit for the period (RM' Million)	**91.9**	86.2	**328.6**	193.9
Weighted average number of ordinary shares in issue (Million)	**940.2**	694.4	**933.3**	665.5
Basic earnings per share (sen)	**9.77**	12.41	**35.21**	29.14

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	**837,197**	827,850
(c) Average Selling Prices (RM)		
FFB (per MT)	**531**	432
Palm oil (per MT)	**2,514**	2,172
Palm kernel (per MT)	**1,458**	974

30. Economic Profit

	2010	**2009**
	RM million	**RM million**
For the cumulative period ended 30 September	**68.7**	13.3

31. Headline KPIs

	2010 (9 months)	**2010 (12 months)**
	Actual	**Target**
Return on Equity (ROE)	**8.3%**	10.0%
Return on Assets (ROA)	**6.1%**	7.0%