Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the quarter ended 31 December 2010	**Current Period**		**Cumulative Period**	
(All figures are stated in RM million)	**2010**	**2009**	**2010**	**2009**
Revenue	**1,689.8**	1,481.1	**6,181.8**	5,392.0
Operating cost	**(1,495.8)**	(1,354.0)	**(5,599.8)**	(4,986.7)
Profit from operations	**194.0**	127.1	**582.0**	405.3
Interest income	**1.9**	4.3	**4.2**	17.5
Other investment results	**57.4**	74.4	**146.6**	102.5
Finance cost	**(36.6)**	(31.5)	**(113.6)**	(127.0)
Share of results of Associates	**35.3**	33.7	**107.0**	103.3
Profit before taxation	**252.0**	208.0	**726.2**	501.6
Taxation	**(17.3)**	(28.7)	**(101.3)**	(83.2)
Profit for the period	**234.7**	179.3	**624.9**	418.4
Profit for the period attributable to:				
Shareholders of the Company	**208.9**	147.7	**537.5**	341.6
Minority interests	**25.8**	31.6	**87.4**	76.8
Profit for the period	**234.7**	179.3	**624.9**	418.4
Earnings per share - sen				
Basic	**22.22**	16.20	**57.49**	46.99

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 31 December 2010	Current Period		Cumulative Period	
(All figures are stated in RM million)	**2010**	**2009**	**2010**	**2009**
Profit for the period	**234.7**	179.3	**624.9**	418.4
Other comprehensive income/(loss)				
Currency translation difference in respect of foreign operations	**9.1**	9.0	**(4.1)**	8.9
Net gain on available for sale investments				
- Fair value changes	**31.3**	-	**52.0**	-
- transfer to profit or loss on disposal	**(0.7)**	-	**(2.2)**	-
Total comprehensive income for the period	**274.4**	188.3	**670.6**	427.3
Attributable to:				
Shareholders of the Company	**248.5**	156.6	**582.5**	350.3
Minority interests	**25.9**	31.7	**88.1**	77.0
Total comprehensive income for the period	**274.4**	188.3	**670.6**	427.3

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 31 December 2010	**Unaudited 31 December**	**Audited 31 December**	**Audited 31 December**
(All figures are stated in RM million)	**2010**	**2009**	**2008**
		(Restated)	**(Restated)**
ASSETS			
Non current assets			
Property, plant and equipment	**2,119.0**	2,089.5	1,924.8
Biological assets	**357.2**	356.5	357.1
Investment properties	**1,074.7**	960.3	763.1
Development properties	**216.1**	220.1	208.4
Prepaid land lease payments	**49.5**	50.0	49.9
Long term prepayment	**136.1**	132.9	134.1
Offshore patrol vessel expenditure	**455.3**	455.3	455.3
Deferred tax assets	**65.5**	66.0	68.0
Associates	**1,165.3**	1,087.0	1,045.9
Available for sale investments	**528.0**	375.9	524.9
Goodwill	**1,017.0**	1,015.1	1,068.5
	7,183.7	6,808.6	6,600.0
Current assets			
Inventories	**244.0**	234.6	230.8
Property development in progress	**34.5**	28.9	49.3
Due from customers on contracts	**195.9**	111.2	76.8
Receivables	**1,093.9**	942.5	1,052.6
Deposits, cash and bank balance	**424.5**	396.5	669.5
Assets classified as held for sale	**91.7**	565.5	-
	2,084.5	2,279.2	2,079.0
TOTAL ASSETS	**9,268.2**	9,087.8	8,679.0
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	**470.1**	455.7	325.5
Reserves	**3,757.8**	3,372.6	2,585.3
Shareholders' equity	**4,227.9**	3,828.3	2,910.8
Minority interests	**470.8**	446.4	385.2
Total equity	**4,698.7**	4,274.7	3,296.0
Non current liabilities			
Long term borrowings	**687.4**	310.6	624.7
Other payable	**26.3**	25.2	20.2
Deferred tax liabilities	**121.1**	105.8	105.7
	834.8	441.6	750.6
Current liabilities			
Borrowings	**2,475.8**	2,633.8	2,878.7
Trade and other payables	**1,100.3**	949.9	1,065.5
Due to customer on contracts	**124.6**	525.1	630.2
Taxation	**34.0**	23.0	21.4
Dividend payable	**-**	-	36.6
Liabilities classified as held for sale	**-**	239.7	-
	3,734.7	4,371.5	4,632.4
Total liabilities	**4,569.5**	4,813.1	5,383.0
TOTAL EQUITY AND LIABILITIES	**9,268.2**	9,087.8	8,679.0
NET ASSET PER SHARE - RM			
Attributable to shareholders of the Company	**4.50**	4.20	4.47

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

	Attributable to shareholders of the Company								
For the financial period ended 31 December 2010	**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	**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**
	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	**-**	**-**	**49.2**	**-**	**(4.2)**	**537.5**	**582.5**	**88.1**	**670.6**
Transactions with owners									
Change in group structure									
- Acquisition of Subsidiaries	-	-	-	-	-	-	-	**20.3**	**20.3**
- Additional investment in Subsidiaries	-	-	-	-	-	-	-	**(4.5)**	**(4.5)**
- Disposal of a Subsidiary	-	-	-	-	-	-	-	**(56.7)**	**(56.7)**
Transfers during the period	-	-	-	**23.0**	-	**(23.0)**	-	-	-
Issue of shares									
- by the Company	**14.4**	**48.5**	-	-	-	-	**62.9**	-	**62.9**
- by Subsidiaries to minority interests	-	-	-	-	-	-	-	**5.6**	**5.6**
Dividends	-	-	-	-	-	**(337.7)**	**(337.7)**	**(29.0)**	**(366.7)**
Balance at 31 December 2010	**470.1**	**1,212.1**	**184.6**	**196.9**	**114.8**	**2,049.4**	**4,227.9**	**470.8**	**4,698.7**
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	-	-	-	-	8.7	341.6	350.3	77.0	427.3
Transactions with owners									
Acquisition of Subsidiaries	-	-	-	-	-	-	-	1.3	1.3
Disposal of a Subsidiary	-	-	-	-	-	-	-	(1.3)	(1.3)
Transfers during the period	-	-	-	37.5	-	(37.5)	-	-	-
Issue of shares									
- by the Company	130.2	598.1	-	-	-	-	728.3	-	728.3
- by Subsidiaries to minority interests	-	-	-	-	-	-	-	14.4	14.4
Dividends	-	-	-	-	-	(161.1)	(161.1)	(30.2)	(191.3)
Balance at 31 December 2009	455.7	1,163.6	41.6	173.9	119.0	1,874.5	3,828.3	446.4	4,274.7

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 STATEMENT OF CASH FLOWS

For the quarter ended 31 December 2010

(All figures are stated in RM million)	2010	2009
Operating activities		
Receipts from customers	**6,046.3**	5,590.1
Cash paid to suppliers and employees	**(5,812.9)**	(4,928.9)
	233.4	661.2
Income taxes paid less refund	**(60.0)**	(56.3)
Net cash generated from operating activities	**173.4**	604.9
Investing activities		
Capital expenditure & construction of investment property	**(336.9)**	(354.9)
Disposal of property plant & equipment and biological assets	-	18.2
Acquisition of Subsidiaries	**(22.9)**	(27.1)
Additional investments in Associates & Subsidiaries	**(2.8)**	(1.0)
Disposal of a Subsidiary	**131.4**	(0.7)
Others	**55.0**	19.6
Net cash used in investing activities	**(176.2)**	(345.9)
Financing activities		
Transactions with owners	**(274.8)**	530.6
New loans	**440.6**	297.3
Loans repayment	**(446.1)**	(802.3)
Other borrowings	**280.2**	(153.3)
Interest paid	**(125.3)**	(180.4)
Others	**(23.4)**	(15.8)
Net cash used in financing activities	**(148.8)**	(323.9)
Net decrease in cash and cash equivalents	**(151.6)**	(64.9)
Foreign currency translation difference	**-**	0.1
Cash and cash equivalent at beginning of period	**549.9**	614.7
Cash and cash equivalent at end of period	**398.3**	549.9
Analysis of cash and cash equivalents		
Deposits, cash and bank balances	**424.5**	396.5
Overdrafts	**(26.2)**	(77.8)
	398.3	318.7
Deposit, cash and bank balances classified as held for sale	**-**	231.2
Cash and cash equivalent at end of period	**398.3**	549.9

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 31 December 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 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 Deputy Chairman/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.

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

(iii) 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)

(iv) FRS 117 Leases

The Group has applied the amendments to FRS 117 retrospectively. The Group has reassessed and determined that certain leasehold land of the Group are in substance finance leases. Accordingly, they have been reclassified to property, plant and equipment.

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

	31-Dec-2009		**31-Dec-2008**	
RM' million	**Property plant equipment**	**Prepaid land lease payments**	**Property plant equipment**	**Prepaid land lease payments**
As previously stated	1,977.2	162.3	1,817.2	157.5
Increase/(decrease)	112.3	(112.3)	107.6	(107.6)
As restated	2,089.5	50.0	1,924.8	49.9

(v) FRS 101 Presentation of financial statements (revised 2009)

The Group applies retrospectively the revised FRS 101 which was effective from 1 January 2010. The revised FRS101 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transaction with owners, with non-owner changes in equity presented as a single line labelled as total comprehensive income. The Group has elected to present the statement of comprehensive income as two linked statements comprising the income statement and the statement of comprehensive income. Comparative information has been re-presented so that it is in conformity with the revised standard. The change affects s presentation only, and does not have any impact on the financial position and results of the Group.

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

	Effective for annual period beginning on or after
• Amendments to FRS 132: Classification of rights issues	1 March 2010
• FRS 1 First time adoption of financial reporting standards	1 July 2010
• FRS 3 Business combinations (revised)	1 July 2010
• FRS 127 Consolidated and separate financial statements	1 July 2010
• Amendments to FRS 2 Share-based payment	1 July 2010
• Amendments to FRS 5 Non-current assets held for sale and discontinued operations	1 July 2010
• Amendments to FRS 138 Intangible assets	1 July 2010
• Amendments to IC Interpretation 9 Reassessment of embedded derivatives	1 July 2010
• IC Interpretation 12 Service concession arrangements	1 July 2010
• IC Interpretation 16 Hedges of a net investment in a foreign operation	1 July 2010
• IC Interpretation 17 Distributions of non-cash assets to owners	1 July 2010
• IC Interpretation 18 Transfer of assets from customers	1 January 2011
• Amendments to FRS 1 Additional exemption for first-time adopters	1 January 2011

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

	Effective for annual period beginning on or after
• Amendments to FRS 1 Limited exemption from comparative FRS 7 disclosures for first-time adopters	1 January 2011
• Amendments to FRS 2 Group cash-settled share-based payment transactions	1 January 2011
• Amendments to FRS 7 Improving disclosures about financial instruments	1 January 2011
• IC Interpretation 4 Determining whether an arrangement contains a lease	1 January 2011
• IC Interpretation 18 Transfer of assets from customers	1 January 2011
• Improvements to FRSs 2010	1 January 2011
• Amendments to IC Interpretation 14 Prepayment of a minimum funding requirement amendments	1 July 2011
• IC Interpretation 19 Extinguishing financial liabilities with equity instruments	1 July 2011
• FRS 124 Related party disclosures	1 January 2012
• IC Interpretation 15 Agreements for the construction of real estate	1 January 2012
• Amendments to IC Interpretation 15 Agreements for the construction of real estate	1 January 2012

The initial applications of the above new FRSs, Amendments to FRSs and Interpretations are expected to have no significant impact on the financial statements of the Group for the financial year ending 31 December 2011 except for the new disclosures required under the Amendments to FRS 7; as well as the changes arising from the adoption of FRS 3 and the Amendments to FRS 127 as discussed below:

The revised standards are effective for annual periods beginning on or after 1 March 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests.

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 ended 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 ended 31 December 2010 - single tier dividend of 10 sen per share amounting to RM94.0 million was paid on 28 September 2010.

(v) 3rd interim dividend for year ended 31 December 2010 - single tier dividend of 12 sen per share amounting to RM112.8 million was paid on 30 December 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	806.5	1,166.0	414.7	109.7	3,309.8	435.8	(60.7)	6,181.8
Inter-segment sales	-	-	(15.9)	(8.8)	(36.0)	-	60.7	-
External sales	806.5	1,166.0	398.8	100.9	3,273.8	435.8	-	6,181.8
Result								
Segment result - external	155.0	188.9	103.0	(8.4)	98.9	44.6	-	582.0
Interest expense	(9.5)	(40.2)	(24.3)	(46.2)	(27.1)	(19.1)	52.8	(113.6)
Interest income	14.8	0.9	6.9	23.4	1.5	9.5	(52.8)	4.2
Other investment result	16.7	-	50.0	73.6	-	6.3	-	146.6
Share of result of Associates	5.7	(3.4)	2.9	96.0	3.2	2.6	-	107.0
Profit before taxation	182.7	146.2	138.5	138.4	76.5	43.9	-	726.2
Taxation								(101.3)
Profit for the period								624.9
2009								
Revenue								
Group total sales	634.0	1,044.5	386.7	309.1	2,693.2	403.3	(78.8)	5,392.0
Inter-segment sales	-	-	(14.0)	(26.4)	(38.4)	-	78.8	-
External sales	634.0	1,044.5	372.7	282.7	2,654.8	403.3	-	5,392.0
Result								
Segment result - external	19.7	178.5	80.5	31.7	68.1	26.8	-	405.3
Interest expense	(22.6)	(40.0)	(31.0)	(79.6)	(32.0)	(19.4)	97.6	(127.0)
Interest income	42.9	1.9	16.4	35.0	6.9	12.0	(97.6)	17.5
Other investment result	31.4	-	35.2	26.9	-	9.0	-	102.5
Share of result of Associates	4.9	4.8	4.8	80.8	4.3	3.7	-	103.3
Profit before taxation	76.3	145.2	105.9	94.8	47.3	32.1	-	501.6
Taxation								(83.2)
Profit for the period								418.4

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.

(iii) In November 2010, the Company issued RM419 million bank guaranteed medium term notes (MTNs) that comprised 2 series with maturity dates ranging from 3 years to 5 years from the date of issue. The MTNs which have been accorded a long term rating of AAA(bg) by Malaysian Rating Corporation Berhad carry a coupon ranging from 3.95% to 4.35% per annum.

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 24 February 2011 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 of 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 3rd 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 3rd 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 other 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 24 February 2011. No other contingent liability has arisen since the financial year end.

A14. Capital Commitments

The Group has the following commitments as at 31 December 2010:

	Authorised but not contracted RM million	**Authorised and contracted RM million**
Acquisition of Subsidiaries	100.0	599.1
Capital expenditure	250.5	368.2
	350.5	967.3

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 4th quarter, the Group posted an unaudited profit before tax of RM252.0 million which was 21% better than the profit of RM208.0 million posted for the 4th quarter of FY2009.

Cumulatively, the Group’s pre-tax profit climbed to RM726.2 million which was 45% better than last year's corresponding period’s gain of RM501.6 million. The Group's cumulative profit after tax totalling RM624.9 million was better than last year's net profit of RM418.4 million by RM206.5 million or 49%.

Group revenue for the 12 months of RM6.18 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 RM182.7 million (2009: RM76.3 million). During the year, the Division achieved an average palm oil price of RM2,622 per MT, an increase of RM452 or 21% against last year corresponding period's average of RM2,170 per MT. The cumulative FFB crop totalling 1,070,455 MT was 3% lower.

Heavy Industries Division contributed a pre-tax profit of RM146.2 million, as compared with last year’s profit of RM145.2 million. Property Division's pre-tax profit of RM138.5 million for the twelve months’ period was 31% higher than last year. During the year, the Division’s investment property portfolio had appreciated and contributed a fair value gain of RM52 million. At the same time, performance for property development, retail mall operations and hotels also improved.

B16. Performance Review (Cont'd.)

Finance & Investment Division posted a cumulative profit of RM138.4 million, an increase of RM43.6 million or 46% from last year, as interest savings at Boustead Holdings level and better earnings from the Affin group as well as the disposal of BH Insurance had enhanced the Division's performance.

Trading Division's pre-tax profit for the financial year totalling RM76.5 million was 62% more than last year's profit of RM47.3 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 volume and stockholding gains.

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

The current quarter's pre-tax profit of RM252.0 million was 64% better than the previous quarter's pre-tax profit of RM153.8 million.

Plantation profit for the current quarter of RM50.5 million was 27% better than the preceding quarter, mainly due to stronger CPO price which averaged at RM2,977 (Previous quarter: RM2,554) per MT. Property Division's pre-tax profit of RM89.5 million was better than the previous quarter, on fair value gain on investment properties and higher progress billings. The Heavy Industries Division's profit for the current quarter was marginally lower than the preceding quarter mainly on cost escalation.

The Finance & Investment Division's profit for the current quarter was higher, mainly on improved contribution from the Affin group. Trading Division registered a two-fold increase in pre-tax profit during the current quarter, on better sales volume and stockholding gain.

B18 Prospects for the coming year

The Malaysian economy is projected to grow at a steady pace in 2011. Outlook for the other regional economies is also expected to be favourable. We nevertheless brace ourselves for yet another challenging year ahead, as the global economies may be badly hit in the event of a large sovereign debt default in Europe in addition to the short-term monetary policies tightening by China and India.

Plantation's earnings will very much be dependent on palm oil prices which are expected to stay at attractive levels in 2011, largely due to the low supply situation brought on by adverse weather conditions and the expected increase in demand. The Heavy Industries Division's prospects will be underpinned by contracts on hand, and the finalisation of the value and duration of the project to construct six naval vessels will be positive for earnings. 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 addition of Pharmaniaga Berhad into the Group's stable of companies in the coming year will enable the Group to take advantage of the Pharmaniaga brand and infrastructure to grow revenue and profit in the lucrative pharmaceutical business. The other Divisions are expected to perform satisfactorily in 2011.

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	18.0	92.0
- Deferred	10.4	11.1
	28.4	103.1
Over provision of prior years	(11.1)	(1.8)
	17.3	101.3

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.

	Current Period 2010 RM million	Cumulative Period 2010 RM million
B21. Sale of Unquoted Investments and Properties		
Gain on sale of properties	2.5	2.5

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	13.7	26.5
Sale proceeds	4.6	22.1
Gain on fair value change	35.2	52.0
Gain on disposal	1.1	3.6
(ii) Investments in quoted securities as at 31 December 2010		
At cost		383.5
At carrying value		527.7
At fair value/market value		527.7

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 Oil 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 tenures of up to 7 years from the first issuance date. Malaysian Rating Corporation Berhad has assigned a 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. In November 2010, the Group had issued RM419 million of MTN, with the balance of RM581 million of MTNs expected to be issued during 2011.

(iii) On 11 June 2010, the Company had entered into a conditional share sale and purchase agreement (SPA) with UEM Group Berhad (UEM) for the proposed 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 expected to complete during the first quarter of 2011, where the balance consideration totalling RM518 million will be paid. The mandatory take-over of the remaining interest in Pharmaniaga is expected to complete during the 1st half of 2011.

(iv) On 22 December 2010, the Company entered into a Memorandum of Understanding with DRIR Equities Sdn Bhd and Tulus Sejagat Sdn Bhd with the intention to acquire 10,200,000 ordinary shares of RM1.00 each representing 51% equity in MHS Aviation Berhad (MHS). The proposed acquisition of MHS shall not exceed RM100 million subject to the results of a due diligence. A formalised sale and purchase agreement in respect of the proposed acquisition of MHS will be entered into in due course.

There were no other corporate proposals announced or pending completion as at 24 February 2011.

(b) Status on Utilisation of Proceeds from Rights Issue as at 31 January 2011

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	215.0	Up to 31 Dec 2012	113.2	34%	To be utilised
Rights issue expenses	1.0	0.9	Up to 31 Dec 2012	0.1	10%	No further expenditure
	729.2	615.9		113.3		

B23. Corporate Proposals (Cont'd.)

(b) Status on Utilisation of Proceeds from Rights Issue as at 31 January 2011 (Cont'd.)

On 6 January 2011, the Company had announced that the time frame for the utilisation of the proceeds from the Rights Issue will be extended from 31 December 2010 to 31 December 2012.

(c) Status on Utilisation of Proceeds from Issue of MTNs as at 31 January 2011

RM' million	Proposed utilisation	Actual utilisation	Time frame	Deviation Amount	Deviation %	Explanation
Repayment of RC loan	69.0	69.0	Up to 31 Dec 2012	-	-	Fully utilised
Acquisition of Pharmaniaga	350.0	-	Up to 31 Dec 2012	350.0	100%	To be utilised
	419.0	69.0		350.0		

The balance of the MTN programme comprising RM581 million of MTNs will be issued during 2011.

B24. Group Borrowings and Debt Securities

Total group borrowings as at 31 December 2010 are as follows:-

	31.12.2010 RM million	31.12.2009 RM million
Term loans	586.5	1,010.8
Bank guaranteed medium term notes	414.5	-
	1,001.0	1,010.8
Less: repayable in 1 year	313.6	700.2
	687.4	310.6
Short term borrowings		
- Bank overdrafts	26.2	77.8
- Bankers' acceptances	163.8	168.8
- Revolving credits	1,972.2	1,687.0
- Short term loans	313.6	700.2
	2,475.8	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 31 December 2010, the Group has the following outstanding derivative financial instruments:

Derivatives (in RM million)	Principal or notional amount	Fair value of financial liabilities	Gain/(loss) on fair value changes	Purpose
(i) Currency forward contract				
- less than a year	225.7	(0.6)	(0.3)	To hedge currency risk of payables
(ii) Interest rate swap contract				
- less than a year	25.0	(0.7)	0.9	To hedge interest rate risk of floating rate term loans
- 1 year to 3 years	37.5	(0.2)	0.6	
	288.2	(1.5)	1.2	

The Group does not have any off balance sheet financial instruments as at 24 February 2011.

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 Bousted Eldred Sdn Bhd (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.

(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. Accordingly, the case has been resolved at year end.

As at 24 February 2011, 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 4th quarter, the Directors have declared a single tier dividend of 12 sen per share in respect of the year ended 31 December 2010. The dividend will be paid on 31 March 2011 to shareholders registered in the Register of Members at the close of business on 21 March 2011.

B28. Earnings Per Share - Basic

	Current Period		Cumulative Period	
	2010	**2009**	**2010**	**2009**
Net profit for the period (RM' Million)	**208.9**	147.7	**537.5**	341.6
Weighted average number of ordinary shares in issue (Million)	**940.2**	911.5	**935.0**	727.0
Basic earnings per share (sen)	**22.22**	16.20	**57.49**	46.99

B29. Realised and unrealised profits

On 25 March 2010, Bursa Malaysia Securities Berhad (Bursa Malaysia) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

The breakdown of the retained earnings of the Group as at 31 December 2010 into realised and unrealised profits pursuant to Bursa Malaysia Securities Berhad's Directive Ref: LD26/10 dated 20 December 2010 is tabulated below:

	31.12.2010	**30.9.2010**
	RM million	**RM million**
Total retained earnings of Boustead Holdings Berhad and its Subsidiaries		
Realised	**1,969.9**	1,925.7
Unrealised	**155.3**	90.2
	2,125.2	2,015.9
Total share of retained earnings of Associates		
Realised	**459.5**	419.2
Unrealised	**8.7**	31.3
	2,593.4	2,466.4
Consolidation adjustments	**(544.0)**	(508.2)
Total retained earnings of the Group as per consolidated accounts	**2,049.4**	1,958.2

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	**6,723**	7,500
	74,354	74,370

* Includes 45,318 hectares leased under the Asset Backed Securitisation Programme and from Al Hadharah Boustead REIT.

	2010	2009
(b) Crop Production		
FFB - MT	**1,070,455**	1,106,371
(c) Average Selling Prices (RM)		
FFB (per MT)	**556**	433
Palm oil (per MT)	**2,622**	2,170
Palm kernel (per MT)	**1,625**	990

30. Economic Profit

	2010	2009
	RM million	**RM million**
For the financial year ended 31 December	**114.3**	70.1

31. Headline KPIs

	2010 Actual	2010 Target	2011 Target
Return on Equity (ROE)	**13.2%**	10.0%	12.0%
Return on Assets (ROA)	**9.2%**	7.0%	9.0%
Net dividend per share	**39.0 sen**	18.0 sen	30.0 sen

The headline KPIs for 2011 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.