Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the quarter ended 31 March 2011	**Current Period**		**Cumulative Period**	
(All figures are stated in RM million)	**2011**	**2010**	**2011**	**2010**
Revenue	**1,587.5**	1,553.1	**1,587.5**	1,553.1
Operating cost	**(1,430.3)**	(1,424.4)	**(1,430.3)**	(1,424.4)
Profit from operations	**157.2**	128.7	**157.2**	128.7
Interest income	**1.1**	0.6	**1.1**	0.6
Other investment results	**21.4**	8.1	**21.4**	8.1
Finance cost	**(37.9)**	(25.9)	**(37.9)**	(25.9)
Share of results of Associates	**26.4**	23.1	**26.4**	23.1
Profit before taxation	**168.2**	134.6	**168.2**	134.6
Taxation	**(33.7)**	(30.4)	**(33.7)**	(30.4)
Profit for the period	**134.5**	104.2	**134.5**	104.2
Profit for the period attributable to:				
Shareholders of the Company	**112.2**	90.2	**112.2**	90.2
Minority interests	**22.3**	14.0	**22.3**	14.0
Profit for the period	**134.5**	104.2	**134.5**	104.2
Earnings per share - sen				
Basic	**11.93**	9.75	**11.93**	9.75

The condensed consolidated income statement should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2010.

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

For the quarter ended 31 March 2011	Current Period		Cumulative Period	
(All figures are stated in RM million)	2011	2010	2011	2010
Profit for the period	**134.5**	104.2	**134.5**	104.2
Other comprehensive income/(loss)				
Currency translation difference in respect of foreign operations	**0.9**	-	**0.9**	-
Net gain on available for sale investments				
- Fair value changes	**(2.8)**	10.5	**(2.8)**	10.5
- transfer to profit or loss on disposal	**(0.1)**	-	**(0.1)**	-
Total comprehensive income for the period	**132.5**	114.7	**132.5**	114.7
Attributable to:				
Shareholders of the Company	**110.0**	100.5	**110.0**	100.5
Minority interests	**22.5**	14.2	**22.5**	14.2
Total comprehensive income for the period	**132.5**	114.7	**132.5**	114.7

The unaudited condensed statement of consolidated comprehensive Income should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2010.

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011 (All figures are stated in RM million)	Unaudited 31 March 2011	Audited 31 December 2010
ASSETS		
Non current assets		
Property, plant and equipment	**2,490.3**	2,119.0
Biological assets	**354.8**	357.2
Investment properties	**1,097.9**	1,074.7
Development properties	**210.9**	216.1
Prepaid land lease payments	**52.0**	49.5
Long term prepayment	**136.5**	136.1
Deferred tax assets	**80.7**	65.5
Associates	**1,199.3**	1,165.3
Available for sale investments	**526.2**	528.0
Intangible assets	**1,674.1**	1,472.3
	7,822.7	7,183.7
Current assets		
Inventories	**461.4**	244.0
Property development in progress	**35.0**	34.5
Due from customers on contracts	**305.3**	195.9
Receivables	**1,467.2**	1,093.9
Deposits, cash and bank balance	**622.5**	424.5
Assets classified as held for sale	**91.7**	91.7
	2,983.1	2,084.5
TOTAL ASSETS	**10,805.8**	9,268.2
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	**470.1**	470.1
Reserves	**3,755.0**	3,757.8
Shareholders' equity	**4,225.1**	4,227.9
Minority interests	**513.8**	470.8
Total equity	**4,738.9**	4,698.7
Non current liabilities		
Long term borrowings	**745.7**	687.4
Other payable	**26.8**	26.3
Deferred tax liabilities	**121.1**	121.1
	893.6	834.8
Current liabilities		
Borrowings	**3,310.9**	2,475.8
Trade and other payables	**1,695.6**	1,100.3
Due to customer on contracts	**129.0**	124.6
Taxation	**37.8**	34.0
	5,173.3	3,734.7
Total liabilities	**6,066.9**	4,569.5
TOTAL EQUITY AND LIABILITIES	**10,805.8**	9,268.2
NET ASSET PER SHARE - RM		
Attributable to shareholders of the Company	**4.49**	4.50

The condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2010.

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 31 March 2011	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 2011	**470.1**	**1,212.1**	**184.6**	**196.9**	**114.8**	**2,049.4**	**4,227.9**	**470.8**	**4,698.7**
Total comprehensive income for the period	**-**	**-**	**(3.0)**	**-**	**0.8**	**112.2**	**110.0**	**22.5**	**132.5**
Transactions with owners									
Change in group structure									
- Acquisition of a Subsidiary	-	-	-	-	-	-	-	**24.7**	**24.7**
Issue of shares									
- by Subsidiary to minority	-	-	-	-	-	-	-	**0.4**	**0.4**
Dividends	-	-	-	-	-	**(112.8)**	**(112.8)**	**(4.6)**	**(117.4)**
Balance at 31 March 2011	**470.1**	**1,212.1**	**181.6**	**196.9**	**115.6**	**2,048.8**	**4,225.1**	**513.8**	**4,738.9**
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	-	-	10.3	-	-	90.2	100.5	14.2	114.7
Transactions with owners									
Issue of shares									
- by the Company	10.3	29.7	-	-	-	-	40.0	-	40.0
- by Subsidiary to minority	-	-	-	-	-	-	-	1.6	1.6
Dividends	-	-	-	-	-	(83.9)	(83.9)	(1.6)	(85.5)
Balance at 31 March 2010	466.0	1,193.3	145.7	173.9	119.0	1,878.9	3,976.8	461.2	4,438.0

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 2010.

Boustead Holdings Berhad (3871-H)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter ended 31 March 2011

(All figures are stated in RM million)	2011	2010
Operating activities		
Receipts from customers	**1,553.9**	1,535.4
Cash paid to suppliers and employees	**(1,524.6)**	(1,591.3)
	29.3	(55.9)
Income taxes paid less refund	**(33.9)**	(19.4)
Net cash used in operating activities	**(4.6)**	(75.3)
Investing activities		
Capital expenditure & construction of investment property	**(101.4)**	(30.0)
Acquisition of Subsidiary, net of cash acquired	**(471.4)**	-
Others	**40.6**	29.1
Net cash used in investing activities	**(532.2)**	(0.9)
Financing activities		
Transactions with owners	**(112.8)**	12.0
New loans	**151.0**	12.2
Loans repayment	**(77.0)**	(278.5)
Other borrowings	**774.1**	274.4
Interest paid	**(38.9)**	(26.0)
Others	**(4.7)**	-
Net cash generated from/(used in) financing activities	**691.7**	(5.9)
Net increase/(decrease) in cash and cash equivalents	**154.9**	(82.1)
Cash and cash equivalent at beginning of period	**398.3**	318.7
Cash and cash equivalent at end of period	**553.2**	236.6
Analysis of cash and cash equivalents		
Deposits, cash and bank balances	**622.5**	295.3
Overdrafts	**(69.3)**	(58.7)
Cash and cash equivalent at end of period	**553.2**	236.6

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 2010.

Boustead Holdings Berhad (3871-H)

Notes to the interim financial report for the quarter ended 31 March 2011

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 2010. All figures are stated in RM million, unless otherwise stated.

A2. Accounting Policies

(i) Adoption of FRSs, Amendments to FRSs and IC Interpretations

On 1 January 2011, the Group adopted the following FRSs, Amendments to FRSs and IC Interpretations:-

- Amendments to FRS 132: Classification of rights issues
- FRS 1 First time adoption of financial reporting standards
- FRS 3 Business combinations (revised)
- FRS 127 Consolidated and separate financial statements
- 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 IC Interpretation 9 Reassessment of embedded derivatives
- IC Interpretation 12 Service concession arrangements
- 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 1 Additional exemption for first-time adopters
- Amendments to FRS 1 Limited exemption from comparative FRS 7 disclosures for first-time adopters
- Amendments to FRS 2 Group cash-settled share-based payment transactions
- Amendments to FRS 7 Improving disclosures about financial instruments
- IC Interpretation 4 Determining whether an arrangement contains a lease
- IC Interpretation 18 Transfer of assets from customers
- Improvements to FRSs 2010

Adoption of the above FRSs, Amendments to FRSs and IC Interpretations did not have any effect on the financial performance or presentation of the financial statements of the Group, other than for the disclosures under the Amendments to FRS 7 which will affect the presentation of the FY2011 annual financial statements, and the expensing under FRS 3 of acquisition-related cost in connection with the acquisition of Pharmaniaga Berhad totalling RM1.8 million made during current financial period. In addition, under FRS 127, a change in the ownership interest of a subsidiary (without loss of control) will be accounted for as an equity transaction as such transactions will not give rise to a gain or loss.

(ii) Presentation of Segmental Information

For the new financial year commencing 1 January 2011, the Group's activities in the varied sectors of the Malaysian economy will be reorganised as the Group increased its focus into the new Pharmaceutical business segment. Accordingly, the Group's segment information will be presented under six operating segments namely, Plantation, Heavy Industries, Property, Finance & Investments, Pharmaceutical and Manufacturing & Trading. The comparative figures on segment information have been restated appropriately.

A2. Accounting Policies (Cont'd.)

(iii) Standards Issued but not yet Effective

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

	Effective for annual period beginning on or after
• 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 adoption of IC Interpretation 15 will require the Group to change its accounting policy on the recognition of property development revenue which is currently accounted for using the percentage of completion method. The Group may be required to recognise such revenue at completion or upon or after delivery. The Group is in the process of making an assessment of the impact of this interpretation. The initial applications of the other 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 2012.

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

The Company paid the balance cash consideration totalling RM518 million in respect of the 86.81% stake in Pharmaniaga Berhad (Pharmaniaga) at the end of March 2011. The Company then undertook a take-over offer which had increased the Group's interest in Pharmaniaga to 97.81% as at the close of the mandatory take-over offer period which ended on 28 April 2011. Accordingly, Pharmaniaga became a Subsidiary and the Group's consolidated statement of financial position for the period ended 31 March 2011 had incorporated the book values of the assets and liabilities of Pharmaniaga.

At the end of the current financial period, the excess of the carrying value of the Group's investment in Pharmaniaga over the Group's share of the attributable net assets totalling RM201.8 million represents the estimated goodwill and intangible assets. The Group is currently in the midst of carrying out the purchase price allocation (PPA) exercise in accordance with FRS 3: Business Combinations, to allocate the values to the tangible assets, liabilities, contingent liabilities and identifiable intangible assets of Pharmaniaga. The results of the PPA exercise will determine the final value of the goodwill arising from the acquisition of Pharmaniaga.

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

A6. Change in Estimates

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

A7. Dividends

(i) On 31 March 2011, the Company paid a 4th interim single tier dividend of 12 sen per share in respect of the previous financial year ended 31 December 2010 amounting to RM112.8 million.

A7. Dividends (Cont'd.)

(ii) For the current period, the Directors have declared a 1st interim single tier dividend of 8 sen (2010: 5 sen) per share in respect of the financial year ending 31 December 2011. The dividend will be paid on 28 June 2011 to shareholders registered in the Register of Members at the close of business on 17 June 2011.

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	Pharmaceutical	Manufacture & Trading	Elim'n	Total
2011								
Revenue								
Group total sales	254.4	162.5	96.1	25.4	28.7	1,027.0	(6.6)	1,587.5
Inter-segment sales	-	-	(6.6)	-	-	-	6.6	-
External sales	254.4	162.5	89.5	25.4	28.7	1,027.0	-	1,587.5
Result								
Segment result								
- external	74.7	24.4	16.2	(2.0)	10.4	33.5	-	157.2
Finance cost	(2.3)	(17.1)	(4.2)	(19.0)	(1.3)	(8.7)	14.7	(37.9)
Interest income	3.5	0.5	1.0	7.3	-	3.5	(14.7)	1.1
Other investment result	20.8	0.1	-	-	-	0.5	-	21.4
Share of result of Associates	2.3	(0.7)	(0.8)	25.6	-	-	-	26.4
Profit before taxation	99.0	7.2	12.2	11.9	9.1	28.8	-	168.2
Taxation								(33.7)
Profit for the period								134.5
2010								
Revenue								
Group total sales	241.7	230.4	65.8	124.2	17.5	885.8	(12.3)	1,553.1
Inter-segment sales	-	-	(3.4)	(8.9)	-	-	12.3	-
External sales	241.7	230.4	62.4	115.3	17.5	885.8	-	1,553.1
Result								
Segment result								
- external	53.0	34.1	11.4	(0.1)	(0.7)	31.0	-	128.7
Finance cost	(2.7)	(8.4)	(7.4)	(10.0)	(1.2)	(9.7)	13.5	(25.9)
Interest income	3.5	0.1	2.3	5.2	-	3.0	(13.5)	0.6
Other investment result	7.6	-	-	-	-	0.5	-	8.1
Share of result of Associates	0.9	(2.4)	-	24.6	-	-	-	23.1
Profit before taxation	62.3	23.4	6.3	19.7	(1.9)	24.8	-	134.6
Taxation								(30.4)
Profit for the period								104.2

A9. Debts and Equity Securities

On 31 March 2011, the Company issued RM91 million bank guaranteed medium term notes (MTNs) with a maturity date of 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 bear interest at an effective interest rate of 5.8% 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

The cash proceeds of RM189 million was duly received in April 2011, upon the completion of the sale of the Plantation Assets referred to in Note B23(a)(i).

There were no other subsequent events as at 25 May 2011 that will materially affect the financial statements of the financial period under review.

A12. Changes in Group Composition

Pharmaniaga Berhad became a Subsidiary during the current quarter pursuant to Note B23(a)(iii). 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 2010 Annual Report remains unchanged as at 25 May 2011. No other contingent liability has arisen since the financial year end.

A14. Capital Commitments

The Group has the following commitments as at 31 March 2011:

	Authorised but not contracted RM million	Authorised and contracted RM million
Acquisition of a Subsidiary	-	100.0
Capital expenditure	298.7	392.1
	298.7	492.1

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 2010.

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

B16. Performance Review

For the 1st quarter, the Group posted an unaudited profit before tax of RM168.2 million, which is 25% better than the profit of RM134.6 million posted for the 1st quarter of FY2010.

The Group's cumulative profit after tax totalling RM134.5 million was better than last year's net profit of RM104.2 million by RM30.3 million or 29%.

Group revenue for the 3 months of RM1.59 billion was 2% higher than that recorded during the corresponding period last year. The higher sales volume had contributed to a 16% increase in revenue for the Manufacturing & Trading Division. Plantation revenue increased by 5%, on stronger palm product prices which more than offset the lower FFB crop.

For the cumulative period, the Plantation Division contributed a significantly higher pre-tax profit of RM99.0 million (2010: RM62.3 million). During the period, the Division achieved an average palm oil price of RM3,541 per MT, an increase of RM1,042 or 42% against last year corresponding period's average of RM2,499 per MT. The cumulative FFB crop totalling 253,586 MT was 17% lower due to the prolonged wet weather.

Heavy Industries Division contributed a pre-tax profit of RM7.2 million, as compared with last year’s profit of RM23.4 million due to lower progress billings. Property Division's pre-tax profit of RM12.2 million for the three months’ period was 94% higher than last year mainly on improved contribution from property development in tandem with the progress of construction.

B16. Performance Review (Cont'd.)

The new Pharmaceutical Division reported a pre-tax profit of RM9.1 million representing a turnaround from last year's corresponding period's loss of RM1.9 million attributable mainly to higher sales revenue while margins have also improved. The Division's profit for the current quarter had not incorporated the result of Pharmaniaga Berhad which became a Subsidiary at the end of March 2011.

The Finance & Investment Division posted a cumulative pre-tax profit of RM11.9 million, as compared with the last year corresponding period's result of RM19.7 million, largely on higher interest expense. The Manufacturing and Trading Division's pre-tax profit for the current quarter was higher at RM28.8 million (2010: RM24.8 million) as the Division's main contributor BH Petrol had achieved a higher 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 RM168.2 million was 33% lower than the previous quarter's pre-tax profit of RM252.0 million.

Plantation Division's pre-tax profit for the current quarter of RM99.0 million was higher than the preceding quarter's profit of RM50.5 million mainly due to the stronger CPO price which averaged at RM3,541 (Previous quarter: RM2,977) per MT, dividend income from Boustead REIT and a 9% increase in FFB crop.

The Finance & Investment Division's profit for the current quarter was lower, mainly due to a marginal decrease in contribution from the Affin group. Manufacturing and Trading Division registered a lower pre-tax profit during the current quarter on lower contributions from the building materials segment and the comparatively lower stockholding gain at BH Petrol.

Property Division's pre-tax profit for the preceding quarter of RM89.5 million was better than the current quarter, having benefited from the recognition of fair value gain on investment properties and higher progress billings. The Heavy Industries Division's profit for the current quarter was lower than the preceding quarter mainly on lower revenue.

B18 Prospects for the year

The economic outlook for both the Malaysian and the regional economies for 2011 remains positive. In particular, the Malaysian economy is expected to grow at a steady pace, driven by strong domestic demand and supportive government policy measures. Recovery of the global economies should augur well for businesses, although inflationary pressures and the risk of a large sovereign debt default in Europe in addition to the short term monetary policies tightening by China and India will be a concern. Overall, the Group expects to turn in a satisfactory set of results for the current financial year.

Plantation's earnings will very much be dependent on palm oil prices which are expected to stay at attractive levels in 2011, largely driven by 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. Consolidation of the results of Pharmaniaga Berhad from the 2nd quarter onwards will boost the Group's overall earnings. 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 2011 RM million	Cumulative Period 2011 RM million
B20. Taxation		
Malaysian taxation based on profit for the period:		
- Current	31.9	31.9
- Deferred	2.2	2.2
	34.1	34.1
Over provision of prior years	(0.4)	(0.4)
	33.7	33.7

The Group's effective tax rate for the current financial period is lower than the statutory tax rate mainly due to the utilisation of previously unrecognised tax losses and capital allowances.

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 2011 RM million	Cumulative Period 2011 RM million
Purchases	3.0	3.0
Sale proceeds	2.1	2.1
Loss on fair value change	(2.8)	(2.8)
Gain on disposal	0.2	0.2

(ii) Investments in quoted securities as at 31 March 2011

At cost	385.2
At carrying value/market value	526.5

B23. Corporate Proposals

(a) Status of Corporate Proposals

(i) The Group's disposal of Sutera Estate and TRP Estate including Trong Oil Mill (Plantation Assets) to Al-Hadharah Boustead REIT (Boustead REIT) was completed and the cash consideration of RM189.2 million was duly received in April 2011. On 21 March 2011, the Company's Subsidiaries had also entered into Ijarah agreements with Boustead REIT for the leaseback of these Plantation Assets.

(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. At the end of the current financial period, the Group had issued RM510 million of MTNs, with the balance of RM490 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. The acquisition of the 86.81% interest in Pharmaniaga was duly completed on 25 March 2011. On 7 April 2011, the Company despatched the offer documents in connection with the mandatory take-over offer for the remaining 14,109,169 ordinary shares representing approximately 13.19% of the existing issued and paid-up share capital of Pharmaniaga not already owned by BHB. Based on the irrevocable acceptances received as at the end of the offer period, the Group's interest in Pharmaniaga was increased to 97.81%.

B23. Corporate Proposals (Cont'd.)

(a) Status of Corporate Proposals

(iv) On 22 December 2010, the Company entered into a Memorandum of Understanding with DRIR Equities Sdn Bhd (DRIRE) and Tulus Sejagat Sdn Bhd (TS) with the intention to acquire 10,200,000 ordinary shares of RM1.00 each representing 51% equity interest in MHS Aviation Berhad (MHS). The Company had, on 28 March 2011 entered into a conditional sale and purchase agreement with DRIRE and TS for the acquisition of the 51% interest in MHS at a total cash consideration of RM100 million. The proposed acquisition is expected to complete during the second half of the year.

There were no other corporate proposals announced or pending completion as at 25 May 2011.

(b) Status on Utilisation of Proceeds from Rights Issue as at 30 April 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 acquisitions	328.2	271.0	Up to 31 Dec 2012	57.2	17%	To be utilised
Rights issue expenses	1.0	0.9	Up to 31 Dec 2012	0.1	10%	No further expenditure
	729.2	671.9		57.3		

(c) Status on Utilisation of Proceeds from Issue of MTNs as at 30 April 2011

RM' million	Proposed utilisation	Actual utilisation	Time frame	Deviation Amount	Deviation %	Explanation
Capital expenditure	91.0	91.0	Up to 31 Dec 2012	-	-	Fully utilised
Repayment of RC loan	69.0	69.0	Up to 31 Dec 2012	-	-	Fully utilised
Acquisition of Pharmaniaga	350.0	350.0	Up to 31 Dec 2012	-	-	Fully utilised
	510.0	510.0		-		

The balance of the MTN programme comprising RM490 million of MTNs will be issued during 2011.

B24. Group Borrowings and Debt Securities

Total group borrowings as at 31 March 2011 are as follows:-

	31.3.2011 RM million	31.12.2010 RM million
Non-current:		
Term loans	599.2	586.5
Bank guaranteed medium term notes	508.0	414.5
	1,107.2	1,001.0
Less: repayable in 1 year	361.5	313.6
	745.7	687.4
Current:		
- Bank overdrafts	69.3	26.2
- Bankers' acceptances	261.5	163.8
- Revolving credits	2,618.6	1,972.2
- Short term loans	361.5	313.6
	3,310.9	2,475.8

Included above are short term loans comprising RM38.4 million (US Dollar: 12.70 million) and RM33.1 milion (IDR 95.2 billion) which are denominated in foreign currencies. All other borrowings are denominated in Ringgit Malaysia.

B25. Derivative financial instruments

As at 31 March 2011, the Group has the following outstanding derivative financial instruments:

Derivatives (in RM million)	Principal or notional amount	Fair value of financial asset/ (liabilities)	Gain on fair value changes	Purpose
(i) Currency forward contract				
- less than a year	243.4	1.6	2.9	To hedge currency risk of payables
(ii) Interest rate swap contract				
- less than a year	25.0	(0.5)	0.1	To hedge interest rate risk of floating rate term loans
- 1 year to 3 years	31.2	(0.1)	0.1	
	299.6	1.0	3.1	

The Group does not have any off balance sheet financial instruments as at 25 May 2011.

B26. Changes in Material Litigations

(i) On 30 March 2011, the Company announced that Boustead Plantations Berhad (BPlant) and Boustead Pelita Kanowit Plantations Sdn Bhd (BPK) were named as the 4th and 5th Defendants respectively to Sibu High Court Suit No. 21-7-2009 in relation to a claim filed by 5 individuals suing on behalf of themselves and 163 other proprietors, occupiers and claimants of the Native Customary Rights lands (NCR) (Plaintiffs) situated in Sg Kelimut, Kanowit District, also known as Block D1 in Kanowit District, described as Kelimut Estate (NCR Lands) against Pelita Holdings Sdn Bhd (Co. No. 182028-W) (1st Defendant), the Superintendent of Lands and Surveys, Sibu Sarawak, (2nd Defendant) and the State Government of Sarawak (3rd Defendant) for inter-alia, a declaration that the trust deed between the Plaintiffs and the 1st and 3rd Defendants are null and void, damages and costs.

BPlant is a wholly owned subsidiary of the Company and BPK is a 60% subsidiary of BPlant which was set up as a joint venture between BPlant, the 1st Defendant and NCR owners for the development of the oil palm plantations in Kanowit, Sarawak as formalised in a joint venture agreement dated 6 May 1998 between BPlant and the 1st Defendant.

The hearing was held on 26 April 2011 and is to be continued on 9 and 10 June 2011. Based on the facts of the case, the Company is of the view that BPlant and BPK have a good defence to the claim by the Plaintiffs.

As at 25 May 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 2010.

B27. Earnings Per Share - Basic

	Current Period		Cumulative Period	
	2011	**2010**	**2011**	**2010**
Net profit for the period (RM million)	**112.2**	90.2	**112.2**	90.2
Weighted average number of ordinary shares in issue (million)	**940.2**	925.1	**940.2**	925.1
Basic earnings per share (sen)	**11.93**	9.75	**11.93**	9.75

B28. Retained Earnings

	31.3.2011	31.12.2010
	RM million	**RM million**
Total retained earnings of Boustead Holdings Berhad and its Subsidiaries		
Realised	**2,200.0**	1,969.9
Unrealised	**161.6**	155.3
	2,361.6	2,125.2
Total share of retained earnings of Associates		
Realised	**511.9**	459.5
Unrealised	**8.7**	8.7
	2,882.2	2,593.4
Consolidation adjustments	**(833.4)**	(544.0)
Total retained earnings of the Group as per consolidated accounts	**2,048.8**	2,049.4

29. Plantation Statistics

	Cumulative Period	
	2011	**2010**
(a) Planted areas (hectares)		
Oil palm - prime mature	**61,323**	61,323
- young mature	**6,308**	6,308
- immature	**6,723**	6,723
	74,354	74,354

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

	Cumulative Period	
	2011	**2010**
(b) Crop Production		
FFB - MT	**253,586**	305,335
(c) Average Selling Prices (RM)		
FFB (per MT)	**819**	527
Palm oil (per MT)	**3,541**	2,499
Palm kernel (per MT)	**2,884**	1,318

30. Economic Profit

	2011	2010
	RM million	**RM million**
For the financial period ended 31 March	**26.5**	29.0

31. Headline KPIs

	2011 (3 Months) Actual	2011 (12 Months) Target
Return on Equity (ROE)	**2.7%**	12.0%
Return on Assets (ROA)	**2.1%**	9.0%