Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the quarter ended 30 September 2011	**Current Period**		**Cumulative Period**	
(All figures are stated in RM million)	**2011**	**2010**	**2011**	**2010**
Revenue	**2,188.7**	1,513.9	**6,001.5**	4,492.0
Operating cost	**(2,019.4)**	(1,358.2)	**(5,502.8)**	(4,104.0)
Profit from operations	**169.3**	155.7	**498.7**	388.0
Gain on disposal of plantation assets	**-**	-	**94.6**	-
Interest income	**2.3**	1.0	**6.4**	2.3
Other investment results	**13.7**	0.7	**36.5**	89.2
Finance cost	**(51.6)**	(26.7)	**(139.5)**	(77.0)
Share of results of Associates	**33.4**	23.0	**89.2**	71.7
Profit before taxation	**167.1**	153.7	**585.9**	474.2
Taxation	**(22.8)**	(29.1)	**(84.1)**	(84.0)
Profit for the period	**144.3**	124.6	**501.8**	390.2
Profit for the period attributable to:				
Shareholders of the Company	**120.9**	91.9	**418.3**	328.6
Minority interests	**23.4**	32.7	**83.5**	61.6
Profit for the period	**144.3**	124.6	**501.8**	390.2
Earnings per share - sen				
Basic	**12.86**	9.83	**44.49**	35.34

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 30 September 2011	Current Period		Cumulative Period	
(All figures are stated in RM million)	**2011**	**2010**	**2011**	**2010**
Profit for the period	**144.3**	124.6	**501.8**	390.2
Other comprehensive income/(loss)				
Currency translation difference in respect of foreign operations	**(3.0)**	(7.2)	**(0.8)**	(13.2)
Net gain on available for sale investments				
- Fair value changes	**(12.8)**	20.3	**(7.8)**	20.7
- transfer to profit or loss on disposal	**(0.1)**	(0.8)	**(0.8)**	(1.5)
Total comprehensive income for the period	**128.4**	136.9	**492.4**	396.2
Attributable to:				
Shareholders of the Company	**106.9**	103.6	**410.5**	334.0
Minority interests	**21.5**	33.3	**81.9**	62.2
Total comprehensive income for the period	**128.4**	136.9	**492.4**	396.2

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 30 September 2011 **(All figures are stated in RM million)**	**Unaudited** **30 September** **2011**	**Audited** **31 December** **2010**
ASSETS		
Non current assets		
Property, plant and equipment	**2,851.1**	2,119.0
Biological assets	**359.3**	357.2
Investment properties	**1,105.4**	1,074.7
Development properties	**211.1**	216.1
Prepaid land lease payments	**52.3**	49.5
Long term prepayment	**136.0**	136.1
Deferred tax assets	**78.1**	65.5
Associates	**1,259.6**	1,165.3
Available for sale investments	**519.2**	528.0
Intangible assets	**1,669.3**	1,472.3
	8,241.4	7,183.7
Current assets		
Inventories	**557.8**	244.0
Property development in progress	**37.2**	34.5
Due from customers on contracts	**244.1**	195.9
Receivables	**1,835.0**	1,093.9
Deposits, cash and bank balance	**579.1**	424.5
Assets classified as held for sale	**-**	91.7
	3,253.2	2,084.5
TOTAL ASSETS	**11,494.6**	9,268.2
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	**470.1**	470.1
Reserves	**3,886.3**	3,757.8
Shareholders' equity	**4,356.4**	4,227.9
Minority interests	**624.3**	470.8
Total equity	**4,980.7**	4,698.7
Non current liabilities		
Long term borrowings	**1,050.6**	687.4
Other payable	**26.9**	26.3
Deferred tax liabilities	**145.7**	121.1
	1,223.2	834.8
Current liabilities		
Borrowings	**3,382.8**	2,475.8
Trade and other payables	**1,664.6**	1,100.3
Due to customer on contracts	**98.6**	124.6
Taxation	**50.7**	34.0
Dividend payable	**94.0**	-
	5,290.7	3,734.7
Total liabilities	**6,513.9**	4,569.5
TOTAL EQUITY AND LIABILITIES	**11,494.6**	9,268.2
NET ASSET PER SHARE - RM		
Attributable to shareholders of the Company	**4.63**	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

	Attributable to shareholders of the Company								
For the financial period ended 30 September 2011	**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 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	-	-	**(6.8)**	-	**(1.0)**	**418.3**	**410.5**	**81.9**	**492.4**
Transactions with owners									
Change in group structure									
- Acquisition of Subsidiaries	-	-	-	-	-	-	-	**78.1**	**78.1**
Transfers during the period	-	-	-	**20.8**	-	**(20.8)**	-	-	-
Issue of shares									
- by Subsidiary to minority	-	-	-	-	-	-	-	**10.5**	**10.5**
Dividends	-	-	-	-	-	**(282.0)**	**(282.0)**	**(17.0)**	**(299.0)**
Balance at 30 September 2011	**470.1**	**1,212.1**	**177.8**	**217.7**	**113.8**	**2,164.9**	**4,356.4**	**624.3**	**4,980.7**
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	-	-	18.6	-	(13.2)	328.6	334.0	62.2	396.2
Transactions with owners									
Change in group structure									
- Investment in Subsidiaries	-	-	-	-	-	-	-	16.3	16.3
- Disposal of a Subsidiary	-	-	-	-	-	-	-	(56.7)	(56.7)
Transfers during the period	-	-	-	18.1	-	(18.1)	-	-	-
Issue of shares									
- by the Company	14.4	48.5	-	-	-	-	62.9	-	62.9
- by Subsidiary to minority	-	-	-	-	-	-	-	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

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 30 September 2011

(All figures are stated in RM million)	2011	2010
Operating activities		
Receipts from customers	**5,974.8**	4,394.8
Cash paid to suppliers and employees	**(5,715.6)**	(4,248.2)
	259.2	146.6
Income taxes paid less refund	**(71.2)**	(56.7)
Net cash generated from operating activities	**188.0**	89.9
Investing activities		
Capital expenditure & construction of investment property	**(312.1)**	(164.4)
Disposal of property plant & equipment and biological assets	**195.6**	-
Acquisition of Subsidiaries, net of cash acquired	**(650.4)**	(38.5)
Additional investments in Associates & Subsidiaries	**(8.7)**	(2.5)
Net inflow on disposal of a Subsidiary	**-**	131.4
Dividends received	**60.9**	59.8
Others	**12.2**	12.8
Net cash used in investing activities	**(702.5)**	(1.4)
Financing activities		
Transactions with owners	**(188.0)**	(162.0)
New loans	**351.2**	20.2
Loans repayment	**(118.6)**	(509.6)
Other borrowings	**757.9**	490.3
Interest paid	**(131.7)**	(83.2)
Others	**(6.6)**	(9.0)
Net cash generated from/(used in) financing activities	**664.2**	(253.3)
Net increase/(decrease) in cash and cash equivalents	**149.7**	(164.8)
Foreign currency translation difference	**0.5**	-
Cash and cash equivalent at beginning of period	**398.3**	549.9
Cash and cash equivalent at end of period	**548.5**	385.1
Analysis of cash and cash equivalents		
Deposits, cash and bank balances	**579.1**	422.7
Overdrafts	**(30.6)**	(37.6)
Cash and cash equivalent at end of period	**548.5**	385.1

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 2010.

Boustead Holdings Berhad (3871-H)

Notes to the interim financial report for the quarter ended 30 September 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 new subsidiaries totalling RM2.7 million made during current financial period. In addition, under FRS 127, a change in the Company's ownership interest in Pharmaniaga Berhad as a result of the proposals described in Note B24(a)(ii) 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

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

(i) On 31 March 2011, the Company paid a 4th interim single tier dividend of 12 sen (FY2009: 9 sen) per share in respect of the previous financial year ended 31 December 2010 amounting to RM112.8 million (FY2009: RM83.9 million).

(ii) On 28 June 2011, the Directors paid a 1st interim single tier dividend of 8 sen (FY2010: 5 sen) per share in respect of the financial year ending 31 December 2011 amounting to RM75.0 million (FY2010: RM47.0 million).

(iii) On 28 October 2011, the dividend in specie referred to Note B24(a)(ii) involving the distribution of 16,412,042 Pharmaniaga shares of RM1 each and cash payment of RM1.74 million to the entitled shareholders was completed.

For the 3rd quarter, the Directors have declared a single tier dividend of 12 sen (FY2010: 12 sen) per share in respect of the year ending 31 December 2011. The dividend will be paid on 30 December 2011 to shareholders registered in the Register of Members at the close of business on 16 December 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	754.1	578.0	330.6	82.2	858.3	3,418.1	(19.8)	6,001.5
Inter-segment sales	-	-	(19.8)	-	-	-	19.8	-
External sales	754.1	578.0	310.8	82.2	858.3	3,418.1	-	6,001.5
Result								
Segment result								
- external	219.5	58.2	69.2	(6.2)	67.6	90.4	-	498.7
Finance cost	(6.4)	(57.7)	(14.3)	(66.7)	(16.8)	(27.0)	49.4	(139.5)
Interest income	15.3	1.5	3.6	25.0	0.4	10.0	(49.4)	6.4
Other investment result	34.2	0.2	-	0.1	-	2.0	-	36.5
Share of result of Associates	4.5	(0.7)	(0.7)	85.8	(0.2)	0.5	-	89.2
	267.1	1.5	57.8	38.0	51.0	75.9	-	491.3
Gain on disposal of plantation assets								94.6
Profit before taxation								585.9
Taxation								(84.1)
Profit for the period								501.8
2010								
Revenue								
Group total sales	598.1	795.0	271.7	174.2	67.4	2,604.9	(19.3)	4,492.0
Inter-segment sales	-	-	(10.4)	(8.9)	-	-	19.3	-
External sales	598.1	795.0	261.3	165.3	67.4	2,604.9	-	4,492.0
Result								
Segment result								
- external	113.3	128.3	62.6	(5.9)	14.4	75.3	-	388.0
Finance cost	(7.4)	(26.9)	(21.6)	(27.5)	-	(32.8)	39.2	(77.0)
Interest income	10.9	0.2	6.0	16.3	-	8.1	(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	71.1	-	-	-	71.7
Profit before taxation	132.3	99.2	49.0	125.6	14.4	53.7	-	474.2
Taxation								(84.0)
Profit for the period								390.2

A9. Debts and Equity Securities

During the current financial period, the Company had issued RM181 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

On 28 October 2011, the Group's interest in Pharmaniaga was reduced from 97.81% to 82.82% upon completion of the dividend in specie as referred to in Note B24(a)(ii). There were no other subsequent events as at 18 November 2011 that will materially affect the financial statements of the financial period under review.

A12. Changes in Group Composition

(i) Pharmaniaga Berhad became a Subsidiary at the end of the 1st quarter of FY2011.

(ii) MHS Aviation Berhad became a Subsidiary at the end of the 2nd quarter of FY2011.

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 B27, the status of the contingent liabilities disclosed in the 2010 Annual Report remains unchanged as at 18 November 2011. No other contingent liability has arisen since the financial year end.

A14. Capital Commitments

The Group has the following commitments as at 30 September 2011:

	Authorised but not contracted	**Authorised and contracted**
	RM million	**RM million**
Additional investment in a subsidiary	-	49.0
Capital expenditure	1,037.6	396.6
	1,037.6	445.6

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.

A16. Intangible Assets

Included in total intangible assets is the estimated goodwill and intangible assets of RM151.4 million arising from the acquisition of the 97.81% stake in Pharmaniaga Berhad representing the excess of the purchase consideration over the book values of Pharmaniaga Berhad at the date of acquisition. 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.

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

B17. Performance Review

For the 3rd quarter, the Group posted an unaudited profit before tax of RM167.1 million which was 9% higher than the profit of RM153.7 million posted for the 3rd quarter of FY2010. The Group's cumulative profit before tax of RM585.9 million was 24% better than that of RM474.2 million for the corresponding period last year.

Cumulatively, the Group's profit after tax totalling RM501.8 million was better than last year's net profit of RM390.2 million by RM111.6 million or 29%.

Group revenue for the 9 months of RM6.0 billion was 34% higher than that recorded during the corresponding period last year. Higher sales volume had contributed to a 31% increase in revenue for the Manufacturing & Trading Division, while the Plantation Division's revenue had also increased by 26% mainly on stronger palm product prices. The first-time consolidation of Pharmaniaga during the 2nd quarter had also boosted revenue of the Pharmaceutical Division which had chalked up sales of RM858 million (FY2010: RM67 million).

For the cumulative period, the Plantation Division contributed a significantly higher pre-tax profit of RM267.1 million (FY2010: RM132.3 million). During the 9-month period, the Division achieved an average palm oil price of RM3,350 per MT, an increase of RM836 or 33% against last year corresponding period's average of RM2,514 per MT. The cumulative FFB crop totalling 854,006 MT was 2% ahead of last year.

The Heavy Industries Division posted a small surplus of RM1.5 million (FY2010: RM99.2 million) for the cumulative period on lower revenue and higher cost. Work on the second generation patrol vessels remained at the preliminary stage, hence revenue for the Division was lower for the current cumulative period. This had also contributed to the increase in interest expense due to the non-capitalisation of interest cost. Cost escalations in completing certain commercial shipbuilding projects had also affected results.

The Property Division's pre-tax profit of RM57.8 million for the 9-month period was 18% higher than last year mainly on improved contribution from property development in tandem with the progress of construction.

The Pharmaceutical Division reported a pre-tax profit of RM51.0 million against last year corresponding period's gain of RM14.4 million. The significant increase was attributable mainly to higher sales revenue while improved productivity and prices had resulted in better margins. Pharmaniaga Berhad which began contributing to the Group from April 2011 had garnered a pre-tax profit of RM35.0 million for the cumulative period.

The Finance & Investment Division posted a cumulative pre-tax profit of RM38.0 million, as compared with the last year corresponding period's result of RM125.6 million, largely on higher interest expense while the previous year's result had benefited from the RM75 million gain on sale of a subsidiary. The Manufacturing and Trading Division's pre-tax profit for the current cumulative period was higher at RM75.9 million (FY2010: RM53.7 million) mainly on strong earnings delivered by BH Petrol which had achieved a higher sales volume and stockholding gains.

B18. Material Changes in Quarterly Results Compared to The Results of the Immediate Preceding Quarter

The current quarter's pre-tax profit of RM167.1 million was lower than the preceding quarter's result of RM250.6 million which had included a RM94.6 million gain from the disposal of plantation assets.

At the operating front, the Plantation Division's pre-tax profit for the current quarter of RM94.3 million was better than the preceding quarter's surplus of RM73.7 million as the bottom line was boosted by a RM14 million dividend income from Boustead REIT, while the 5% increase in FFB crop helped to cushion against a 5% decline in CPO price.

The Finance & Investment Division's profit for the current quarter was marginally lower, mainly due to higher interest expense. Manufacturing and Trading Division registered a lower pre-tax profit during the current quarter on lower stockholding gain at BH Petrol.

Property Division's pre-tax profit for the current quarter of RM21.6 million was marginally lower than the preceding quarter's result which had benefited from gains from the sale of properties and a corporate lot. The Heavy Industries Division's surplus for the current quarter of RM3.5 million was an improvement over the preceding quarter's loss of RM9.2 million.

B19. Prospects for the year

The global economic outlook remains fluid and will likely be impacted negatively by the Euro zone debt crisis and the ensuing deterioration of the economic and financial condition of Europe, weakening of the US economy in addition to the risk of slower growth for China and other emerging economies. Against this backdrop, the Malaysian economy which had registered moderate growth on the back of strong domestic demand and supportive government policy measures may experience a slower pace of growth during the remainder of the year. On the overall, the Group expects to register 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 for the remainder of the year, thus enabling the Division to deliver very strong earnings for FY2011. The negotiation for the contract to construct six naval vessels is progressing well and this will have a positive effect on the earnings of the Heavy Industries Division. 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. Contributions from new Subsidiary Pharmaniaga Berhad together with the improved performance from the Group's pharmaceutical manufacturing operation should bolster well for the Pharmaceutical Division. The other Divisions are also expected to perform satisfactorily in FY2011.

B20. 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
B21. Taxation		
Malaysian taxation based on profit for the period:		
- Current	22.7	78.2
- Deferred	2.8	11.1
	25.5	89.3
Over provision of prior years	(2.7)	(5.2)
	22.8	84.1

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 while certain income is not subject to income tax.

B22. Sale of Unquoted Investments and Properties

Profit on sale of a property	-	1.9

B23. Quoted Securities

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

Purchases	2.9	7.7
Sale proceeds	0.9	8.6
Gain on fair value change	(12.8)	(7.8)
Gain on disposal	-	1.2

(ii) Investments in quoted securities as at 30 September 2011

At cost	384.0
At carrying value/market value	519.0

B24. Corporate Proposals

(a) Status of Corporate Proposals

(i) On 2 November 2010, the Company had executed agreements to undertake a RM1 Billion Guaranteed Medium Term Notes (MTN) Programme. The Guaranteed MTN Programme which has a long term AAA(bg) rating will have tenures of up to 7 years from the first issuance date. 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 RM600 million of MTNs, with the balance of RM400 million of MTNs expected to be issued in FY2012.

(ii) On 6 July 2011, the Company announced the following proposals to address the public shareholder spread of Pharmaniaga Berhad (Pharmaniaga):

- A proposed dividend-in-specie of Pharmaniaga shares held by BHB to shareholders of BHB on the basis of 1 Pharmaniaga share for every 57.5 BHB shares held. In this respect, the Company distributed 16,042,412 Pharmaniaga shares and cash dividend of RM1.74 million to entitled shareholders of BHB on 28 October 2011.
- A proposed restricted offer (Restricted Offer) for sale of up to 16,284,377 Pharmaniaga shares held by BHB to all shareholders of BHB excluding Lembaga Tabung Angkatan Tentera (LTAT) on the basis of 1 Pharmaniaga share for every 24 BHB shares held.
- A proposed divestment (Divestment 1) of 1.5 million Pharmaniaga shares held by BHB to LTAT.
- A proposed divestment (Divestment 2) of 4 million Pharmaniaga shares held by BHB to BHB Directors and employees.
- A proposed divestment (Divestment 3) of 8 million Pharmaniaga shares held by BHB to identified investors.

On 18 October 2011, the Board of Directors of BHB resolved to reduce the offer price for each Pharmaniaga share in respect of the Restricted Offer, Divestment 1, Divestment 2 and Divestment 3 at RM5.46 from RM5.75 previously in view of the prevalent market condition.

In addition, the Company had also announced a proposal to undertake a 1 for 10 bonus issue of 94,016,250 bonus shares to the shareholders of BHB.

In collaboration with BHB, Pharmaniaga had also announced on 6 July 2011, its intention to undertake a proposed 1 for 10 bonus issue of up to 10,697,780 Pharmaniaga shares to the shareholders of Pharmaniaga, to be implemented after the completion of the above proposals by BHB.

The proposals for Divestment 2 and the 1 for 10 bonus issue of BHB will be tabled for approval by the shareholders of BHB at an EGM to be convened before the end of the year. Likewise, the proposed 1 for 10 bonus issue of Pharmaniaga will also be tabled at an EGM for approval by the shareholders of Pharmaniaga. The abridged prospectus in respect of the Restricted Offer will be despatched to entitled shareholders of BHB in due course.

(iii) On 13 October 2011, Pharmaniaga had entered into conditional share sale agreements to acquire the entire issued and paid up ordinary share capital of Idaman Pharma Manufacturing Sdn Bhd (IPMSB) comprising 25 million ordinary shares of RM1 each for a total cash consideration of RM99.73 million from BHB's wholly owned Subsidiary Boustead Idaman Sdn Bhd (BISB) and Idaman Pharma Sdn Bhd (IPSB) being vendors for an equity interest of 51% and 49% respectively.

The proposed acquisition of IPMSB will be tabled for approval by the shareholders of Pharmaniaga at an EGM to be convened before the end of the year.

B24. Corporate Proposals (Cont'd.)

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

(iv) Pharmaniaga's wholly owned subsidiary Pharmaniaga Logistics Sdn Bhd (PLSB), IPMSB and IPSB had via an exchange of letters dated 13 October 2011 confirmed the understanding to enter at a later date, into a Novation Agreement (Proposed Novation).

IPSB and PLSB had previously entered into a Supply Agreement for the supply of 50 pharmaceutical products by IPSB to PLSB for the period from 1 February 2011 to 31 January 2014. Under the Proposed Novation, IPSB will novate and transfer all its rights, benefits, liabilities and obligations under the Supply Agreement to IPMSB. The Proposed Novation to be effected after the completion of the proposed acquisition of IPMSB referred to in B24(a)(iii) will be for a cash consideration of RM51.1 million, being the amount payable to IPSB for the income lost which IPSB would have generated from the Supply Agreement. The Proposed Novation will be tabled for approval by the shareholders of Pharmaniaga at an EGM to be convened before the end of the year.

There were no other corporate proposals announced or pending completion as at 18 November 2011.

(b) Status on Utilisation of Proceeds from Rights Issue as at 31 October 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	328.2	Up to 31 Dec 2012	-		Fully utilised
Rights issue expenses	1.0	0.9	Up to 31 Dec 2012	0.1	10%	No further expenditure
	729.2	729.1		0.1		

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

Proceeds from the issue of the RM600 million of MTNs were fully utilised as at the end of July 2011. The balance of the MTN programme comprising RM400 million of MTNs will be issued during FY2012.

B25. Group Borrowings and Debt Securities

Total group borrowings as at 30 September 2011 are as follows:-

	30.9.2011 RM million	31.12.2010 RM million
Non-current:		
Term loans	906.2	586.5
Bank guaranteed medium term notes	602.7	414.5
	1,508.9	1,001.0
Less: repayable in 1 year	458.3	313.6
	1,050.6	687.4
Current:		
- Bank overdrafts	30.6	26.2
- Bankers' acceptances	194.3	163.8
- Revolving credits	2,699.6	1,972.2
- Short term loans	458.3	313.6
	3,382.8	2,475.8

Included above are short term loans comprising RM40.5 million (US Dollar: 12.70 million) and RM45.2 million (IDR 124.8 billion) which are denominated in foreign currencies. All other borrowings are denominated in Ringgit Malaysia.

B26. Derivative financial instruments

As at 30 September 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	245.5	6.4	22.2	To hedge currency risk of payables
(ii) Interest rate swap contract				
- less than a year	25.0	(0.4)	0.3	To hedge interest rate risk of floating rate term loans
- 1 year to 3 years	18.8	(0.1)	0.1	
	289.3	5.9	22.6	

The Group does not have any off balance sheet financial instruments as at 18 November 2011.

B27. 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 Klimt, Kanowit District, also known as Block D1 in Kanowit District, described as Klimt 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.

Hearing for the case is ongoing, and 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.

(ii) In 2004, Pharmaniaga Berhad (Pharmaniaga) and Safire Pharmaceuticals Sdn Bhd (Safire), now a subsidiary of Pharmaniaga were named the 4th and 3rd defendants by two of the former directors of Safire, as part of their counter claim and defence against a legal suit filed against them by Danaharta Urus. On 22 July 2011, the court striked out/dismissed the case in our favour with costs of RM5,000 to be paid to the Safire/Pharmaniaga. However, on 22 August 2011, a Notice of Motion for leave to appeal to the Federal Court against this decision of the Court of Appeal was filed. The matter which was fixed for Case Management on 15 September 2011 was postponed to 7 December 2011 pending collection of the grounds of judgment of the Court of Appeal and extraction of the sealed Motion.

As at 18 November 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.

B28. Earnings Per Share - Basic

	Current Period		Cumulative Period	
	2011	**2010**	**2011**	**2010**
Net profit for the period (RM million)	**120.9**	91.9	**418.3**	328.6
Weighted average number of ordinary shares in issue (million)	**940.2**	934.7	**940.2**	929.9
Basic earnings per share (sen)	**12.86**	9.83	**44.49**	35.34

B29. Retained Earnings

	30.9.2011 RM million	31.12.2010 RM million
Total retained earnings of Boustead Holdings Berhad and its Subsidiaries		
Realised	**2,437.1**	1,969.9
Unrealised	**135.7**	155.3
	2,572.8	2,125.2
Total share of retained earnings of Associates		
Realised	**530.8**	459.5
Unrealised	**23.0**	8.7
	3,126.6	2,593.4
Consolidation adjustments	**(961.7)**	(544.0)
Total retained earnings of the Group as per consolidated accounts	**2,164.9**	2,049.4

30. 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 48,902 hectares leased under the Asset Backed Securitisation Programme and from Al Hadharah Boustead REIT.

	Cumulative Period	
	2011	2010
(b) Crop Production		
FFB - MT	**854,006**	837,197
(c) Average Selling Prices (RM)		
FFB (per MT)	**730**	531
Palm oil (per MT)	**3,350**	2,514
Palm kernel (per MT)	**2,413**	1,458

32. Economic Profit

	2011 RM million	2010 RM million
For the financial period ended 30 September	**170.7**	68.7

33. Headline KPIs

	2011 (9 Months) Actual	2011 (12 Months) Target
Return on Equity (ROE)	9.7%	12.0%
Return on Assets (ROA)	7.0%	9.0%