Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the quarter ended 31 December 2011	**Current Period**		**Cumulative Period**	
(All figures are stated in RM million)	**2011**	**2010**	**2011**	**2010**
Revenue	**2,554.3**	1,689.8	**8,555.8**	6,181.8
Operating cost	**(2,443.7)**	(1,495.8)	**(7,946.5)**	(5,599.8)
Profit from operations	**110.6**	194.0	**609.3**	582.0
Gain on disposal of plantation assets	**-**	**-**	**94.6**	**-**
Interest income	**1.9**	1.9	**8.3**	4.2
Other investment results	**151.6**	57.4	**188.1**	146.6
Finance cost	**(61.5)**	(36.6)	**(201.0)**	(113.6)
Share of results of Associates	**42.5**	35.3	**131.7**	107.0
Profit before taxation	**245.1**	252.0	**831.0**	726.2
Taxation	**(15.0)**	(17.3)	**(99.1)**	(101.3)
Profit for the period	**230.1**	234.7	**731.9**	624.9
Profit for the period attributable to:				
Shareholders of the Company	**192.3**	208.9	**610.6**	537.5
Non-controlling interests	**37.8**	25.8	**121.3**	87.4
Profit for the period	**230.1**	234.7	**731.9**	624.9
Earnings per share - sen				
Basic	**18.59**	20.20	**59.04**	52.26

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 December 2011	Current Period		Cumulative Period	
(All figures are stated in RM million)	**2011**	**2010**	**2011**	**2010**
Profit for the period	**230.1**	234.7	**731.9**	624.9
Other comprehensive income/(loss)				
Currency translation difference in respect of foreign operations	**2.2**	9.1	**1.4**	(4.1)
Net gain on available for sale investments				
- fair value changes	**40.5**	31.3	**32.7**	52.0
- transfer to profit or loss on disposal	**-**	(0.7)	**(0.8)**	(2.2)
Total comprehensive income for the period	**272.8**	274.4	**765.2**	670.6
Attributable to:				
Shareholders of the Company	**234.1**	248.5	**644.6**	582.5
Non-controlling interests	**38.7**	25.9	**120.6**	88.1
Total comprehensive income for the period	**272.8**	274.4	**765.2**	670.6

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 December 2011 **(All figures are stated in RM million)**	**Unaudited 31 December 2011**	**Audited 31 December 2010**
ASSETS		
Non current assets		
Property, plant and equipment	**3,445.0**	2,119.0
Biological assets	**347.6**	357.2
Investment properties	**1,212.9**	1,074.7
Development properties	**227.1**	216.1
Prepaid land lease payments	**39.6**	49.5
Long term prepayment	**143.3**	136.1
Deferred tax assets	**105.5**	65.5
Associates	**1,274.7**	1,165.3
Available for sale investments	**592.8**	528.0
Intangible assets	**1,257.4**	1,472.3
	8,645.9	7,183.7
Current assets		
Inventories	**680.3**	244.0
Property development in progress	**12.2**	34.5
Due from customers on contracts	**231.3**	195.9
Receivables	**1,534.1**	1,093.9
Deposits, cash and bank balance	**1,140.7**	424.5
Assets of a disposal group classified as held for sale	**50.7**	91.7
	3,649.3	2,084.5
TOTAL ASSETS	**12,295.2**	9,268.2
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	**470.1**	470.1
Reserves	**3,981.3**	3,757.8
Shareholders' equity	**4,451.4**	4,227.9
Non-controlling interests	**751.9**	470.8
Total equity	**5,203.3**	4,698.7
Non current liabilities		
Borrowings	**1,159.3**	687.4
Other payable	**27.5**	26.3
Deferred tax liabilities	**140.5**	121.1
	1,327.3	834.8
Current liabilities		
Borrowings	**3,936.2**	2,475.8
Trade and other payables	**1,704.5**	1,100.3
Due to customer on contracts	**59.7**	124.6
Taxation	**59.4**	34.0
Liabilities directly associated with a disposal group classified as held for sale	**4.8**	-
	5,764.6	3,734.7
Total liabilities	**7,091.9**	4,569.5
TOTAL EQUITY AND LIABILITIES	**12,295.2**	9,268.2

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 December 2011	Attributable to shareholders of the Company								
	Share Capital	***Share Premium**	***Revaluation & Fair Value Reserve**	***Statutory Reserve**	***Other Reserves**	**Retained Profit**	**Total**	**Non-Controlling 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	-	-	**32.5**	-	**1.5**	**610.6**	**644.6**	**120.6**	**765.2**
Transactions with owners									
Changes in ownership interests in Subsidiaries									
- Acquisition of Subsidiaries	-	-	-	-	-	-	-	**44.9**	**44.9**
- Additional investment in Subsidiaries	-	-	-	-	-	**(11.8)**	**(11.8)**	**(41.6)**	**(53.4)**
- Partial disposal of a Subsidiary	-	-	-	-	**(0.2)**	**(14.3)**	**(14.5)**	**189.4**	**174.9**
Transfers during the period	-	-	-	**28.5**	**0.1**	**(28.6)**	-	-	-
Issue of shares by Subsidiaries	-	-	-	-	-	-	-	**10.4**	**10.4**
Dividends	-	-	-	-	-	**(394.8)**	**(394.8)**	**(42.6)**	**(437.4)**
Balance at 31 December 2011	**470.1**	**1,212.1**	**217.1**	**225.4**	**116.2**	**2,210.5**	**4,451.4**	**751.9**	**5,203.3**
As at 1 January 2010	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									
Changes in ownership interests in Subsidiaries									
- Investment in 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	-	-	-	-	-	-	-	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

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 December 2011

(All figures are stated in RM million)	**2011**	**2010**
Operating activities		
Receipts from customers	**9,112.0**	6,046.3
Cash paid to suppliers and employees	**(8,034.5)**	(5,812.9)
	1,077.5	233.4
Income taxes paid less refund	**(118.0)**	(60.0)
Net cash from operating activities	**959.5**	173.4
Investing activities		
Capital expenditure & construction of investment property	**(1,012.2)**	(290.5)
Disposal of plantation assets	**189.2**	-
Disposal of property plant & equipment and biological assets	**12.6**	9.1
Acquisition of Subsidiaries, net of cash acquired	**(645.1)**	(22.9)
Additional investments in Associates & Subsidiaries	**(62.1)**	(2.8)
Net inflow on disposal of a Subsidiary	**-**	131.4
Partial disposal of a Subsidiary	**82.7**	-
Dividends received	**89.1**	56.1
Others	**(20.2)**	(56.6)
Net cash used in investing activities	**(1,366.0)**	(176.2)
Financing activities		
Transactions with owners	**(302.6)**	(274.8)
New loans	**724.4**	440.6
Loans repayment	**(394.1)**	(446.1)
Other borrowings	**1,301.1**	280.2
Interest paid	**(198.7)**	(125.3)
Others	**(32.2)**	(23.4)
Net cash from/(used in) financing activities	**1,097.9**	(148.8)
Net increase/(decrease) in cash and cash equivalents	**691.4**	(151.6)
Foreign currency translation difference	**0.2**	-
Cash and cash equivalent at beginning of period	**398.3**	549.9
Cash and cash equivalent at end of period	**1,089.9**	398.3
Analysis of cash and cash equivalents		
Deposits, cash and bank balances	**1,140.7**	424.5
Overdrafts	**(51.6)**	(26.2)
	1,089.1	398.3
Deposits, cash and bank balances classified as held for sale	**0.8**	-
Cash and cash equivalent at end of period	**1,089.9**	398.3

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 December 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 new and amended FRS and IC Interpretations:-

- FRS 1 First time adoption of financial reporting standards
- FRS 3 Business combinations (revised)
- FRS 7 Disclosures for first-time adopters
- FRS 127 Consolidated and separate financial statements
- Amendments to FRS 1 Additional exemption for first-time adopters
- Amendments to FRS 1 Limited exemption from comparative
- Amendments to FRS 2 Share-based payment
- Amendments to FRS 2 Group cash-settled share-based payment transactions
- Amendments to FRS 5 Non-current assets held for sale and discontinued operations
- Amendments to FRS 7 Improving disclosures about financial instruments
- Amendments to FRS 132: Classification of rights issues
- Amendments to FRS 138 Intangible assets
- Amendments to IC Interpretation 9 Reassessment of embedded derivatives
- IC Interpretation 4 Determining whether an arrangement contains a lease
- 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
- IC Interpretation 18 Transfer of assets from customers
- Improvements to FRSs 2010

Adoption of the above standards and interpretations did not have any effect on the financial performance or presentation of the financial statements of the Group, other than for:

(a) The amended FRS 7 only affects certain presentation in the annual financial statements, such as the enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value.

(b) FRS 3 on acquisition-related costs which were previously allowed to be added to the carrying amounts of the Subsidiaries, are now required to be expensed during the period when incurred. Accordingly, the Group and the Company had expensed such costs totalling RM3.3 million during the current financial year.

(c) Under FRS 127:

- A change in the Company's ownership interest in Pharmaniaga Berhad as a result of the proposals described in Note B22(a)(ii) was accounted for as an equity transaction as such transactions will not give rise to a gain or loss.

- Minority interest is now referred to as non-controlling interest.

- Losses within a Subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. Prior to 1 January 2011, the allocation of such losses to non-controlling interests would cease when the carrying amount of the non-controlling interests is nil. The subsequent profits attributable to the non-controlling interests would not be added to the carrying amount of the non-controlling interests until all the previous losses have been made good. Following the prospective application of the revised FRS 127, such non-controlling interests which did not fully recognised their portion of the losses were credited with their share of the current year’s profit totalling RM38.3 million.

A2. Accounting Policies (Cont'd.)

(ii) Presentation of Segmental Information

For the financial year commencing 1 January 2011, the Group's activities in the varied sectors of the Malaysian economy have been reorganised as the Group increased its focus in the new Pharmaceutical business segment. Accordingly, the Group's segment information has been 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.

(iii) Standards Issued but not yet Effective

The Group has not early adopted the following new and amended FRS and IC Interpretations that are not yet effective:

	Effective for annual period beginning on or after
• Amendments to IC Interpretation 19 Extinguishing financial liabilities with equity instruments	1 July 2011
• Amendments to FRS 7 Disclosures – Transfers of financial assets	1 January 2012
• Amendments to FRS 112 Deferred Tax – Recovery of underlying assets	1 January 2012
• FRS 124 Related party disclosures	1 January 2012
• Amendments to FRS 101 Presentation of other Items of other comprehensive income	1 July 2012
• FRS 9 Financial instruments	1 January 2013
• FRS 10 Consolidated financial statements	1 January 2013
• FRS 11 Joint arrangements	1 January 2013
• FRS 12 Disclosures on interests in other entities	1 January 2013
• FRS 13 Fair value measurements	1 January 2013
• Amendments to FRS 119 Employee benefits	1 January 2013
• Amendments to FRS 127 Separate financial statements	1 January 2013
• Amendments to FRS 128 Investments in associates and joint ventures	1 January 2013

(iv) Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the MFRS Framework. As at 31 December 2011, all the FRS issued under the existing FRS Framework are the same as the MFRS. The key differences between the MFRS Framework and the FRS Framework are that in the MFRS Framework, FRS 201_{2004} Property Development Activities will continue to be the extant standard for accounting for property development activities and not IC 15, and there is no equivalent standard to IAS 41 Agriculture.

The MFRS Framework is effective for annual periods beginning on or after 1 January 2012 for all entities except for entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein called Transitioning Entities).

The Group falls under the scope definition of Transitioning Entities and opted to adopt MFRS for annual periods beginning on or after 1 January 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

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 (2009: 9 sen) per share in respect of the previous financial year ended 31 December 2010 amounting to RM112.8 million (2009: RM83.9 million).

(ii) On 28 June 2011, the Company paid a 1st interim single tier dividend of 8 sen (2010: 5 sen) per share in respect of the financial year ending 31 December 2011 amounting to RM75.2 million (2010: RM47.0 million).

(iii) On 28 October 2011, the dividend-in-specie referred to Note B22(a)(ii) involving the distribution of 16,042,412 ordinary shares of RM1 each in Pharmaniaga Berhad and cash payment of RM1.74 million to the entitled shareholders was completed.

(iv) On 30 December 2011, the Company paid a 3rd interim single tier dividend of 12 sen (2010: 12 sen) per share in respect of the financial year ending 31 December 2011 amounting to RM112.8 million (2010: RM112.8 million).

For the 4th quarter, the Directors have declared a single tier dividend of 9 sen (2010: 12 sen) per share in respect of the year ended 31 December 2011. The dividend will be paid on 30 March 2012 to shareholders registered in the Register of Members at the close of business on 16 March 2012.

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	1,031.3	1,094.5	476.0	105.0	1,257.7	4,618.6	(27.3)	8,555.8
Inter-segment sales	-	-	(27.3)	-	-	-	27.3	-
External sales	1,031.3	1,094.5	448.7	105.0	1,257.7	4,618.6	-	8,555.8
Result								
Segment result								
- external	245.2	46.7	102.7	(8.0)	92.0	130.7	-	609.3
Finance cost	(8.7)	(88.0)	(20.1)	(92.5)	(24.7)	(36.5)	69.5	(201.0)
Interest income	21.7	2.6	5.0	35.6	0.6	12.3	(69.5)	8.3
Other investment result	34.3	40.6	111.6	(4.2)	(0.2)	6.0	-	188.1
Share of result of Associates	6.3	(0.6)	11.7	114.4	(0.2)	0.1	-	131.7
	298.8	1.3	210.9	45.3	67.5	112.6	-	736.4
Gain on disposal of plantation assets								94.6
Profit before taxation								831.0
Taxation								(99.1)
Profit for the period								731.9
2010								
Revenue								
Group total sales	806.5	1,166.0	414.7	198.8	93.4	3,527.1	(24.7)	6,181.8
Inter-segment sales	-	-	(15.9)	(8.8)	-	-	24.7	-
External sales	806.5	1,166.0	398.8	190.0	93.4	3,527.1	-	6,181.8
Result								
Segment result								
- external	155.0	188.9	103.0	(3.9)	25.5	113.5	-	582.0
Finance cost	(9.5)	(40.2)	(24.3)	(50.7)	(4.7)	(37.0)	52.8	(113.6)
Interest income	14.8	0.9	6.9	23.4	-	11.0	(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	101.7	-	0.1	-	107.0
Profit before taxation	182.7	146.2	138.5	144.1	20.8	93.9	-	726.2
Taxation								(101.3)
Profit for the period								624.9

A9. Debts and Equity Securities

(i) During the 3rd quarter ended 30 September 2011, the Company 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.

(ii) During the current quarter, the Company issued RM78 million MTNs with a maturity date of 3 years from the date of issue. The AAA(bg) MTNs bear interest at an effective interest rate of 5.1% 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 10 January 2012, the Company's issued and paid up share capital was increased from RM470.1 million to RM517.1 million by way of a bonus issue of 94,015,554 ordinary shares of RM0.50 each on the basis of 1 new BHB share for every 10 existing BHB shares held.

There were no other subsequent events as at 23 February 2012 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 2011. At year end, the Group's interest in Pharmaniaga was reduced from 97.81% to 67.2% following the completion of the corporate exercise comprising the dividend-in-specie, restricted offer for sale to shareholders of BHB and divestments as referred to in Note B22(a)(ii).

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

(iii) The Group's effective interest in Idaman Pharma Manufacturing Sdn Bhd was increased from 51.0% to 67.2% at year end, upon the completion of the acquisition of IPMSB by Pharmaniaga Berhad as described in Note B22(a)(iii).

(iv) Boustead Sissons Paints Sdn Bhd became a wholly owned Subsidiary of the Group at the end of the 4th quarter.

(v) Landasan Ria Sdn Bhd became a wholly owned Subsidiary of MHS Aviation Berhad during the current financial period.

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 B24, the status of the contingent liabilities disclosed in the 2010 Annual Report remains unchanged as at 23 February 2012. No other contingent liability has arisen since the financial year end.

A14. Capital Commitments

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

	Authorised but not contracted RM million	**Authorised and contracted RM million**
Capital expenditure	843.9	451.4

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

RM' million	Goodwill	Concession right	Right to supply	OPV cost	2011	2010
Cost:						
At 1 January	1,017.0	-	-	455.3	1,472.3	1,470.4
Acquisition of Subsidiaries	160.2	75.0	-	-	235.2	1.9
Additions	-	-	12.1	-	12.1	-
Reclassification to contract costs	-	-	-	(455.3)	(455.3)	-
At 31 December	1,177.2	75.0	12.1	-	1,264.3	1,472.3
Accumulated amortisation and impairment						
At 1 January	-	-	-	-	-	-
Amortisation	-	6.5	0.4	-	6.9	-
At 31 December	-	6.5	0.4	-	6.9	-
Net carrying amount at 31 December	1,177.2	68.5	11.7	-	1,257.4	1,472.3

A Subsidiary of the Group was granted an extension to the concession relating to the privatisation of the Medical Laboratory and Store of the Ministry of Health for the distribution of selected medical products to Government-owned hospitals for a further ten years commencing 1 December 2009. This concession right was acquired as part of a business combination and is initially measured at its fair value at the acquisition date. The fair value of the concession right was computed by discounting the estimated future net cash flows to be generated from the acquisition date until the expiry of the current concession term which ends on 30 November 2019. The fair value of the concession right is amortised on a straight line basis over the remaining tenure of the concession contract.

The fair value of assets acquired and liabilities assumed from the acquisition of Subsidiaries are as follows:

	RM Million
Net assets acquired:	
Property plant and equipment	(557.7)
Other non-current assets	(20.8)
Intangible assets	(235.2)
Current assets	(751.1)
Negative goodwill	40.4
Current liabilities	531.8
Non-current liabilities	245.9
Non-controlling interests	44.9
Purchase consideration	(701.8)
Deposit paid previously	16.0
Cash and cash equivalent acquired	40.7
Cash outflow on acquisition	(645.1)

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

B17. Performance Review

For the 4th quarter, the Group posted an unaudited profit before tax of RM245.1 million which was 3% short of the profit of RM252.0 million posted for the 4th quarter of 2010. The Group’s cumulative profit before tax of RM831.0 million was 14% better than that of RM726.2 million for the corresponding period last year.

Cumulatively, the Group's profit after tax totalling RM731.9 million was better than last year's net profit of RM624.9 million by RM107 million or 17%.

The Group's revenue for the 12 months of RM8.6 billion was 38% higher than that of 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 28% mainly on stronger palm product prices and better FFB crop. The Pharmaceutical Division's sales also rose sharply to RM1.26 billion (2010: RM93.4 million) mainly due to the consolidation of Pharmaniaga Berhad.

B17. Performance Review (Cont'd.)

For the cumulative period, the Plantation Division contributed a significantly higher pre-tax profit of RM298.8 million (2010: RM182.7 million). During the year, the Division achieved an average palm oil price of RM3,272 per MT, an increase of RM650 or 25% against last year corresponding period's average of RM2,622 per MT. The cumulative FFB crop totalling 1,121,629 MT was 5% ahead of last year.

The Heavy Industries Division posted a breakeven result as compared with last year's profit of RM146.2 million. This was due to cost escalations in commercial shipbuilding projects and higher finance charges. 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. During the current quarter, negative goodwill arising from the acquisition of a Subsidiary was recognised as an investment income for the Division.

The Property Division's pre-tax profit of RM210.9 million for the 12-month period was higher than last year by RM72.4 million or 52%. Segment revenue increased by about 13% to RM448.7 million with improvements posted by all the business units. The Division's portfolio of investment properties which are located at prime locations also contributed a sharply higher fair value gain of RM111.6 million (2010: RM50.0 million), while rental income generated by the Division's investment properties was also higher.

The Pharmaceutical Division reported a pre-tax profit of RM67.5 million against last year's gain of RM20.8 million. The significant increase was attributable mainly to the consolidation of Pharmaniaga Berhad which began contributing to the Group from April 2011 and better margins on the back of improved productivity and prices.

The Finance & Investment Division posted a cumulative pre-tax profit of RM45.3 million, as compared with RM144.1 million last year which had included the gain on disposal of BH Insurance. The Group had embarked on an acquisition trail acquiring Pharmaniaga Berhad and MHS Aviation Berhad in 2011, and the interest cost to fund these acquisitions had brought down the Division's profit for the current year. The Manufacturing and Trading Division's pre-tax profit for the current financial year was higher at RM112.6 million (2010: RM93.9 million). BHPetrol, the Division's significant profit contributor, had produced an outstanding performance attributable mainly to the increase in volumes from all product lines, stronger operating margins and stockholding gain.

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

The current quarter's pre-tax profit of RM245.1 million was higher than the preceding quarter's result of RM167.1 million. Excluding the fair value gain on investment properties and negative goodwill of RM109.5 million and RM40.4 million respectively, the current quarter's result is weaker by RM71.9 million.

The Plantation Division's pre-tax profit for the current quarter of RM31.7 million was lower than the preceding quarter's surplus of RM94.3 million which had included a RM14 million dividend income from Boustead REIT. In addition, the current quarter's FFB crop of 267,222 MT was 12% lower than the preceding quarter. The average CPO price achieved during the current quarter of RM3,002 per MT was also less than the preceding quarter's price of RM3,186 per MT.

The Finance & Investment Division's profit for the current quarter was lower, after booking in a fair value loss on investment property and acquisition related costs. Manufacturing and Trading Division registered a higher pre-tax profit during the current quarter mainly on better performance from BHPetrol and UAC attributable largely to cost efficiencies.

The Property Division's pre-tax profit for the current quarter was significantly better than the preceding quarter largely on the recognition of fair value gain on investment properties. The Heavy Industries Division's result for the current quarter had included the RM40.4 million negative goodwill. Operationally, the Division incurred a loss of RM40.6 million as compared to the small surplus of RM3.5 million for the preceding quarter, as cost escalations on ship construction had eroded profits from other business streams.

B19. Prospects for the Coming Year

The global economic outlook will likely be impacted negatively by the Eurozone 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. On the home front, 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 in 2012.

Plantation's earnings will very much be dependent on palm oil prices which are expected to stay at attractive levels for the coming year. On the supply side, the above-average yields seen for most of 2011 will unlikely to be repeated in 2012, and the soy oil, corn oil and rapeseed oil supplies may be trimmed in 2012. Notwithstanding concerns of the Eurozone and US debt crisis developing into full blown economic recession, global palm oil demand which are largely driven by consumption in China and India is expected to carry a relatively smaller risk of economic slowdown in these countries in 2012.

The highlight of the Heavy Industries Division's future will be the construction of the Second Generation Patrol Vessels (SGPV). Many elements are being finalised with the SGPV project's various stakeholders. While we undertake detailed cost modelling, we will also commence manpower and risk management analyses in relation to this significant project. The Division will look forward to the completion of the contract of delivering the remaining 7 interceptor crafts for the Malaysian Maritime Enforcement Agency. Maintenance, repair and overhaul activities, which include submarine maintenance, are also expected to contribute significantly to the Division’s earnings in 2012.

We expect organic growth to drive the Property Division's earnings in the coming year. While we are continuously on the lookout for prime land bank that we can add value to, the Division is constantly enhancing the value of its portfolio of properties. The Kidzania Kuala Lumpur, an award winning indoor theme park and the newly constructed The Royale Bintang Damansara Hotel, both to open for business in 2012 are expected to contribute additional earnings and bring about higher footfall to the Curve, Mutiara Damansara. The Malaysian Government's focus on improving public healthcare services, as evident in the 2012 budget allocation of RM15.2 billion will provide the impetus for the growth of pharmaceuticals and healthcare industries. This as well as the full year contribution from Pharmaniaga Berhad should bolster well for the Pharmaceutical Division. The Manufacturing and Trading Division's earnings for the coming year will be driven by the BHPetrol operations which are expected to perform well.

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 non-controlling interests and shortfall in profit guarantee are not applicable.

B21. Taxation

	Current Period 2011 RM million	Cumulative Period 2011 RM million
Malaysian taxation based on profit for the period:		
- Current	47.1	125.3
- Deferred	(24.4)	(13.3)
	22.7	112.0
Over provision of prior years	(7.7)	(12.9)
	15.0	99.1

The Group's effective tax rate for the current quarter and the financial year is lower than the statutory tax rate mainly due to the utilisation of previously unrecognised tax losses and capital allowances and deferred tax asset recognised during the year, while certain income is not subject to income tax.

B22. 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 RM678 million of MTNs, with the balance of RM322 million of MTNs expected to be issued in 2012.

(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 (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. In this respect, the Company had on 28 December 2011 sold 11,189,106 Pharmaniaga shares of RM1.00 each for a cash consideration of RM61.1 million or RM5.46 per Pharmaniaga share to eligible shareholders of BHB.
- 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 up to 94,016,250 bonus shares to the shareholders of BHB. The bonus issue was completed on 10 January 2012.

Divestment 1 and Divestment 2 were completed on 5 January 2012. Divestment 3 is yet to be implemented.

In collaboration with BHB, Pharmaniaga is undertaking a bonus issue of up to 10,697,780 Pharmaniaga shares of RM1.00 each to the shareholders of Pharmaniaga. The bonus issue was completed on 17 February 2012.

(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 the equity interest of 51% and 49% respectively.

The acquisition of IPMSB was completed on 28 December 2011.

(iv) Pharmaniaga Logistics Sdn Bhd (PLSB), a wholly owned Subsidiary of Pharmaniaga, had on 6 January 2012 entered into a Novation Agreement with Idaman Pharma Sdn Bhd (IPSB) and Idaman Pharma Manufacturing Sdn Bhd (IPMSB) for a cash consideration of RM51,083,000.

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 Novation Agreement, IPSB will novate and transfer all its rights, benefits, liabilities and obligations under the Supply Agreement to IPMSB. The Novation Agreement is subject to the confirmation in writing from the Ministry of Finance for the effective and valid transfer of the Adoption Scheme Status from IPSB to IPMSB being obtained in a manner acceptable to Pharmaniaga.

B22. Corporate Proposals (Cont'd.)

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

(v) On 11 January 2012, Bounty Crop Sdn Bhd (Bounty Crop), a wholly-owned Subsidiary of Boustead Plantations Berhad, which in turn is a wholly-owned Subsidiary of the Company, and Supriadi Zainal entered into a sale and purchase agreement (SPA) with PT Agro Investama Gemilang (PTAIG) for the disposal of 712,576 shares of PT Dendymarker Indahlestari (PTDI) with a nominal value of Rp1,000,000 per share representing 95% of the issued and paid-up share capital of PTDI for a total cash consideration of US$38,000,000 (or RM119.5 million). The sum of US$4 million was received upon signing of the SPA.

The completion of the SPA is subject to the submission and/or obtainment of Badan Koordinasi Penanaman Modal's (BKPM) approval with respect to the change of shareholders of PTDI and the receipt by PTDI and completion of the verification exercise by PTAIG to the satisfaction of PTAIG.

There were no other corporate proposals announced or pending completion as at 23 February 2012.

(b) Status on Utilisation of Proceeds from Issue of MTNs as at 31 January 2012

Proceeds from the issue of the RM678 million of MTNs were fully utilised as at the end of December 2011. The balance of the MTN programme comprising RM322 million of MTNs will be issued during 2012.

B23. Group Borrowings and Debt Securities

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

	31.12.2011 RM million	**31.12.2010 RM million**
Non-current:		
Term loans		
- Denominated in US Dollars	71.1	39.2
- Denominated in Indonesian Rupiah	37.3	-
- Denominated in RM	749.3	472.3
	857.7	511.5
Bank guaranteed medium term notes	674.1	414.5
	1,531.8	926.0
Less: repayable in 1 year	372.5	238.6
	1,159.3	687.4
Current:		
Bank overdrafts	51.6	26.2
Bankers' acceptances	367.0	163.8
Revolving credits		
- Denominated in US Dollars	36.2	-
- Denominated in RM	3,108.9	2,047.2
Short term loans	372.5	238.6
	3,936.2	2,475.8

B24. Changes in Material Litigations

(i) On 30 March 2011, 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.

Hearing for the case is ongoing, and based on the facts of the case, the Group is of the view that BPlant and BPK have a good defence to the claim by the Plaintiffs.

B24. Changes in Material Litigations (Cont'd.)

(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 Safire/Pharmaniaga. The hearing at the Federal Court has been fixed for 13 March 2012.

(iii) The Group's Subsidiary, Boustead Naval Shipyard Sdn Bhd (BNS), had on 25 March 2011 been served with a Writ of Summons dated 13 January 2011 and Amended Statement of Claim dated 10 March 2011 by Meridien Shore Sdn Bhd (In Liquidation) (Meridien). Under the said Writ of Summons, Meridien is claiming against BNS for specific damages in the amount of RM49,577,510.10, interest at 8% per annum on the said amount of RM49,577,510.10, general damages, cost and other relief that the Court deems fit over alleged losses suffered by Meridien arising from foreclosure of several of its lands in Johor (Lands) by Bank Kerjasama Rakyat Malaysia Berhad (Bank Rakyat). Meridien is alleging that it had created third party charges over the Lands as a form of security for a financing facility granted by Bank Rakyat to BNS for the sum of RM15 million. It was also alleged by Meridien that Bank Rakyat foreclosed and auctioned off the Lands because BNS had defaulted on its repayment obligations to Bank Rakyat.

The trial date has been postponed to 2 February 2012. BN Shipyard has filed an application on Security for Cost on 11 January 2012 and the Court has fixed the matter for hearing on 17 December 2012. Solicitors have been appointed to handle this case and the Group, in consultation with the solicitors, are of the view that BNS has a good defence to the claim by Meridien.

As at 23 February 2012, there were no other changes in material litigation, including the status of pending material litigation since the date of the last annual statement of financial position as at 31 December 2010.

B25. Earnings Per Share - Basic

	Current Period		Cumulative Period	
	2011	**2010**	**2011**	**2010**
Net profit for the period (RM million)	**192.3**	208.9	**610.6**	537.5
Weighted average number of ordinary shares in issue (million)	**1,034.2**	1,034.2	**1,034.2**	1,028.5
Basic earnings per share (sen)	**18.59**	20.20	**59.04**	52.26

The weighted average number of ordinary shares in issue for the purpose of the computation of the earnings per share as tabulated above had been adjusted retrospectively to reflect the Company's bonus issue which was completed on 10 January 2012 as referred to in Note A11.

B26. Retained Earnings

	31.12.2011	**31.12.2010**
	RM million	**RM million**
Total retained earnings of Boustead Holdings Berhad and its Subsidiaries		
Realised	**2,236.9**	1,969.9
Unrealised	**236.2**	155.3
	2,473.1	2,125.2
Total share of retained earnings of Associates		
Realised	**561.2**	459.4
Unrealised	**7.7**	8.7
	3,042.0	2,593.3
Consolidation adjustments	**(831.5)**	(543.9)
Total retained earnings of the Group as per consolidated accounts	**2,210.5**	2,049.4

B27. Additional Disclosures

The Group's profit before taxation is stated after (crediting)/deducting the following:

	Current Quarter		Cumulative Quarter	
	2011	**2010**	**2011**	**2010**
	RM million	**RM million**	**RM million**	**RM million**
Net fair value gain on investment properties	**(109.5)**	(52.1)	**(109.5)**	(52.1)
Negative goodwill recognised	**(40.4)**	-	**(40.4)**	(1.6)
Gain on disposal of a Subsidiary	**-**	-	**-**	(75.0)
Depreciation and amortisation	**67.4**	36.6	**184.2**	126.2
Provision for and write off of receivables	**3.6**	8.0	**6.7**	8.5
Provision for and write off of inventories	**8.5**	6.8	**10.9**	7.4
Impairment of assets	**9.1**	3.0	**14.6**	3.0
Gain on disposal of properties	**(2.2)**	(2.5)	**(4.1)**	(2.5)
Foreign exchange (gain)/loss	**(5.4)**	7.0	**14.5**	(5.1)
Net fair value gain on derivatives	**(0.6)**	(4.6)	**(23.2)**	(1.2)

B28. Plantation Statistics

		Cumulative Period	
		2011	**2010**
(a)	**Planted areas (hectares)**		
	Oil palm - prime mature	**60,730**	61,323
	- young mature	**7,183**	6,308
	- immature	**6,271**	6,723
		74,184	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 (MT)**		
	FFB	**1,121,629**	1,070,455
(c)	**Average selling prices (RM per MT)**		
	FFB	**687**	556
	Palm oil	**3,272**	2,622
	Palm kernel	**2,195**	1,625

29. Economic Profit

	2011	**2010**
	RM million	**RM million**
For the financial year ended 31 December	**159.5**	114.3

30. Headline KPIs

	2011 Actual	**2011 Target**	**2012 Target**
Return on Equity (ROE)	14.1%	12.0%	10.0%
Return on Assets (ROA)	9.6%	9.0%	7.5%
Dividend per share	39.0 sen	30.0 sen	30.0 sen

The headline KPIs for 2012 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.