



Boustead Holdings Berhad
(A member of LTAT Group) 3871-H

FOCUSED



**STRONGER
GROWTH**

Laporan Tahunan
2003
Annual Report

Boustead2003

2003 annual report ACHIEVING STRONGER GROWTH



chairman's
STATEMENT
40



chief executive's
REVIEW
52

CONTENTS

2 board of directors 7 corporate information 8 corporate calendar 9 senior management team
14 audit committee report 20 corporate governance statement 32 statement on internal control
38 five year group financial highlights 40 chairman's statement 52 chief executive's review
80 financial statements 179 group property portfolio 183 group oil palm agricultural statistics
184 location of group plantation properties 185 age profile of oil palm planted area
186 shareholding statistics 187 notice of annual general meeting 196 statement accompanying
the notice of annual general meeting * proxy form

56

plantation

64

property

68

finance &
investment

72

manufacturing
& trading

76

service
industry



KANDUNGAN

2 lembaga pengarah 7 maklumat korporat 8 kalendar korporat 9 kumpulan pengurusan kanan
15 laporan jawatankuasa audit 21 penyata tadbir urus korporat 33 penyata kawalan dalaman
38 pencapaian kewangan kumpulan bagi lima tahun 40 penyata pengerusi 52 tinjauan ketua eksekutif
130 penyata kewangan 181 portfolio harta kumpulan 183 statistik pertanian kelapa sawit kumpulan
184 lokasi hartanah perladangan kumpulan 185 profil umur bagi kawasan yang ditanam kelapa sawit
186 statistik pemegang saham 192 notis mesyuarat agung tahunan 196 penyata bersama notis
mesyuarat agung tahunan * borang proksi

BOARD OF DIRECTORS **LEMBAGA PENGARAH**



FROM LEFT TO RIGHT **DARI KIRI KE KANAN**

Y. Bhg. Lt. Gen. (R) Dato' Mohd Yusof Din, Encik Azzat Kamaludin, Tuan Hj. Johari Muhamad Abbas,
Y. Bhg. Gen. (R) Tan Sri Dato' Mohd Ghazali Hj. Che Mat, Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin
& Y. Bhg. Dato' (Dr.) Megat Abdul Rahman Megat Ahmad.





Y. BHG. GEN. (R) TAN SRI DATO' MOHD GHAZALI HJ. CHE MAT

Age 73, a Malaysian, is a non-independent non-executive Director and the Chairman of Boustead Holdings Berhad. He was appointed to the Board on 3 December 1990. He is the Chairman of the Nomination Committee, Remuneration Committee and ESOS Committee.

He graduated from the Royal Military Academy, Sandhurst, United Kingdom and the Command and Staff College, Quetta, Pakistan. He had served in various capacities in the Malaysian Armed Forces for more than 30 years culminating in his appointment as Chief of the Armed Forces from 1985 to 1987. He is the Chairman of Lembaga Tabung Angkatan Tentera (LTAT) and also sits on the Boards of The New Straits Times Press (M) Berhad, Kuala Sidim Berhad, SCB Developments Berhad and UAC Berhad. He does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, except by virtue of him being a nominee Director of LTAT. He has no conviction for any offences.

Berusia 73 tahun, warganegara Malaysia, adalah Pengarah tidak berkecuali bukan eksekutif dan Pengerusi Boustead Holdings Berhad. Beliau telah dilantik ke Lembaga Pengarah pada 3 Disember 1990. Beliau adalah Pengerusi Jawatankuasa Pencalonan, Jawatankuasa Ganjaran dan Jawatankuasa Skim Opsyen Saham Pekerja.

Beliau telah mendapat pendidikan di Royal Military Academy, Sandhurst, United Kingdom dan Command and Staff College, Quetta, Pakistan. Beliau telah memegang pelbagai jawatan di dalam Angkatan Tentera Malaysia selama lebih 30 tahun yang berakhir dengan perantikannya sebagai Panglima Angkatan Tentera dari tahun 1985 hingga 1987. Beliau adalah Pengerusi Lembaga Tabung Angkatan Tentera (LTAT) dan menganggotai Lembaga Pengarah The New Straits Times Press (M) Berhad, Kuala Sidim Berhad, SCB Developments Berhad dan UAC Berhad. Beliau tidak mempunyai sebarang pertalian kekeluargaan dengan mana-mana Pengarah dan/atau pemegang saham utama, kecuali atas sebab jawatannya sebagai Pengarah nomini LTAT. Beliau tidak pernah disabitkan dengan sebarang kesalahan.

Y. BHG. TAN SRI DATO' LODIN WOK KAMARUDDIN

Age 54, a Malaysian, is a non-independent executive Director and the Group Managing Director of Boustead Holdings Berhad. He was appointed to the Board on 10 July 1984. He is a member of the Audit Committee, Remuneration Committee and ESOS Committee. He is also the Chief Executive of Lembaga Tabung Angkatan Tentera (LTAT).

He graduated from the College of Business Administration, The University of Toledo, Ohio, United States of America with a Bachelor of Business Administration and Master of Business Administration. Prior to joining LTAT in 1982, he was with Perbadanan Kemajuan Bukit Fraser as its General Manager from 1973 to 1982. He has extensive experience in general management. He is also the Managing Director of Affin Holdings Berhad and sits on the Boards of Kuala Sidim Berhad, SCB Developments Berhad, UAC Berhad, Ramatex Berhad, Affin-ACF Holdings Berhad, Affin Bank Berhad, Johan Ceramics Berhad and several other companies in which LTAT has investments. He does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, except by virtue of him being a nominee Director of LTAT. He has no conviction for any offences.



Berusia 54 tahun, warganegara Malaysia, adalah Pengarah tidak berkecuali eksekutif dan Pengarah Urusan Kumpulan Boustead Holdings Berhad. Beliau telah dilantik ke Lembaga Pengarah pada 10 Julai 1984. Beliau adalah ahli Jawatankuasa Audit, Jawatankuasa Ganjaran dan Jawatankuasa Skim Opsyen Saham Pekerja. Beliau juga adalah Ketua Eksekutif Lembaga Tabung Angkatan Tentera (LTAT).

Beliau memperolehi Ijazah Sarjana Muda Pengurusan Perniagaan dan Sarjana Pengurusan Perniagaan dari The University of Toledo, Ohio, Amerika Syarikat. Sebelum menyertai LTAT pada tahun 1982, beliau telah berkhidmat dengan Perbadanan Kemajuan Bukit Fraser sebagai Pengurus Besar dari tahun 1973 hingga 1982. Beliau mempunyai pengalaman yang sangat luas di dalam bidang pengurusan. Beliau juga adalah Pengarah Urusan Affin Holdings Berhad dan menganggotai Lembaga Pengarah Kuala Sidim Berhad, SCB Developments Berhad, UAC Berhad, Ramatex Berhad, Affin-ACF Holdings Berhad, Affin Bank Berhad, Johan Ceramics Berhad dan beberapa syarikat milik LTAT. Beliau tidak mempunyai sebarang pertalian kekeluargaan dengan mana-mana Pengarah dan/atau pemegang saham utama, kecuali atas sebab jawatannya sebagai Pengarah nomini LTAT. Beliau tidak pernah disabitkan dengan sebarang kesalahan.

Y. BHG. LT. GEN. (R) DATO' MOHD YUSOF DIN

Age 73, a Malaysian, is an independent non-executive Director of Boustead Holdings Berhad. He was appointed to the Board on 16 February 1989. He is a member of the Audit Committee and Nomination Committee.

He is a graduate of the Royal Military Academy, Sandhurst, United Kingdom; Defence Services Staff College, India; and International Defence Management Naval Institute, United States of America. He holds a diploma in Practical Psychology & Psychology in Industry from Aldermaston College, United Kingdom. He is a Fellow of the British Institute of Management, as well as a member of the American Institute of Management Executive Council, Malaysian Institute of Personnel Management, Malaysian Institute of Management and Malaysian Institute of Directors. He served in various capacities in the Malaysian Armed Forces from 1955 to 1988 with his last position being that of Chief of Defence Intelligence Staff. He also sits on the Boards of UMW Holdings Berhad and several other private limited companies. He does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, and does not have any conflict of interest with the Company. He has no conviction for any offences.

Berusia 73 tahun, warganegara Malaysia, adalah Pengarah berkecuali bukan eksekutif Boustead Holdings Berhad. Beliau telah dilantik ke Lembaga Pengarah pada 16 Februari 1989. Beliau adalah ahli Jawatankuasa Audit dan Jawatankuasa Pencalonan.

Beliau adalah graduan dari Royal Military Academy, Sandhurst, United Kingdom; Defence Services Staff College, India; dan International Defence Management Naval Institute, Amerika Syarikat. Beliau berkelulusan Diploma Psikologi Amali & Psikologi dalam Industri dari Aldermaston College, United Kingdom. Beliau adalah seorang Ahli Utama British Institute of Management dan juga ahli American Institute of Management Executive Council, Malaysian Institute of Personnel Management, Malaysian Institute of Management dan Malaysian Institute of Directors. Beliau telah memegang pelbagai jawatan di dalam Angkatan Tentera Malaysia dari tahun 1955 hingga 1988 dengan jawatan terakhirnya sebagai Ketua Pengarah Perisikan Pertahanan. Beliau juga menganggotai Lembaga Pengarah UMW Holdings Berhad dan beberapa syarikat sendirian berhad yang lain. Beliau tidak mempunyai sebarang pertalian kekeluargaan dengan mana-mana Pengarah dan/atau pemegang saham utama, dan tidak mempunyai sebarang kepentingan pertembungan dengan Syarikat. Beliau tidak pernah disabitkan dengan sebarang kesalahan.



TUAN HJ. JOHARI MUHAMAD ABBAS

Age 72, a Malaysian, is an independent non-executive Director of Boustead Holdings Berhad. He was appointed to the Board on 3 December 1990. He is a member of the Audit Committee and Nomination Committee.

He attended The Royal Veterinary College, London and holds an Associate of the Incorporated Society of Planters Diploma from the Incorporated Society of Planters. He was the National Chairman of the Society from 1980 to 1984. He has over 40 years of experience in the plantation industry having served with Federal Land Development Authority (FELDA) for 7 years and Highlands & Lowlands Berhad for 15 years. From 1980 to 1985, he was the General Manager of Syarikat Ladang LKPP Sdn Bhd. For 16 years he ran his own plantation consultancy firm. In recognition of his contribution to the Planting Industry, he was awarded the FISP (Fellow of the Incorporated Society of Planters) on 18 June 2002 by the Incorporated Society of Planters. He also sits on the Boards of Highlands & Lowlands Berhad, Kuala Sidim Berhad and SCB Developments Berhad. He does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, and does not have any conflict of interest with the Company. He has no conviction for any offences.

Berusia 72 tahun, warganegara Malaysia, adalah Pengarah berkecuali bukan eksekutif Boustead Holdings Berhad. Beliau telah dilantik ke Lembaga Pengarah pada 3 Disember 1990. Beliau adalah ahli Jawatankuasa Audit dan Jawatankuasa Pencalonan.

Beliau telah melanjutkan pelajaran di Royal Veterinary College, London dan memperoleh Diploma Bersekutu Incorporated Society of Planters dari Incorporated Society of Planters. Beliau merupakan Pengerusi Kebangsaan bagi pertubuhan itu dari tahun 1980 hingga 1984. Beliau mempunyai pengalaman melebihi 40 tahun dalam industri perladangan di mana beliau telah berkhidmat dengan Lembaga Kemajuan Tanah Persekutuan (FELDA) selama 7 tahun dan dengan Highlands & Lowlands Berhad selama 15 tahun. Dari tahun 1980 hingga 1985, beliau telah berkhidmat sebagai Pengurus Besar Syarikat Ladang LKPP Sdn Bhd. Selama 16 tahun, beliau telah menguruskan firma perunding perladangan miliknya. Sebagai penghargaan ke atas sumbangan beliau pada Industri Perladangan, beliau telah dianugerah gelaran FISP (Fellow of the Incorporated Society of Planters) pada 18 Jun 2002 daripada The Incorporated Society of Planters. Beliau juga menganggotai Lembaga Pengarah Highlands & Lowlands Berhad, Kuala Sidim Berhad dan SCB Developments Berhad. Beliau tidak mempunyai sebarang pertalian kekeluargaan dengan mana-mana Pengarah dan/atau pemegang saham utama, dan tidak mempunyai sebarang pertembungan kepentingan dengan Syarikat. Beliau tidak pernah disabitkan dengan sebarang kesalahan.



Y. BHG. DATO' (DR.) MEGAT ABDUL RAHMAN MEGAT AHMAD

Age 64, a Malaysian, is an independent non-executive Director of Boustead Holdings Berhad. He was appointed to the Board on 10 December 1990. He is the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee. He is also the senior independent non-executive Director to whom all concerns regarding the Group may be conveyed.

He holds a Bachelor of Commerce degree from University of Melbourne, Australia. He is a member of the Malaysian Institute of Certified Public Accountants, a member of the Malaysian Institute of Accountants and a Fellow Member of the Institute of Chartered Accountants in Australia. He was a partner of KPMG, Malaysia and Managing Partner of KPMG Desa, Megat & Co. for over 10 years and an Executive Director in Kumpulan Guthrie Berhad for 11 years. He also sits on the Boards of UAC Berhad, Royal & Sun Alliance Insurance (M) Berhad, Tronoh Mines Malaysia Bhd, Berjantai Tin Dredging Bhd and Press Metal Berhad. He also sits on the Board of University Kebangsaan Malaysia and Hospital Universiti Kebangsaan Malaysia. He is now a Company Director and a consultant to several other companies. He does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, and does not have any conflict of interest with the Company. He has no conviction for any offences.



Berusia 64 tahun, warganegara Malaysia, adalah Pengarah berkecuali bukan eksekutif Boustead Holdings Berhad. Beliau telah dilantik ke Lembaga Pengarah pada 10 Disember 1990. Beliau adalah Pengerusi Jawatankuasa Audit, ahli Jawatankuasa Pencalonan dan Jawatankuasa Ganjaran. Beliau adalah Pengarah berkecuali bukan eksekutif kanan, dan sebarang kekhawatiran berkaitan Kumpulan ini boleh disampaikan kepada beliau.

Beliau berkelulusan Ijazah Sarjana Muda Perdagangan dari University of Melbourne, Australia. Beliau adalah ahli Malaysian Institute of Certified Public Accountants, ahli Malaysian Institute of Accountants dan Ahli Utama Institute of Chartered Accountants di Australia. Beliau telah menjadi Rakan Kongsi di KPMG Malaysia dan Rakan Kongsi Pengurusan di KPMG Desa, Megat & Co. selama melebihi 10 tahun dan Pengarah Eksekutif di Kumpulan Guthrie Berhad selama 11 tahun. Beliau turut menganggotai Lembaga Pengarah UAC Berhad, Royal & Sun Alliance Insurance (M) Berhad, Tronoh Mines Malaysia Bhd, Berjantai Tin Dredging Bhd dan Press Metal Berhad. Beliau juga menganggotai lembaga pengarah Universiti Kebangsaan Malaysia dan Hospital Universiti Kebangsaan Malaysia. Pada masa ini, beliau adalah Pengarah Syarikat dan juga pakar runding untuk beberapa syarikat lain. Beliau tidak mempunyai sebarang pertalian kekeluargaan dengan mana-mana Pengarah dan/atau pemegang saham utama, dan tidak mempunyai sebarang kepentingan pertembungan dengan Syarikat. Beliau tidak pernah disabitkan dengan sebarang kesalahan.

EN. AZZAT KAMALUDIN

Age 58, a Malaysian, is a non-independent non-executive Director of Boustead Holdings Berhad. He was appointed to the Board on 16 January 1991. He is a member of the Remuneration Committee and ESOS Committee.

He is a lawyer by profession, and is a partner of the law firm of Azzat & Izzat. He graduated from the University of Cambridge with degrees in Law and in International Law in 1969 and was admitted as a Barrister-at-Law of the Middle Temple, London in 1970. Prior to being admitted as an advocate and solicitor of the High Court of Malaya in 1979, he served as an Administrative and Diplomatic Officer with the Ministry of Foreign Affairs Malaysia in various capacities. He is also presently a Director of Affin Holdings Berhad, MNI Holdings Berhad, KPJ Healthcare Berhad, Pulau Springs Berhad, Celcom (Malaysia) Berhad and several other private limited companies. He served as a member of the Securities Commission from 1 March 1993 to 21 March 1999. He does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, and does not have any conflict of interest with the Company, other than the rendering of professional services to the Group which is carried out in the ordinary course of business of Azzat & Izzat, of which he is a partner. He has no conviction for any offences.



Berusia 58 tahun, warganegara Malaysia, adalah Pengarah tidak berkecuali bukan eksekutif Boustead Holdings Berhad. Beliau telah dilantik ke Lembaga Pengarah pada 16 Januari 1991. Beliau adalah ahli Jawatankuasa Ganjaran dan Jawatankuasa Skim Opsyen Saham Pekerja.

Beliau adalah seorang peguam dan merupakan rakan kongsi firma guaman, Azzat & Izzat. Beliau memperoleh ijazah dalam bidang Undang-undang dan Undang-undang Antarabangsa dari University of Cambridge pada 1969 dan telah disahkan sebagai Barrister-at-Law of Middle Temple, United Kingdom pada 1970. Sebelum diterima masuk sebagai peguambela dan peguamcara Mahkamah Tinggi Malaya pada 1979, beliau telah berkhidmat sebagai Pegawai Tadbir dan Diplomatik Malaysia di Kementerian Luar Negeri dan menjawat beberapa jawatan. Beliau juga adalah Pengarah Affin Holdings Berhad, MNI Holdings Berhad, KPJ Healthcare Berhad, Pulau Springs Resort Berhad, Celcom (Malaysia) Berhad dan beberapa syarikat sendirian berhad yang lain. Beliau telah menjadi ahli Suruhanjaya Sekuriti dari 1 Mac 1993 hingga 21 Mac 1999. Beliau tidak mempunyai sebarang pertalian kekeluargaan dengan mana-mana Pengarah dan/atau pemegang saham utama, dan tidak mempunyai sebarang kepentingan pertembungan dengan Syarikat kecuali atas sebab perkhidmatan profesional yang diberikan kepada Kumpulan yang dijalankan dalam urusan biasa perniagaan Azzat & Izzat, di mana beliau adalah seorang rakan kongsi. Beliau tidak pernah disabitkan dengan sebarang kesalahan.

CORPORATE INFORMATION | MAKLUMAT KORPORAT

DIRECTORS

PENGARAH-PENGARAH

Y. Bhg. Gen. (R) Tan Sri Dato'
Mohd Ghazali Hj. Che Mat

CHAIRMAN Pengerusi

Y. Bhg. Tan Sri Dato' Lodin
Wok Kamaruddin

GROUP MANAGING DIRECTOR

PENGARAH URUSAN KUMPULAN

Y. Bhg. Lt. Gen. (R)
Dato' Mohd Yusof Din

Tuan Hj. Johari Muhamad Abbas

Y. Bhg. Dato' (Dr.) Megat Abdul
Rahman Megat Ahmad

En. Azzat Kamaludin

SECRETARY

SETIAUSAHA

Pn. Sharifah Malek

REGISTERED OFFICE

PEJABAT BERDAFTAR

Tingkat 28, Menara Boustead
No. 69 Jalan Raja Chulan
50200 Kuala Lumpur, Malaysia
Telefon (03) 2141 9044
Faks (03) 2141 9750
<http://www.boustead.com.my>

REGISTRAR

PENDAFTAR

Boustead Management Services
Sdn Bhd
Tingkat 13, Menara Boustead
No. 69 Jalan Raja Chulan
50200 Kuala Lumpur, Malaysia
Telefon (03) 2141 9044
Faks (03) 2144 3016

PRINCIPAL BANKERS

BANK-BANK UTAMA

Malayan Banking Berhad
The Bank of Nova Scotia Berhad
Hongkong Bank Malaysia Berhad
Southern Bank Berhad
Bumiputra-Commerce Bank (M) Berhad
Affin Bank Berhad

AUDITORS

JURUAUDIT

Ernst & Young

STOCK EXCHANGE LISTING

SENARAI PASARAN SAHAM

Malaysia Stock Exchange Berhad

HOLDING CORPORATION

PERBADANAN INDUK

Lembaga Tabung Angkatan Tentera

CORPORATE CALENDAR | KALENDAR KORPORAT

FINANCIAL YEAR TAHUN KEWANGAN 1 January to 31 December 2003 1 Januari hingga 31 Disember 2003			
RESULTS KEPUTUSAN-KEPUTUSAN First Quarter announced 26 May 2003 Suku Tahun Pertama diumumkan 26 Mei 2003	Second Quarter announced 4 September 2003 Suku Tahun Kedua diumumkan 4 September 2003	Third Quarter announced 17 November 2003 Suku Tahun Ketiga diumumkan 17 November 2003	Fourth Quarter announced 28 February 2004 Suku Tahun Keempat diumumkan 28 Februari 2004
ANNUAL REPORT LAPORAN TAHUNAN Issued 11 March 2004 Dikeluarkan 11 Mac 2004	ANNUAL GENERAL MEETING MESYUARAT AGUNG TAHUNAN To be held 2 April 2004 Akan diadakan 2 April 2004	DIVIDENDS DIVIDEN-DIVIDEN Interim announced 4 September 2003 paid 13 November 2003 Awal diumumkan 4 September 2003 dibayar 13 November 2003	Final announced 9 March 2004 payable 11 June 2004 Akhir diumumkan 9 Mac 2004 akan dibayar 11 Jun 2004
CLOSURE OF SHARE REGISTER PENUTUPAN DAFTAR SAHAM Interim Dividend 14 to 15 October 2003 Dividen Awal 14 hingga 15 Oktober 2003	Final Dividend 18 to 19 May 2004 Dividen Akhir 18 hingga 19 Mei 2004		

SENIOR MANAGEMENT TEAM | KUMPULAN PENGURUSAN KANAN



FROM LEFT TO RIGHT DARI KIRI KE KANAN

En. Koo Hock Fee DIRECTOR, MANUFACTURING & CORPORATE PLANNING, Y. Bhg. Dato' Ghazali Mohd Ali DIVISIONAL DIRECTOR, PROPERTY,
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin GROUP MANAGING DIRECTOR, En. Daniel Ebinesan DIRECTOR, FINANCIAL SERVICES

SENIOR MANAGEMENT TEAM | KUMPULAN PENGURUSAN KANAN



En. Hussin Abdul Jalil BOUSTEAD ESTATES AGENCY

En. Chow Kok Choy BOUSTEAD ESTATES AGENCY

En. Teng Peng Khen BOUSTEAD ESTATES AGENCY

En. Shoib Abdullah BOUSTEAD ESTATES AGENCY

En. Lee Keong Hoe BOUSTEAD ESTATES AGENCY





En. Stuart Costello ADSKILL

Puan Rodaina Ibrahim BOUSTEAD INFO TECHNOLOGY

En. Mokhtar Khir ROYALE BINTANG

En. Musa Hj Sulaiman BOUSTEAD TRADING

Puan Selina Chan EMASEWA

En. Johnny Soon BOUSTEAD SHIPPING AGENCIES



SENIOR MANAGEMENT TEAM | KUMPULAN PENGURUSAN KANAN



En. Paramjeet Singh FINANCIAL CONTROLLER, MANUFACTURING & TRADING

Puan Nawal Hanafiah MANAGER, GROUP HUMAN RESOURCE

Puan Josephine Wong GROUP CHIEF ACCOUNTANT

En. Chew Chik Soo BOUSTEAD JOHAN EDARAN

En. Andrew Nathan BOUSTEAD SISSIONS PAINTS

Professor Brian Atkin UNIVERSITY OF NOTTINGHAM



En. Rahim Mohd Som BOUSTEAD CREDIT/EMASTULIN

En. Mohamad Sa'elal BOUSTEAD CONSTRUCTION

En. Jayapala Abeysekera BOUSTEAD TRAVEL SERVICES



En. Chan Pooi Hoong BOUSTEAD INTERNAL AUDIT MANAGER

Puan Cheah Swee Choo FINANCIAL CONTROLLER, PROPERTY



En. Ting Sik Fatt BOUSTEAD ENGINEERING

Puan Sharifah Malek COMPANY SECRETARY

AUDIT COMMITTEE REPORT

THE BOARD OF DIRECTORS OF BOUSTEAD HOLDINGS BERHAD IS PLEASED TO PRESENT THE FOLLOWING REPORT OF THE AUDIT COMMITTEE OF THE BOARD FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003.

TERMS OF REFERENCE

The Audit Committee (the Committee) was established on 27 June 1994 to act as a Committee of the Board of Directors. The terms of reference are set out on pages 16 and 18.

AUDIT

COMMITTEEMEMBERS



FROM TO LEFT DARI KIRI KE KANAN

Y. Bhg. Dato' (Dr.) Megat Abdul Rahman Megat Ahmad, (COMMITTEE CHAIRMAN/PENGERUSI JAWATANKUASA) & Tuan Hj. Johari Muhamad Abbas.

MEMBERS AND MEETINGS

The members of the Audit Committee during the year comprised the Directors listed below. During the year, the Committee held meetings on 26 February 2003, 10 March 2003,

26 May 2003, 25 August 2003 and 17 November 2003 respectively, a total of five (5) meetings. The attendance by each member at the Committee meetings during the year is as follows:

Name of Director	Status of Directorship	Independent	Attendance of Meetings
Y. Bhg. Dato' (Dr.) Megat Abdul Rahman Megat Ahmad	Non-executive Chairman of the Committee	Yes	All 5 meetings
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	Group Managing Director	No	All 5 meetings
Y. Bhg. Lt. Gen. (R) Dato' Mohd Yusof Din	Non-executive Director	Yes	4 out of 5 meetings
Tuan Hj. Johari Muhamad Abbas	Non-executive Director	Yes	All 5 meetings

The Director, Financial Services, Group Internal Audit Manager and other members of senior management attended these meetings upon

invitation by the Chairman of the Committee. The Group's external auditors were invited to attend two of these meetings. The meetings were

appropriately structured through the use of agendas, which were distributed to members with sufficient notification.

LAPORAN JAWATANKUASA AUDIT

AHLI

JAWATANKUASA AUDIT



Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin
& Y. Bhg. Lt. Gen. (R) Dato' Mohd Yusof Din.

LEMBAGA PENGARAH BOUSTEAD HOLDINGS BERHAD DENGAN SUKACITANYA MEMBENTANGKAN LAPORAN JAWATANKUASA AUDIT BERIKUT BAGI TAHUN KEWANGAN BERAKHIR 31 DISEMBER 2003.

TERMA-TERMA RUJUKAN

Jawatankuasa Audit (Jawatankuasa) ditubuhkan pada 27 Jun 1994 sebagai sebuah Jawatankuasa Lembaga Pengarah. Bidang rujukannya dibentangkan pada halaman 17 dan 19.

AHLI DAN MESYUARAT

Ahli-ahli Jawatankuasa audit pada tahun semasa terdiri daripada Para Pengarah yang disenaraikan di bawah. Sepanjang tahun semasa, Jawatankuasa telah mengadakan mesyuarat pada 26 Februari 2003,

10 Mac 2003, 26 Mei 2003, 25 Ogos 2003 dan 17 November 2003, iaitu sejumlah lima (5) mesyuarat. Kehadiran setiap ahli di mesyuarat Jawatankuasa sepanjang tahun semasa adalah seperti berikut:

Nama Pengarah	Status Pengarah	Berkecuali	Kehadiran Mesyuarat
Y. Bhg. Dato' (Dr.) Megat Abdul Rahman Megat Ahmad	Pengerusi bukan eksekutif Jawatankuasa	Ya	Kesemua 5 mesyuarat
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	Pengarah Urusan Kumpulan	Tidak	Kesemua 5 mesyuarat
Y. Bhg. Lt. Jen. (B) Dato' Mohd Yusof Din	Pengarah bukan eksekutif	Ya	4 daripada 5 mesyuarat
Tuan Hj. Johari Muhamad Abbas	Pengarah bukan eksekutif	Ya	Kesemua 5 mesyuarat

Pengarah Perkhidmatan Kewangan, Pengurus Audit Dalam Kumpulan dan ahli-ahli pengurusan kanan yang lain menghadiri mesyuarat ini atas jemputan Pengerusi Jawatankuasa.

Juruaudit luar Kumpulan telah dijemput untuk menghadiri dua daripada mesyuarat ini. Mesyuarat-mesyuarat ini dirangka dengan bersesuaian menerusi penggunaan

agenda yang diedarkan kepada ahli dalam tempoh yang mencukupi sebelum mesyuarat.

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the year, the Audit Committee carried out its duties as set out in its terms of reference. The main activities undertaken by the Audit Committee were as follows:

- Reviewed the internal and external auditors' scope of work and annual audit plans for the Group.
- Reviewed management letters and audit report of the external auditors.
- Reviewed the quarterly and annual reports of the Group prior to submission to the Board of Directors for consideration and approval.
- Reviewed the disclosure on related party transactions entered into by the Company and the Group.
- Reviewed the Reports of the Management Audit Committee. The Management Audit Committee is a sub-committee of the Audit Committee that was set up primarily to review internal audit reports and to monitor/follow-up on remedial action. Where required, members of the Audit Committee would carry out ground visits to verify significant issues highlighted in the Internal Audit Reports.
- Reviewed the outcome of the risk management programme, including the key risks identified, the potential impact and the likelihood of the risks occurring, existing controls and action plans.
- Committee Chairman met with the external auditors at least once during the year without the presence of any executive Board member.

INTERNAL AUDIT FUNCTION

The Group has an Internal Audit Department whose principal responsibility is to undertake regular and systematic reviews of the system of internal control so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Company and the Group.

The principal roles of the Internal Audit Department are:

- To ensure that a sound internal control system is in place and the system is functioning adequately and its integrity is maintained.
- To add value and improve the Group's operations by providing independent and objective evaluation of the operations.
- To ensure that a systematic disciplined approach in evaluating and improving the effectiveness of risk management, internal control and governance process is adopted.
- To carry out investigations and special review requested by management or the Audit Committee.
- To carry out audit work in liaison with the external auditors to maximise the use of resources and for effective coverage of audit risks.

The Internal Audit Department carries out its audits according to the audit plan approved by the Audit Committee. Risk identification and assessment is carried out as part of the routine audit process, where audit emphasis was given on high and critical risk areas, and compliance with risk policies and regulatory guidelines. When a major risk was identified, significant audit resources would be directed to investigate the weakness and to recommend corrective actions.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Composition

The Audit Committee members shall be appointed by and from the Board of Directors of Boustead Holdings Berhad and shall number not less than three (3) members, a majority of whom shall be independent non-executive Directors.

The members of the Audit Committee shall elect a Chairman from amongst themselves who is an independent non-executive Director.

LAPORAN JAWATANKUASA AUDIT

RINGKASAN AKTIVITI-AKTIVITI SEPANJANG TAHUN KEWANGAN

Dalam tahun semasa, Jawatankuasa Audit melaksanakan tugasnya seperti mana dinyatakan dalam terma-terma rujukannya. Aktiviti-aktiviti utama yang dijalankan oleh Jawatankuasa Audit adalah seperti berikut.

- Mengkaji skop kerja juruaudit dalaman dan luar serta pelan audit tahunan bagi Kumpulan ini.
- Meneliti surat-surat pengurusan dan laporan audit yang disediakan oleh juruaudit luar.
- Mengkaji laporan suku tahunan dan laporan tahunan Kumpulan sebelum diserahkan kepada Lembaga Pengarah untuk pertimbangan dan kelulusan.
- Mengkaji pendedahan urus niaga pihak berkaitan yang disertai oleh Syarikat dan Kumpulan.
- Mengkaji Laporan Jawatankuasa Audit Pengurusan. Jawatankuasa Audit Pengurusan adalah jawatankuasa kecil dalam Jawatankuasa Audit yang ditubuhkan terutamanya untuk mengkaji semula laporan audit dalaman dan untuk memantau/menyusuli tindakan pembedahan. Di mana perlu, ahli Jawatankuasa Audit akan membuat lawatan ke tapak untuk mengesahkan isu-isu penting yang diketengahkan dalam Laporan Audit Dalaman.
- Mengkaji keputusan program pengurusan risiko, termasuk risiko utama yang dikenal pasti, akibat yang boleh dialami dan kemungkinan risiko tersebut berlaku, kawalan yang sedia ada serta pelan tindakan.
- Pengerusi Jawatankuasa ini telah bermesyuarat dengan juruaudit luar sekurang-kurangnya sekali dalam tahun semasa tanpa kehadiran mana-mana ahli Lembaga eksekutif.

FUNGSI AUDIT DALAMAN

Kumpulan mempunyai Jabatan Audit Dalaman dengan tanggungjawab utama untuk menjalankan kajian semula ke atas sistem kawalan dalaman dengan tetap dan sistematik agar dapat memberi jaminan yang munasabah bahawa sistem tersebut akan terus beroperasi secara memuaskan dan berkesan dalam Syarikat dan Kumpulan.

Peranan utama Jabatan Audit Dalaman adalah:

- Untuk memastikan bahawa sistem kawalan dalaman yang sempurna digunakan dan sistem ini berfungsi dengan baik dan ketelusannya dikekalkan.
- Untuk menambah nilai dan memperbaiki operasi Kumpulan dengan memberikan penilaian bebas dan objektif terhadap operasi ini.
- Untuk memastikan bahawa pendekatan yang tertib dan sistematik dalam penilaian dan peningkatan keberkesanan pengurusan risiko, kawalan dalaman dan proses tadbir urus telah diamalkan.
- Untuk menjalankan penyiasatan dan pemeriksaan khas atas permintaan pihak pengurusan atau Jawatankuasa Audit.
- Untuk melaksanakan kerja audit secara berhubung dengan juruaudit luar untuk memaksimumkan penggunaan sumber dan bagi perangkuman risiko audit yang berkesan.

Jabatan Audit Dalaman menjalankan auditnya berpandukan pelan audit yang diluluskan oleh Jawatankuasa Audit. Pengenalpastian dan penilaian risiko dilakukan sebagai sebahagian daripada proses audit rutin, di mana penekanan audit diberi ke atas risiko penting dan tinggi, dan pematuhan terhadap polisi risiko dan panduan undang-undang. Apabila risiko besar dikenal pasti, sumber audit yang penting akan diarahkan untuk menyiasat kelemahannya dan mencadangkan tindakan pembedahan.

TERMA-TERMA RUJUKAN JAWATANKUASA AUDIT

Komposisi

Ahli Jawatankuasa Audit hendaklah dilantik oleh dan daripada Lembaga Pengarah Boustead Holdings Berhad dan hendaklah tidak kurang daripada tiga (3) ahli, dengan majoritinya Pengarah berkecuali bukan eksekutif.

Ahli-ahli Jawatankuasa Audit hendaklah memilih Pengerusi daripada kalangan mereka sendiri yang merupakan Pengarah berkecuali bukan eksekutif.

AUDIT COMMITTEE REPORT

In the event a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within 3 months of that event appoint such number of new members as may be necessary to make up the minimum number of three (3) members.

QUORUM AND COMMITTEE'S PROCEDURES

Meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate. In order to form a quorum for the meeting, the majority of the members present must be independent non-executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

Authority

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Audit Committee is authorised by the Board to obtain such outside legal or other independent professional advice and to secure the attendance of such outsiders with relevant experience and expertise as it may consider necessary.

Responsibilities and Duties

The Committee shall undertake the following responsibilities and duties:

1. To review with the external auditors, the audit plan, the scope of audit and the audit report.
2. To review the evaluation of the system of internal control with the internal and external auditors.
3. To review the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work.

4. To review the internal audit programme, processes, the results of the internal audit programme or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
5. To provide an independent assessment of the adequacy and reliability of the risk assessment process.
6. To review the quarterly results and the year end financial statements of the Group prior to the approval by the Board of Directors, focusing particularly on:
 - changes in or implementation of major accounting policy changes;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements.
7. To review any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
8. To recommend the nomination of a person or persons as external auditors.
9. To review any letter of resignation from the external auditors and any questions of resignation or dismissal.
10. To report promptly to the MSEC on any matter reported by it to the Board of Directors that has not been satisfactorily resolved resulting in a breach of the MSEC Listing Requirements.
11. To undertake such other functions as may be agreed to by the Audit Committee and the Board of Directors.

LAPORAN JAWATANKUASA AUDIT

Sekiranya seorang ahli Jawatankuasa Audit meletak jawatan, meninggal dunia atau atas sebab-sebab lain berhenti menjadi ahli lalu menyebabkan jumlah ahli menjadi kurang daripada tiga (3), Lembaga Pengarah hendaklah, dalam tempoh 3 bulan dari kejadian tersebut, melantik bilangan ahli baru yang diperlukan untuk mencukupkan jumlah minimum tiga (3) ahli.

KORUM DAN PROSEDUR JAWATANKUASA

Mesyuarat hendaklah diadakan sekurang-kurangnya empat (4) kali setahun, atau lebih kerap sekiranya keadaan memerlukan. Untuk membentuk korum mesyuarat, bilangan majoriti ahli yang hadir mestilah terdiri daripada Pengarah berkecuali bukan eksekutif. Di dalam keadaan ketidak hadiran pengerusi, ahli-ahli yang hadir hendaklah memilih Pengerusi mesyuarat daripada kalangan ahli-ahli yang hadir.

Kuasa

Jawatankuasa Audit diberi kuasa oleh Lembaga Pengarah untuk menyiasat kegiatan-kegiatan dalam lingkungan bidang rujukannya. Ia diberi kuasa untuk mendapatkan maklumat-maklumat yang diperlukan daripada mana-mana kakitangan dan semua kakitangan diarah untuk memberi kerjasama terhadap permintaan Jawatankuasa.

Jawatankuasa Audit diberi kuasa oleh Lembaga Pengarah untuk mendapatkan nasihat undang-undang dari pihak luar atau nasihat profesional bebas lain dan untuk memastikan kehadiran pihak luar dengan pengalaman dan kepakaran yang berkaitan, jika dianggap perlu olehnya.

Tugas dan Tanggungjawab

Jawatankuasa memikul tugas dan tanggungjawab berikut:

1. Mengkaji bersama juruaudit luar, pelan audit, skop audit dan laporan audit.
2. Mengkaji penilaian sistem kawalan dalaman bersama juruaudit dalaman dan luar.
3. Mengkaji kesempurnaan skop, fungsi dan sumber fungsi audit dalaman dan memastikan bahawa ia memiliki kuasa yang diperlukan untuk melaksanakan tugasnya.

4. Meneliti program audit dalaman, proses, keputusan program audit dalaman, atau penyiasatan yang dijalankan dan sama ada tindakan wajar telah diambil menurut saranan fungsi audit dalaman.
5. Memberi penakrifan berkecuali terhadap ketepatan dan kepercayaan proses penakrifan risiko.
6. Meneliti keputusan suku tahunan dan penyata kewangan akhir tahun Kumpulan sebelum mendapat kelulusan Lembaga Pengarah, dengan tumpuan khusus pada:
 - perubahan pada atau pelaksanaan perubahan dasar perakaunan utama;
 - peristiwa-peristiwa penting dan luar biasa; dan
 - pematuhan piawaian perakaunan dan keperluan undang-undang yang lain.
7. Meneliti sebarang urusan niaga pihak berkaitan dan situasi pertembungan kepentingan yang mungkin timbul dalam Kumpulan termasuk urusan niaga, prosedur atau cara pengendalian yang menimbulkan persoalan mengenai integriti pengurusan.
8. Mencadangkan pencalonan seseorang atau beberapa orang sebagai juruaudit luar.
9. Meneliti surat perletakan jawatan oleh juruaudit luar dan sebarang persoalan mengenai perletakan atau pemecatan jawatan.
10. Melaporkan dengan segera kepada MSEB mengenai perkara yang dilaporkan olehnya kepada Lembaga Pengarah yang masih gagal diselesaikan dengan memuaskan, yang menyebabkan ketidakpatuhan kepada Keperluan Penyenaraian MSEB.
11. Menjalankan fungsi-fungsi lain sebagaimana yang dipersetujui oleh Jawatankuasa Audit dan Lembaga Pengarah.

STRENGTHENING CORPORATE GOVERNANCE & TRANSPARENCY

THE BOARD OF DIRECTORS IS COMMITTED TO THE PRINCIPLES OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE (THE CODE) AND STRIVES TO ADOPT THE SUBSTANCE BEHIND THE CORPORATE GOVERNANCE PRESCRIPTIONS AND NOT MERELY THE FORM.

Set out below is the manner with which the Group has applied the principles of good governance and the extent to which it has complied with the best practices set out in the Code. These principles and best practices have been applied and complied with throughout the year ended 31 December 2003.

BOARD OF DIRECTORS

Board Responsibilities

The Board is responsible for the corporate governance practices of the Group. It guides and monitors the

affairs of the Group on behalf of the shareholders and retains full and effective control over the Group. The key responsibilities include the primary responsibilities prescribed under best practice AA 1 of the Code. These cover a review of the strategic direction for the Group and overseeing the business operations of the Group, evaluating whether these are being properly managed.

The responsibility for matters material to the Group is in the hands of the Board, with no individual having unfettered powers to make decisions. In performing their duties, all Directors have access to the advice and services of the company secretary and if necessary, may seek independent professional advice about the affairs of the Group. The Board has a formal schedule of

matters reserved to itself for decision, including the overall Group strategy and direction, acquisition and divestment policy, approval of major capital expenditure projects and significant financial matters.

COMPOSITION OF THE BOARD

The Board currently has six (6) members, comprising one (1) executive Director and five (5) non-executive Directors. Three of the Directors are independent Directors, which is in excess of the listing requirement of one-third. Together, the Directors bring characteristics which allow a mix of qualifications, skills and experience which is necessary for the successful direction of the Group. A brief profile of each Director is presented on pages _ to _ of this annual report.

LEMBAGA PENGARAH KOMITED TERHADAP PRINSIP-PRINSIP KOD TADBIR URUS KORPORAT MALAYSIA (KOD) DAN BERUSAHA UNTUK MENERIMA PAKAI ISI KANDUNGAN SEBENAR DI SEBALIK PENETAPAN TADBIR URUS KORPORAT INI DAN BUKAN SEKADAR MENGETAHUI AKAN CIRI-CIRINYA SAHAJA.

MEMPERKUKUH TADBIR URUS KORPORAT & KETELUSAN

Cara Kumpulan ini mengamalkan prinsip tadbir urus yang baik dan sejauh mana ia mematuhi amalan terbaik yang dinyatakan dalam Kod ini dibentangkan di bawah. Prinsip dan amalan terbaik ini diamalkan dan dipatuhi sepanjang tahun berakhir 31 Disember 2003.

LEMBAGA PENGARAH

Tanggungjawab-Tanggungjawab Lembaga Pengarah

Lembaga Pengarah bertanggungjawab terhadap amalan tadbir urus korporat Kumpulan. Ia membimbing dan memantau hal ehwal Kumpulan bagi pihak pemegang saham sambil mengekalkan kawalan penuh dan berkesan ke atas Kumpulan. Tanggungjawab penting termasuk tanggungjawab utama yang dinyatakan di bawah amalan terbaik Kod AA 1. Ini merangkumi penelitian haluan strategik Kumpulan dan

penyeliaan operasi perniagaan Kumpulan, untuk mengkaji samada ia diurus dengan baik.

Tanggungjawab terhadap perkara-perkara yang penting kepada Kumpulan terletak dalam tangan Lembaga Pengarah, tanpa seorang pun memiliki kuasa mutlak untuk membuat keputusan. Dalam melaksanakan tugas mereka, semua Pengarah berkecuali mendapatkan nasihat dan khidmat setiausaha syarikat dan, jika perlu, boleh mendapatkan nasihat profesional bebas mengenai hal ehwal Kumpulan. Pihak Lembaga Pengarah telah merangka jadual perkara yang dikhususkan untuk keputusan Lembaga Pengarah, termasuk strategi dan haluan Kumpulan secara keseluruhan, dasar pemerolehan dan pelupusan pelaburan, kelulusan bagi perbelanjaan modal yang besar dan perkara-perkara kewangan yang penting.

KOMPOSISI LEMBAGA PENGARAH

Lembaga Pengarah terdiri daripada enam (6) ahli, iaitu satu (1) Pengarah eksekutif dan lima (5) Pengarah bukan eksekutif. Tiga daripada Pengarah ini adalah Pengarah berkecuali, iaitu melebihi daripada keperluan berkanun sebanyak satu pertiga. Apabila digabungkan, Para Pengarah ini menghasilkan kelayakan yang pelbagai serta kemahiran dan pengalaman yang perlu bagi mencapai matlamat kejayaan Kumpulan. Profil ringkas setiap Pengarah dibentangkan pada halaman _ hingga _ laporan tahunan ini.

Kumpulan mengamalkan pembahagian tanggungjawab antara Pengerusi dan Pengarah Urusan Kumpulan dan terdapat keseimbangan di antara Pengarah eksekutif, bukan eksekutif dan Pengarah berkecuali bukan eksekutif. Peranan Pengerusi dan

CORPORATE GOVERNANCE STATEMENT

The Group practises a division of responsibility between the Chairman and the Group Managing Director and there is a balance of executive, non-executive and independent non-executive Directors. The roles of the Chairman and Group Managing Director are separate and clearly defined, and are held individually by two persons.

The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Group Managing Director has the overall responsibility for the day-to-day running of the business and implementation of Board policies and decisions.

Y. Bhg. Dato' (Dr.) Megat Abdul Rahman Megat Ahmad is the senior independent non-executive Director. Any concerns regarding the Group may be conveyed to him.

The terms and conditions of the appointment of Directors are set out in a letter of appointment that sets out, amongst others, the procedures for dealing with conflicts of interest and the availability of independent professional advice.

The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders within the Group.

BOARD MEETINGS

Board meetings are held at quarterly intervals with additional meetings convened for particular matters, when necessary. All Directors are fully briefed in advance of Board meetings on the matters to be discussed and have access to any further information they may require. The Board may, whenever required, set up

committees delegated with specific powers and responsibilities.

The Board has established the following Committees to assist the Board in the execution of its duties:

- Audit Committee
- Employees' Share Option Scheme Committee (ESOS Committee)
- Nomination Committee
- Remuneration Committee

The number of meetings of the Board and Board Committees held during the year were:

Board of Directors	4 meetings
Audit Committee	5 meetings
ESOS Committee	1 meeting
Nomination Committee	1 meeting
Remuneration Committee	1 meeting

The composition of the Board, and the attendance of each Director at the Board Meetings held during the year are as follows:

Name of Director	Status of Directorship	Independent	Attendance of Meetings
Y. Bhg. Gen. (R) Tan Sri Dato' Mohd Ghazali Hj. Che Mat	Non-executive Chairman	No	All 4 meetings
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	Group Managing Director	No	All 4 meetings
Y. Bhg. Lt. Gen. (R) Dato' Mohd Yusof Din	Non-executive Director	Yes	3 out of 4 meetings
Tuan Hj. Johari Muhamad Abbas	Non-executive Director	Yes	All 4 meetings
Y. Bhg. Dato' (Dr.) Megat Abdul Rahman Megat Ahmad	Non-executive Director	Yes	All 4 meetings
En. Azzat Kamaludin	Non-executive Director	No	All 4 meetings

PENYATA TADBIR URUS KORPORAT

Pengarah Urusan Kumpulan adalah berbeza dan jelas tertakrif, serta dipegang secara individu oleh dua orang.

Pengerusi bertanggungjawab terutamanya terhadap tatatertib dan perjalanan urusan Lembaga Pengarah manakala Pengarah Urusan Kumpulan memegang tanggungjawab terhadap keseluruhan pengendalian harian perniagaan serta pelaksanaan dasar dan keputusan Lembaga Pengarah.

Y. Bhg. Dato’ (Dr.) Megat Abdul Rahman Megat Ahmad adalah Pengarah berkecuali bukan eksekutif kanan. Sebarang kemusykilan berkaitan Kumpulan ini boleh disampaikan kepada beliau.

Terma-terma dan syarat-syarat pelantikan Para Pengarah dibentangkan dalam surat pelantikan yang menyatakan, antara lain,

prosedur untuk menangani pertembungan kepentingan dan keupayaan untuk mendapatkan nasihat profesional bebas.

Lembaga Pengarah berpuas hati bahawa komposisi Lembaga Pengarah ini melambangkan dengan saksama pelaburan kumpulan pemegang saham minoriti dalam Kumpulan.

MESYUARAT LEMBAGA PENGARAH
Mesyuarat Lembaga Pengarah diadakan pada setiap suku tahun dan mesyuarat tambahan dibuat untuk perkara-perkara khusus apabila perlu. Semua Pengarah terlebih dahulu dimaklumkan dengan sepenuhnya perkara yang akan dibincangkan di dalam mesyuarat Lembaga Pengarah dan bebas mendapatkan apa-apa maklumat lanjut yang mungkin mereka perlukan. Lembaga Pengarah seandainya diperlukan, boleh menubuhkan

jawatankuasa untuk ditugaskan dengan kuasa dan tanggungjawab khas.

Lembaga Pengarah telah menubuhkan Jawatankuasa berikut untuk membantu melaksanakan tugasnya:

- Jawatankuasa Audit
- Jawatankuasa Skim Opsyen Saham Pekerja (Jawatankuasa ESOS)
- Jawatankuasa Pencalonan
- Jawatankuasa Ganjaran

Bilangan mesyuarat yang diadakan oleh Lembaga Pengarah dan Jawatankuasa Lembaga Pengarah sepanjang tahun adalah:

Lembaga Pengarah	4 mesyuarat
Jawatankuasa Audit	5 mesyuarat
Jawatankuasa ESOS	1 mesyuarat
Jawatankuasa Pencalonan	1 mesyuarat
Jawatankuasa Ganjaran	1 mesyuarat

Komposisi Lembaga Pengarah, dan kehadiran setiap Pengarah di Mesyuarat Lembaga Pengarah yang diadakan sepanjang tahun adalah seperti berikut:

Nama Pengarah	Status Pengarah	Berkecuali	Kehadiran Mesyuarat
Y. Bhg. Jen. (B) Tan Sri Dato’ Mohd Ghazali Hj. Che Mat	Pengerusi Bukan Eksekutif	Tidak	Kesemua 4 mesyuarat
Y. Bhg. Tan Sri Dato’ Lodin Wok Kamaruddin	Pengarah Urusan Kumpulan	Tidak	Kesemua 4 mesyuarat
Y. Bhg. Lt. Jen. (B) Dato’ Mohd Yusof Din	Pengarah Bukan Eksekutif	Ya	3 daripada 4 mesyuarat
Tuan Hj. Johari Muhamad Abbas	Pengarah Bukan Eksekutif	Ya	Kesemua 4 mesyuarat
Y. Bhg. Dato’ (Dr.) Megat Abdul Rahman Megat Ahmad	Pengarah Bukan Eksekutif	Ya	Kesemua 4 mesyuarat
En. Azzat Kamaludin	Pengarah Bukan Eksekutif	Tidak	Kesemua 4 mesyuarat

CORPORATE GOVERNANCE STATEMENT

INFORMATION FOR THE BOARD

The Directors are provided with adequate Board reports on a timely manner prior to the Board meeting to enable the Directors to obtain further explanations, where necessary. These reports provide information on group performance and major operational, financial and corporate issues. Minutes of the Board Committees are also tabled at the Board meetings for the Board's information and deliberation.

The Directors have access to the advice and services of the Company Secretary and the terms of appointment permits removal and appointment only by the Board as a whole.

The Board of Directors, whether as a full board or in their individual capacity, in the furtherance of their duties, may seek independent professional advice at the Company's expense.

DIRECTORS' TRAINING

All Directors have successfully completed the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysis Malaysia; an affiliate company of the Malaysia Securities Exchange Berhad (MSEB). During the year, the Directors have also attended an MSEB accredited continuing education programme (CEP) for directors of public listed companies. The Directors continue to undergo other relevant training programmes as appropriate, to further enhance their skills and knowledge.

RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, all newly appointed Directors shall retire from office but shall be eligible for re-election in the next Annual General Meeting subsequent to their appointment. The Articles further provides that at least one third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting. Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

BOARD COMMITTEES

Audit Committee

The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with external auditors. The Committee has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the Committee.

A summary of the activities of the Committee during the financial year is described in the Audit Committee report on page 16 of the annual report. The terms of reference of the Audit Committee are set out on pages 16 and 18 of the annual report.

Employees' Share Option Scheme Committee (ESOS Committee)

The ESOS Committee was established on 12 December 1996 to administer the Boustead Holdings Berhad's Employees' Share Option Scheme in accordance with the objectives and regulations thereof, to determine participation eligibility, option offers and share allocations and to attend to such other matters as may be required.

PENYATA TADBIR URUS KORPORAT

MAKLUMAT UNTUK LEMBAGA PENGARAH

Para Pengarah diberikan laporan Lembaga Pengarah yang lengkap dan dalam tempoh yang mencukupi sebelum mesyuarat agar membolehkan mereka untuk mendapatkan penjelasan lanjut, sekiranya perlu. Laporan ini menampilkan maklumat mengenai prestasi kumpulan serta isu-isu pengendalian, kewangan dan korporat yang utama. Minit Jawatankuasa Lembaga Pengarah juga dicatat semasa mesyuarat Lembaga Pengarah bagi makluman dan pertimbangan Lembaga Pengarah.

Para Pengarah bebas mendapatkan nasihat dan khidmat Setiausaha Syarikat, dan syarat-syarat pelantikan hanya membenarkan pengguguran dan pelantikan oleh Lembaga Pengarah secara keseluruhan.

Para Pengarah, semasa menjalankan tugas mereka sama ada sebagai seluruh lembaga atau secara individu, boleh mendapatkan nasihat profesional bebas yang mana perbelanjaan ditanggung sepenuhnya oleh Syarikat.

LATIHAN PARA PENGARAH

Semua Para Pengarah telah berjaya menghadiri dan menyempurnakan Program Pentauliahan Mandatori yang disyorkan oleh Institut Penyelidikan Pakar Analisis Pelaburan Malaysia, iaitu cawangan latihan Malaysia Securities Exchange Berhad (MSEB). Di sepanjang tahun, Para Pengarah juga telah menghadiri program pembelajaran berterusan (CEP) yang diiktiraf oleh MSEB untuk Para Pengarah Syarikat-syarikat yang tersenarai. Para Pengarah terus menghadiri program latihan apabila perlu, untuk terus meningkatkan skil dan pengetahuan.

PELANTIKAN SEMULA PARA PENGARAH

Selaras dengan Tataurusan Syarikat, Para Pengarah yang baru dilantik hendaklah bersara daripada jawatannya tetapi akan layak untuk pemilihan semula pada Mesyuarat Agung Tahunan seterusnya selepas pelantikan masing-masing. Tataurusan ini juga memperuntukkan supaya sekurang-kurangnya satu pertiga daripada Pengarah yang masih bertugas hendaklah tertakluk kepada pelantikan semula secara bergilir di Mesyuarat Agung Tahunan. Pengarah yang berusia lebih daripada tujuh puluh tahun dikehendaki menawarkan diri masing-masing untuk pelantikan semula setiap tahun, selaras dengan Seksyen 129(6) Akta Syarikat, 1965.

JAWATANKUASA LEMBAGA PENGARAH

Jawatankuasa Audit

Jawatankuasa Audit meneliti isu-isu berkenaan dasar perakaunan dan pembentangan laporan kewangan, memantau fungsi audit dalaman dan memastikan agar matlamat dan hubungan profesional dikekalkan dengan juruaudit luar. Jawatankuasa ini bebas berhubung sepenuhnya dengan juruaudit dalaman dan luar, di mana mereka juga berhak berhubung dengan Pengerusi Jawatankuasa pada bila-bila masa.

Ringkasan aktiviti-aktiviti Jawatankuasa sepanjang tahun kewangan dihuraikan dalam laporan Jawatankuasa Audit pada halaman 17 laporan tahunan ini. Terma-terma rujukan Jawatankuasa Audit dibentangkan pada halaman 17 dan 19 laporan tahunan ini.

Jawatankuasa Skim Opsyen Saham Pekerja (Jawatankuasa ESOS)

Jawatankuasa ESOS ditubuhkan pada 12 Disember 1996 untuk mentadbir Skim Opsyen Saham Pekerja Boustead Holdings Berhad berpandukan kepada objektif dan peraturannya, untuk menentukan kelayakan penyertaan, tawaran opsyen dan peruntukan saham serta bagi menangani hal-hal lain jika perlu.

CORPORATE GOVERNANCE STATEMENT

ESOS Committee

The members of the Committee are:
Y. Bhg. Gen. (R) Tan Sri Dato' Mohd Ghazali Hj. Che Mat (Chairman)
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin
En. Azzat Kamaludin

Nomination Committee

The Board has established a Nomination Committee consisting of the following non-executive Directors, majority of whom are independent:

Y. Bhg. Gen. (R) Tan Sri Dato' Mohd Ghazali Hj. Che Mat (Chairman)
Y. Bhg. Dato' (Dr.) Megat Abdul Rahman Megat Ahmad
Y. Bhg. Lt. Gen. (R) Dato' Mohd Yusof Din
Tuan Hj. Johari Muhamad Abbas

The functions of the Nomination Committee shall be to:

- Recommend candidates for all directorships.
- Recommend appointments to Board Committees.
- Annually review the required mix of skills and experience and other qualities, including core competencies, which non-executive directors should bring to the Board.

Remuneration Committee

The Board has established a Remuneration Committee consisting of the following Directors, majority of whom are non-executive Directors:

Y. Bhg. Gen. (R) Tan Sri Dato' Mohd Ghazali Hj. Che Mat (Chairman)
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin
En. Azzat Kamaludin
Y. Bhg. Dato' (Dr.) Megat Abdul Rahman Megat Ahmad

The Remuneration Committee reviews the remuneration packages, share options and other benefits applicable to all executive Directors and senior executives on an annual basis and makes recommendations to the Board.

None of the executive Directors participated in any way in determining their individual remuneration. The Board as a whole determines the remuneration of non-executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. In establishing the level of remuneration for each Director and senior staff, the Committee has regard to packages offered by comparable companies, and may obtain independent advice.

The remuneration for non-executive Directors consists of fees and reimbursement of expenses for their services in connection with Board and Board Committee meetings. They do not have contracts and do not participate in any of the profit sharing, share option and other incentive schemes of the Group.

PENYATA TADBIR URUS KORPORAT

Jawatankuasa ESOS

Ahli Jawatankuasa ini adalah:

Y. Bhg. Jen. (B) Tan Sri Dato' Mohd

Ghazali Hj. Che Mat (Pengerusi)

Y. Bhg. Tan Sri Dato' Lodin

Wok Kamaruddin

En. Azzat Kamaludin

Jawatankuasa Pencalonan

Lembaga Pengarah telah menubuhkan Jawatankuasa Pencalonan yang majoriti terdiri daripada Pengarah berkecuali bukan eksekutif berikut:

Y. Bhg. Jen. (B) Tan Sri Dato' Mohd

Ghazali Hj. Che Mat (Pengerusi)

Y. Bhg. Dato' (Dr.) Megat Abdul Rahman

Megat Ahmad

Y. Bhg. Lt. Jen. (B) Dato' Mohd

Yusof Din

Tuan Hj. Johari Muhamad Abbas

Fungsi Jawatankuasa Pencalonan adalah untuk:

- Mencadangkan calon baru bagi semua jawatan pengarah.
- Mencadangkan pelantikan ke Jawatankuasa Lembaga Pengarah.
- Mengkaji pada setiap tahun gabungan kemahiran dan pengalaman dan lain-lain kualiti, termasuk kecekapan utama, yang mana Pengarah bukan eksekutif perlu sumbangkan kepada Lembaga Pengarah.

Jawatankuasa Ganjaran

Lembaga Pengarah telah menubuhkan Jawatankuasa Ganjaran yang majoriti terdiri daripada Pengarah-pengarah bukan eksekutif berikut:

Y. Bhg. Jen. (B) Tan Sri Dato' Mohd Ghazali Hj. Che Mat
(Pengerusi)

Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin

En. Azzat Kamaludin

Y. Bhg. Dato' (Dr.) Megat Abdul Rahman Megat Ahmad

Jawatankuasa Ganjaran mengkaji pada setiap tahun pakej ganjaran, opsyen saham dan manfaat lain yang diberikan kepada semua Pengarah eksekutif dan eksekutif kanan dan mengusulkan saranannya kepada Lembaga Pengarah.

Tiada seorang pun daripada Pengarah eksekutif mengambil bahagian dalam apa cara sekalipun, dalam menetapkan imbuhan masing-masing. Lembaga Pengarah secara keseluruhan menetapkan ganjaran Para Pengarah bukan eksekutif dan setiap Pengarah dikecualikan daripada keputusan berhubung ganjaran diri sendiri. Dalam menetapkan tahap ganjaran setiap Pengarah dan kakitangan kanan, Jawatankuasa mengambil kira pakej yang ditawarkan oleh syarikat yang setanding dan boleh mendapatkan nasihat bebas.

Ganjaran Pengarah bukan eksekutif terdiri daripada yuran dan bayaran ganti perbelanjaan bagi perkhidmatan mereka berhubung mesyuarat Lembaga Pengarah dan Jawatankuasa Lembaga Pengarah. Mereka tidak mempunyai kontrak dan tidak menyertai mana-mana perkongsian keuntungan, opsyen saham dan lain-lain skim Kumpulan.

CORPORATE GOVERNANCE STATEMENT

Directors' Remuneration

Details of the Directors' remuneration are set out on pages 101 and 102 of the annual report.

INVESTORS AND SHAREHOLDERS RELATIONSHIP

The Group recognises the importance of timely and thorough dissemination of information to shareholders. In this regard, the Group strictly adheres to the disclosure requirements of the Malaysia Securities Exchange Berhad (MSEB) and the Malaysian Accounting Standards Board. The annual report has comprehensive information pertaining to the Group, while various disclosures on quarterly and annual results provide investors with financial information.

Apart from the mandatory public announcements through the MSEB, the Group has also set up a website at www.boustead.com.my to provide corporate, financial and non-financial information. The Group Managing Director and Director, Financial Services meet regularly with analysts, institutional shareholders and investors. At General Meetings, the Board encourages shareholder participation and respond to their questions. Shareholders can also leave written questions for the Board to respond. The Share Registrar is available to attend to matters relating to shareholder interests.

ACCOUNTABILITY AND AUDIT

Financial reporting

In presenting the annual financial statements and quarterly announcements of results to the shareholders, the Board aims to present a balanced and understandable assessment of the Group's position and prospects.

Before the financial statements were drawn up, the Directors have taken the necessary steps to ensure that the Group had used all the applicable accounting policies consistently, and that the policies are supported by reasonable and prudent judgements and estimates. All accounting standards, which the Board considers to be applicable, have been followed, subject to any explanations and material departures disclosed in the notes to the financial statements.

The role of the Audit Committee in the review and reporting of the financial information of the Group is set out on pages 14 to 18.

A statement by Directors of their responsibilities in preparing the financial statements is set out on page 30 of this annual report.

Internal control

The Group's Statement on Internal Control is set out on pages 32 to 36 of this annual report.

PENYATA TADBIR URUS KORPORAT

Ganjaran Para Pengarah

Butir-butir ganjaran Para Pengarah dibentangkan pada halaman 150 dan 151 laporan tahunan ini.

HUBUNGAN DENGAN PELABUR DAN PEMEGANG SAHAM

Kumpulan mengiktiraf kepentingan menyampaikan maklumat dengan segera dan sempurna kepada pemegang saham. Justeru itu, Kumpulan mematuhi keperluan pendedahan Malaysia Securities Exchange Berhad dan Lembaga Piawaian Perakaunan Malaysia secara ketat. Laporan tahunan ini mengandungi maklumat lengkap mengenai Kumpulan, manakala pelbagai pendedahan keputusan suku tahunan dan tahunan menyediakan maklumat kewangan kepada pelabur.

Selain pengumuman awam mandatori melalui MSEC, Kumpulan turut membina laman web di www.boustead.com.my untuk memaparkan maklumat korporat, kewangan dan bukan kewangan. Pengarah Urusan Kumpulan dan Pengarah Perkhidmatan Kewangan kerap bermesyuarat dengan pakar analisis, pemegang saham institusi dan pelabur. Di Mesyuarat-mesyuarat Agung, Lembaga Pengarah menggalakkan penglibatan pemegang saham dan menjawab pertanyaan mereka. Pemegang saham boleh juga mengemukakan soalan secara bertulis untuk mendapatkan jawapan Lembaga Pengarah. Pendaftar Saham sedia memberikan perhatian pada perkara-perkara berhubung kepentingan pemegang saham.

AKAUNTABILITI DAN AUDIT

Laporan Kewangan

Dalam membentangkan penyata kewangan tahunan dan pengumuman keputusan suku tahunan kepada pemegang saham, Lembaga Pengarah bermatlamat untuk menyampaikan penilaian kedudukan dan peluang kejayaan Kumpulan secara seimbang dan mudah difahami.

Sebelum penyata kewangan disediakan, Para Pengarah mengambil langkah-langkah perlu untuk memastikan bahawa Kumpulan menggunakan kesemua dasar perakaunan yang berkaitan secara seragam, dan bahawa dasar-dasar tersebut disokong oleh pertimbangan dan anggaran yang wajar lagi berhemat. Semua piawaian perakaunan yang dianggap berkaitan oleh Lembaga Pengarah telah diikuti, tertakluk kepada apa-apa penjelasan dan penyimpangan material yang dinyatakan dalam nota kepada penyata kewangan.

Peranan Jawatankuasa Audit dalam kajian dan pelaporan maklumat kewangan Kumpulan dibentangkan pada halaman 15 hingga 19.

Penyata Para Pengarah mengenai tanggungjawab mereka dalam menyediakan penyata kewangan dibentangkan pada halaman 31 laporan tahunan ini.

Kawalan dalaman

Penyata Kawalan Dalaman Kumpulan dibentangkan pada halaman 33 hingga 37 laporan tahunan ini.

CORPORATE GOVERNANCE STATEMENT

Relationship with External Auditors

The Group has established transparent and appropriate relationship with the external auditors through the Audit Committee. The Audit Committee has always maintained a professional relationship with the external auditors. Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 16 and 18 of the annual report.

A summary of activities of the Audit Committee are set out in the Audit Committee Report on page 16 of the annual report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare financial statements for each year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of their results and cash flows for the financial year then ended.

In preparing these financial statements, the Directors have:

- adopted suitable accounting policies and applying them consistently;
- made judgments and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965. The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

PENYATA TADBIR URUS KORPORAT

Hubungan dengan Juruaudit Luar

Kumpulan menjalin hubungan yang telus dan wajar dengan juruaudit luar melalui Jawatankuasa Audit. Jawatankuasa Audit sentiasa mengekalkan hubungan profesional dengan juruaudit luar. Ciri-ciri penting yang menjadi asas hubungan Jawatankuasa Audit dengan juruaudit luar dirangkumi dalam bidang rujukan Jawatankuasa Audit seperti yang diperincikan pada halaman 17 dan 19 laporan tahunan ini.

Ringkasan aktiviti-aktiviti Jawatankuasa Audit dibentangkan dalam Laporan Jawatankuasa Audit pada halaman 17 laporan tahunan ini.

PENYATA TANGGUNGJAWAB PENGARAH BERHUBUNG PENYATA KEWANGAN BERAUDIT

Di bawah Akta Syarikat, 1965, Para Pengarah dikehendaki menyediakan penyata kewangan bagi setiap tahun, yang memberikan gambaran yang benar dan saksama mengenai hal ehwal Kumpulan dan Syarikat pada akhir tahun kewangan, dan mengenai keputusan serta aliran tunai masing-masing bagi tahun kewangan berkenaan.

Dalam menyediakan penyata kewangan ini, Para Pengarah:

- menerima pakai dasar perakaunan yang bersesuaian dan menggunakannya secara konsisten;
- membuat pertimbangan dan anggaran yang berhemat dan munasabah;
- memastikan bahawa piawaian perakaunan yang berkaitan diikuti, tertakluk kepada mana-mana penyimpangan material yang didedahkan dan dijelaskan dalam penyata kewangan; dan
- menyediakan penyata kewangan berdasarkan prinsip akan terus beroperasi kecuali jika tidak bersesuaian untuk mengagak bahawa Kumpulan dan Syarikat dapat meneruskan perniagaannya.

Para Pengarah bertanggungjawab untuk memastikan Syarikat menyimpan rapi rekod perakaunan yang mendedahkan kedudukan kewangan Kumpulan dan Syarikat pada bila-bila masa dengan ketepatan yang munasabah, dan untuk memastikan bahawa penyata kewangan mematuhi Akta Syarikat, 1965. Para Pengarah mempunyai tanggungjawab keseluruhan untuk mengambil langkah-langkah yang tersedia kepada mereka untuk memastikan keselamatan aset Kumpulan dan Syarikat bagi mencegah dan mengesan kes penipuan dan ketidaklaziman lain.

STATEMENT ON INTERNAL CONTROL

THE BOARD OF DIRECTORS OF BOUSTEAD HOLDINGS BERHAD IS PLEASED TO PROVIDE THE STATEMENT ON INTERNAL CONTROL OF THE GROUP WHICH OUTLINES THE KEY ELEMENTS OF THE INTERNAL CONTROL SYSTEM WITHIN THE GROUP.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound system of internal control to safeguard shareholders' investments and the Group's assets and for reviewing the adequacy and integrity of the system. Notwithstanding, due to the limitations that are inherent in any system of internal control, the Group's internal control system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group's system of internal control covers risk management and financial, operational and compliance controls. Except for insurable risks where insurance covers are purchased, other risks are reported on a general reporting basis to, and managed by the respective Boards within the Group.

The internal control system of the Group is supported by an appropriate organisation structure with clear reporting lines, defined lines of responsibilities and authorities from respective business units up to the Board level. Management controls, operational controls and risk management are under the purview of each Divisional Director, while the Audit Committee is delegated with the responsibility to review and monitor internal controls activities on behalf of the Board.

RISK MANAGEMENT

The Board accepts that the Group operates in an environment that demands greater accountability. Risk management is now recognised as an integral part of good management practice which strengthens the business planning processes, thereby producing realistic opportunities for the Group and leading to increased shareholder value. The incorporation of a sound risk

management culture into the Group's business framework becomes crucial in ensuring continued success. The Group's risk management framework is outlined in the Group's risk management policy and procedure document.

The year has seen solid progress based on the foundation of the approval of the risk management strategy. Resources have been put in place and rolled out across the group as follows:

- An external professional firm of consultants conducted a training course on risk based internal auditing, focussing on audit planning and audit execution using a risk management methodology. The external consultants also performed a risk based internal audit on sites on a co-sourcing basis with selected internal audit personnel.
- Monthly management meetings at respective operating units provide a forum where management undertakes overall responsibility for periodic reviews of the risk management system. The risk based decisions shall be made at the operating level where knowledge and expertise reside. Managers play an integral part in the process of monitoring the effectiveness of risk management in their activities.
- The respective CEOs/Divisional Directors and senior managers who manage the day to day of their respective operating units have duly signed certifications of financial statements and the assessment of internal controls to improve the accuracy and transparency of financial reports and corporate disclosures, as well as reinforce the importance of corporate ethical standards. Each certifies their compliance with best practices in good governance and business management with respect to companies under their control on a half-yearly basis.

LEMBAGA PENGARAH BOUSTEAD HOLDINGS BERHAD DENGAN SUKACITANYA MENGEMUKAKAN PENYATA KAWALAN DALAMAN KUMPULAN YANG MENYATAKAN UNSUR-UNSUR PENTING SISTEM KAWALAN DALAMAN DALAM KUMPULAN.

TANGGUNGJAWAB LEMBAGA PENGARAH

Lembaga Pengarah mengakui tanggungjawab mereka terhadap pengekalan sistem kawalan dalaman yang sempurna untuk memelihara pelaburan pemegang saham dan aset kumpulan, dan juga terhadap pengkajian kecekapan dan ketelusan sistem ini. Meskipun demikian, disebabkan batasan semulajadi yang terdapat di dalam sistem kawalan dalaman, sistem ini dicipta untuk mengurus dan bukan untuk menghapus risiko kegagalan mencapai matlamat perniagaan, dan hanya mampu memberikan jaminan yang munasabah dan bukan mutlak terhadap salahnyataan atau kerugian material.

Sistem kawalan dalaman Kumpulan meliputi pengurusan risiko serta kawalan kewangan, operasi dan pematuhan kawalan. Melainkan risiko yang boleh diinsuranskan, yang mana perlindungan insuransnya dibeli, risiko lain dilaporkan dan diurus berdasarkan laporan umum kepada Lembaga Pengarah yang berkenaan dalam Kumpulan.

Sistem kawalan dalaman Kumpulan disokong oleh satu struktur organisasi yang sesuai dengan saluran laporan yang jelas, meliputi tanggungjawab dan penugasan kuasa yang jelas tertakrif dari unit-unit perniagaan hingga ke Lembaga Pengarah. Kawalan pengurusan, kawalan operasi dan pengurusan risiko berada dalam bidang tanggungjawab Pengarah Bahagian, manakala Jawatankuasa Audit dipertanggungjawabkan untuk menilai dan memantau semua kawalan dalaman bagi pihak Lembaga Pengarah.

PENGURUSAN RISIKO

Lembaga Pengarah menyatakan bahawa Kumpulan beroperasi di dalam satu persekitaran baru yang menuntut akauntabiliti yang lebih tinggi. Pengurusan risiko ini kini diiktiraf sebagai satu bahagian penting dalam pengurusan yang baik di mana ia akan mengukuhkan proses perancangan perniagaan, justeru menghasilkan peluang realistik untuk Kumpulan dan memimpin ke arah

peningkatan nilai pelaburan. Kemasukan budaya pengurusan risiko yang kukuh ke dalam rangkakerja perniagaan Kumpulan adalah penting dalam memastikan kejayaan yang berterusan. Rangkakerja pengurusan risiko Kumpulan digariskan di dalam dokumen polisi dan prosedur pengurusan risiko Kumpulan.

Tahun ini telah menunjukkan kemajuan kukuh berdasarkan asas strategi pengurusan risiko yang diluluskan. Sumber-sumber telah digunakan dan diagihkan di dalam Kumpulan seperti berikut:

- Kursus-kursus dan latihan berkenaan audit dalaman berdasarkan risiko, fokus di atas pengurusan audit dan perlaksanaan audit menggunakan kaedah pengurusan risiko telah dianjurkan oleh firma perunding profesional. Pakar perunding juga telah melaksanakan audit dalaman berdasarkan risiko di lokasi bersama-sama juruaudit dalaman yang dipilih.
- Mesyuarat pengurusan bulanan di setiap unit operasi telah menghasilkan satu forum di mana pihak pengurusan bertanggungjawab sepenuhnya dalam penilaian berkala terhadap sistem pengurusan dalaman. Keputusan berdasarkan risiko akan dibuat di peringkat operasi di mana pengetahuan dan kepakaran diperolehi. Pengurus-pengurus memainkan peranan penting dalam memantau keberkesanan pengurusan risiko dalam aktiviti-aktiviti mereka.
- Ketua Pegawai Eksekutif/Pengarah Bahagian dan pengurus-pengurus kanan yang mengendalikan operasi harian di setiap unit operasi telah menandatangani pengesahan penyata-penyata kewangan dan penilaian kawalan dalaman untuk memperbaiki ketepatan dan kesahihan laporan-laporan kewangan dan pendedahan maklumat korporat, serta penekanan ke atas kepentingan nilai-nilai etika korporat. Setiap dari mereka mengesahkan pematuhan dalam amalan tadbir urus dan pengurusan perniagaan syarikat-syarikat di bawah kawalan mereka setiap setengah tahun.

STATEMENT ON INTERNAL CONTROL

- The Board has delegated the responsibility for approving appropriate risk management procedures and measurement methodologies across the Group to the Group Risk Management Committee which reports to the Audit Committee. The effectiveness of the risk management system is monitored and evaluated by all levels of management on an ongoing basis. All employees are encouraged to identify weaknesses and to improve efficiency and effectiveness within the Group.
- The Group faces a variety of risks in conducting its businesses. Management has developed policies and procedures to enable it to respond to these risks. Formal procedures exist to ensure that critical success factors are identified as part of the planning process. The risk profiles of each aspect of operations and changes in risk factors were taken into consideration during the budgeting and planning process.
- The Board has reviewed the key business risks facing the Group including legal, regulatory, human resource, tax, technology, outsourcing and market risks identified in the Group's annual risk profile report. The monitoring, reviewing and reporting framework which have been put in place give reasonable assurance that there is an acceptable level of risks throughout the Group's business.

An ongoing risk management process is in place including all levels of management, to identify, address and manage existing and new significant risks faced by the Group.

INTERNAL AUDIT FUNCTION

The internal audit function provides assurance of the effectiveness of the system of internal controls within the Group. It conducts independent reviews of the key activities within the

Group's operating units based on a detailed annual internal audit plan which was approved by the Audit Committee, which will be moving towards a risk based approach.

The key activities of the internal audit function are set out in the Audit Committee Report on pages 16 of the annual report.

KEY ELEMENTS OF INTERNAL CONTROL

Internal controls are embedded in the Group's operations as follows:-

- Clear organisation structure with defined reporting lines.
- Defined level of authorities and lines of responsibilities from operating units up to the Board level to ensure accountabilities for risk management and control activities.
- Regular Board and Management Meetings to assess the Group's performance and controls.
- Regular internal audit visits to review the effectiveness of the control procedures and ensure accurate and timely financial management reporting. Internal audit efforts are directed towards areas with significant risks as identified by management, and the risk management process is being audited to provide assurance on the management of risk.
- Review of internal audit reports and follow-up on findings by Management Audit Committee. The internal audit reports are deliberated by the Audit Committee, and are subsequently presented to the Board on a quarterly basis or earlier, as appropriate.

PENYATA KAWALAN DALAMAN

- Lembaga Pengarah telah membahagikan tanggungjawab untuk meluluskan prosedur-prosedur pengurusan risiko yang bersesuaian dan langkah-langkah ukuran di dalam Kumpulan kepada Jawatankuasa Pengurusan Risiko Kumpulan yang melaporkan kepada Jawatankuasa Audit. Keberkesanan sistem pengurusan risiko dipantau dan dinilai oleh semua peringkat pengurusan secara berterusan. Semua kakitangan digalakkan untuk mengenalpasti kelemahan untuk membaiki kecekapan dan keberkesanan di dalam Kumpulan.
- Kumpulan menghadapi berbagai-bagai risiko dalam menjalankan perniagaan-perniagaannya. Pihak pengurusan telah menggariskan polisi dan prosedur bagi membolehkan ia bertindakbalas ke atas risiko-risiko tersebut. Prosedur-prosedur rasmi wujud untuk memastikan faktor-faktor kehasilan penting dikenalpasti sebagai salah satu aspek proses perancangan. Profil-profil risiko dalam setiap aspek pengurusan dan perubahan faktor risiko diambil kira dalam proses belanjawan dan perancangan.
- Lembaga Pengarah telah mengkaji risiko-risiko penting perniagaan yang dihadapi oleh Kumpulan, meliputi undang-undang, peraturan-peraturan, sumber manusia, pencukaian, teknologi, pengambilan luaran dan pasaran yang dikenalpasti di dalam laporan profil risiko tahunan Kumpulan. Pemantauan, penilaian dan rangka kerja laporan yang telah sedia ada memberi jaminan yang munasabah bahawa wujud satu peringkat risiko yang boleh diterima di dalam perniagaan Kumpulan.

Proses pengurusan risiko yang berterusan telahpun wujud iaitu yang merangkumi semua peringkat pengurusan bagi mengenalpasti, membincangkan dan mengurus risiko-risiko signifikan yang baru dan sedia ada yang dihadapi oleh Kumpulan.

FUNGSI AUDIT DALAMAN

Fungsi audit dalaman memberi jaminan terhadap keberkesanan sistem kawalan dalaman di dalam Kumpulan. Ia membuat penilaian berkecuali terhadap aktiviti-aktiviti utama di dalam unit-unit operasi Kumpulan berdasarkan pelan audit dalaman tahunan yang teliti dan diluluskan oleh Jawatankuasa Audit yang menuju ke arah pendekatan berasaskan risiko.

Aktiviti-aktiviti utama fungsi audit dalaman dibentangkan dalam Laporan Jawatankuasa Audit pada halaman 17 laporan tahunan ini.

UNSUR-UNSUR UTAMA KAWALAN DALAMAN

Kawalan dalaman disepadukan ke dalam operasi Kumpulan seperti berikut:

- Struktur organisasi yang jelas dengan penakrifan garisan laporan.
- Penakrifan peringkat kuasa dan tanggungjawab dari unit-unit operasi ke peringkat Lembaga Pengarah untuk memastikan akauntabiliti pengurusan risiko dan pengawalan aktiviti.
- Mesyuarat Lembaga Pengarah dan pengurusan yang diadakan secara tetap untuk menilai prestasi dan kawalan.
- Lawatan audit dalaman yang tetap untuk menilai keberkesanan prosedur kawalan dan memastikan laporan pengurusan kewangan tepat pada waktunya. Usaha-usaha audit dalaman diarahkan kepada perkara-perkara yang mempunyai risiko penting seperti yang dikenalpasti oleh pihak pengurusan, dan proses pengurusan risiko diaudit untuk memberi jaminan dalam pengurusan risiko.

STATEMENT ON INTERNAL CONTROL

- Review and award of major contracts by Tender Committee within each Division. A minimum of three quotations is called for and tenders are awarded based on criteria such as quality, track record and speed of delivery.
- Tender Committee comprising members of senior management exist at each division which ensures transparency in the award of contracts.
- Clearly documented Standard Operating Procedures Manuals sets out the policies and procedures for day to day operations to be carried out.
- Consolidated monthly management accounts and quarterly forecast performance which allow management to focus on areas of concern.
- Regular visits to estates and mills by Visiting Agents, Group Engineers and Estates Department, with the emphasis on the monitoring and control of expenditure at operating centres, agronomic practices and ad-hoc investigations.
- Strategic planning, target setting and detailed budgeting process for each area of business which are approved both at the operating level and by the Board.
- Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary.
- Regular visits to the operating units by members of the Board and senior management.

MONITORING AND REVIEW OF THE ADEQUACY AND INTEGRITY OF THE SYSTEM OF INTERNAL CONTROL

The processes adopted to monitor and review the adequacy and integrity of the system of internal control include:

- Regular confirmation by the chief executive officer and chief financial officer of the respective operating units on the effectiveness of the system of internal control, highlighting any weaknesses and changes in risk profile. The same confirmation is provided by the Group Managing Director and Director, Financial Services to the Board annually.
- Periodic examination of business processes and the state of internal control by the internal audit function. Reports on the reviews carried out by the internal audit function are submitted on a regular basis to the Management Audit Committee. The monitoring, review and reporting arrangements in place provide reasonable assurance that the structure of controls and its operations are appropriate to the Group's operations and that risks are at an acceptable level throughout the Group's businesses. Such arrangements, however, do not eliminate the possibility of human error, deliberate circumvention of control procedures by employees and others, or the occurrence of unforeseeable circumstances.

WEAKNESSES IN INTERNAL CONTROLS THAT RESULT IN MATERIAL LOSSES

There were no material losses incurred during the financial year under review as a result of weaknesses in internal control. Management continues to take measures to strengthen the control environment.

This statement is made in accordance with a resolution of the Board of Directors dated 8 March 2004.

PENYATA KAWALAN DALAMAN

- Menilai laporan audit dalaman dan tindakan susulan atas apa yang diperolehi oleh Pengurusan Jawatankuasa Audit. Laporan audit dalaman dipertimbangkan oleh Jawatankuasa Audit, dan seterusnya dibentangkan kepada Lembaga Pengarah setiap suku tahun atau lebih awal mengikut keadaan.
- Menilai dan menganugerahkan kontrak besar oleh Jawatankuasa Tender setiap bahagian. Sekurang-kurangnya tiga sebutharga minima diperlukan dan tender diberi berdasarkan faktor-faktor seperti kualiti, rekod pencapaian dan kepantasan penghantaran.
- Jawatankuasa Tender yang terdiri dari kalangan pengurusan kanan wujud di setiap bahagian yang memastikan ketelusan di dalam penganugerahan tender.
- Manual Piawaian Prosedur Operasi yang didokumentasikan dengan jelas menggariskan dasar dan prosedur bagi operasi harian yang dijalankan.
- Akaun-akaun pengurusan bulanan digabungkan dan ramalan prestasi setiap suku tahun membolehkan pihak pengurusan untuk memberi fokus ke perkara-perkara penting.
- Lawatan tetap ke ladang dan kilang oleh Ejen Pelawat, Jurutera Kumpulan dan Jabatan Estet, dengan penegasan pada pemantauan dan kawalan perbelanjaan di pusat operasi, amalan agronomi dan penyiasatan ad-hoc.
- Proses belanjawan terperinci yang melibatkan pengurusan di unit-unit operasi yang diluluskan pada peringkat operasi dan oleh Lembaga Pengarah.
- Pemantauan keputusan bulanan berbanding belanjawan, dengan perbezaan besar disusuli dan tindakan pihak pengurusan diambil, sekiranya perlu.
- Lawatan tetap ahli Lembaga Pengarah dan pengurusan kanan ke unit-unit operasi.

PEMANTAUAN DAN KAJIAN KECUKUPAN DAN KETELUSAN SISTEM KAWALAN DALAMAN

Proses-proses yang diterima pakai untuk memantau dan mengkaji kecukupan dan ketelusan sistem kawalan termasuk:

- Pengesahan tetap oleh ketua pegawai eksekutif dan ketua pegawai kewangan setiap unit operasi mengenai keberkesanan sistem kawalan dalaman, dengan mengetengahkan sebarang kelemahan dan perubahan dalam profil risiko. Pengesahan yang sama diberikan oleh Pengarah Urusan Kumpulan dan Pengarah Perkhidmatan Kewangan kepada Lembaga Pengarah setiap tahun.
- Pemeriksaan berkala oleh fungsi audit dalaman terhadap proses perniagaan dan kawalan dalaman. Laporan kajian oleh fungsi-fungsi audit dalaman diserahkan secara tetap kepada Jawatankuasa Audit Pengurusan. Susunan pemantauan, kajian semula dan pelaporan yang kini diamalkan memberikan jaminan munasabah bahawa struktur kawalan dan pengendaliannya bersesuaian dengan operasi Kumpulan dan bahawa risiko berada pada tahap yang boleh diterima di seluruh perniagaan Kumpulan. Walau bagaimanapun, penyusunan demikian tidak menghapus kemungkinan kesilapan manusia, pelanggaran prosedur kawalan yang disengajakan oleh kakitangan atau orang lain, atau keadaan luar jangka.

KELEMAHAN KAWALAN DALAMAN YANG MENAKIBATKAN KERUGIAN MATERIAL

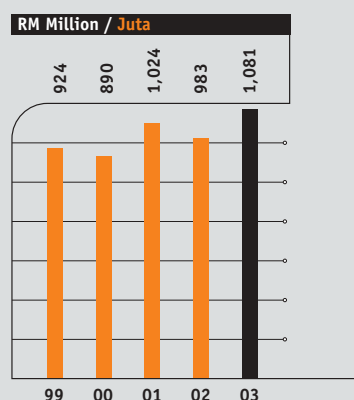
Tiada kerugian material berlaku dalam tahun kewangan yang dikaji ini akibat daripada kelemahan kawalan dalaman. Pihak pengurusan terus mengambil langkah-langkah untuk memperkukuhkan persekitaran kawalan.

Penyata ini disediakan selaras dengan resolusi Lembaga Pengarah bertarikh 8 Mac 2004.

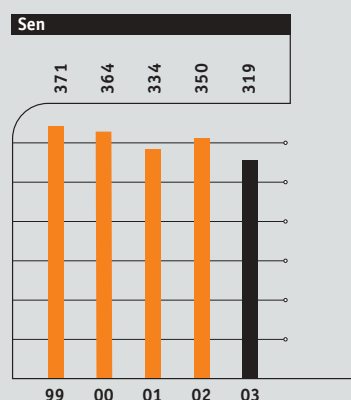
FIVE YEAR GROUP FINANCIAL HIGHLIGHTS

PENCAPAIAN KEWANGAN KUMPULAN BAGI LIMA TAHUN

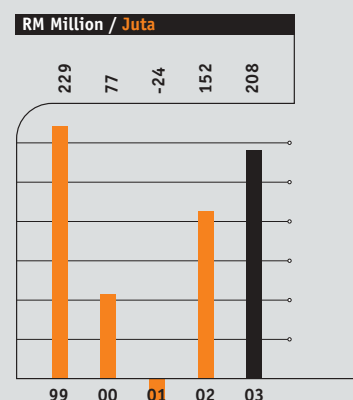
REVENUE HASIL



NET TANGIBLE ASSETS PER SHARE ASET KETARA BERSIH SESAHAM

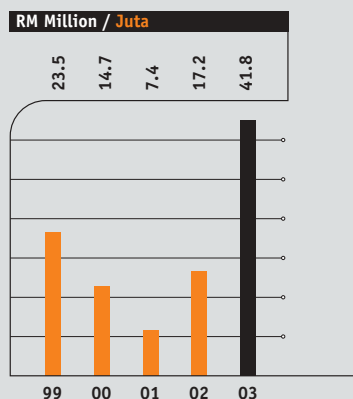


PROFIT BEFORE TAXATION KEUNTUNGAN SEBELUM CUKAI

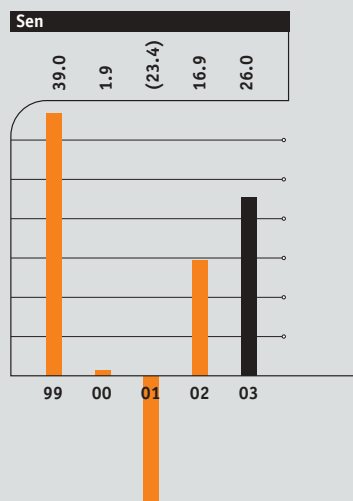


	2003	2002	2001	2000	1999
FOR YEAR ENDED 31 DECEMBER (RM MILLION)					
BAGI TAHUN BERAKHIR 31 DISEMBER (RM JUTA)					
Revenue Hasil	1,081	983	1,024	890	924
Profit before taxation Keuntungan sebelum cukai					
– Plantation Perladangan	115	93	52	67	183
– Property Hartanah	94	70	99	66	21
– Finance & investment Kewangan & pelaburan	(16)	(8)	(188)	(59)	13
– Manufacturing Pengilangan	20	22	28	18	20
– Trading Perdagangan	–	(20)	(9)	(14)	(11)
– Service industry Industri perkhidmatan	(5)	(5)	(6)	(1)	3
	208	152	(24)	77	229
Profit/(loss) attributable to shareholders					
Keuntungan/(kerugian) bagi pemegang saham	113	69	(77)	3	156
Dividends Dividen-dividen	41.8	17.2	7.4	14.7	23.5
Profit/(loss) retained Keuntungan/(kerugian) disimpan	71	52	(84)	(12)	133
AT END OF YEAR (RM MILLION)					
PADA TAHUN BERAKHIR (RM JUTA)					
Paid-up capital Modal berbayar	273	136	136	136	136
Shareholders' equity Ekuiti pemegang saham	1,743	1,434	1,371	1,490	1,520
Total assets employed Jumlah Aset digunakan	4,341	4,048	3,955	4,004	3,663

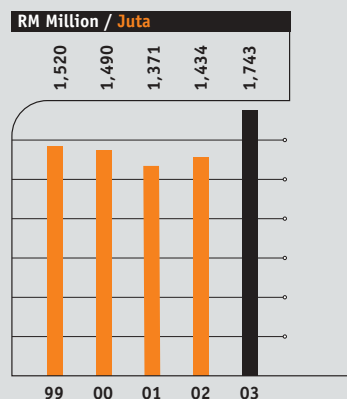
DIVIDEND DIVIDEN



EARNINGS PER SHARE PENDAPATAN SESAHAM



SHAREHOLDERS' EQUITY EKUITI PEMEGANG SAHAM



		2003	2002	2001	2000	1999
PER SHARE (NOMINAL RM0.50)						
SESAHAM (NOMINAL RM0.50)						
Earnings Pendapatan	(sen)	26.0	16.9	(23.4)	1.9	39.0
Gross dividend Dividen kasar	(%)	25.0	17.5	7.5	15.0	20.0
Dividend cover Liputan dividen	(times kali)	2.9	2.7	(8.7)	0.4	5.4
Net tangible assets Aset ketara bersih	(sen)	319	350	334	364	371
Share price – high Harga saham – tinggi	(sen)	220	230	262	424	350
Share price – low Harga saham – rendah	(sen)	129	165	171	242	151
Price earning ratio Nisbah harga pendapatan	(times kali)	5.1	8.8	(5.1)	135	5.6
FINANCIAL STATISTICS						
STATISTIK KEWANGAN						
Return on revenue Pulangan ke atas hasil	(%)	12.2	6.8	8.1	7.0	15.7
Return on average shareholders' equity						
Pulangan ke atas purata ekuiti pemegang saham	(%)	7.1	4.9	(6.7)	0.5	10.9
Interest cover (profit before interest: interest)						
Pelindung faedah (keuntungan sebelum faedah: faedah)		3.8	3.8	0.7	3.6	6.1
Gearing (net borrowings: shareholders' equity)						
Penggearing (pinjaman bersih: ekuiti pemegang saham)		0.9	1.0	1.1	0.9	0.7