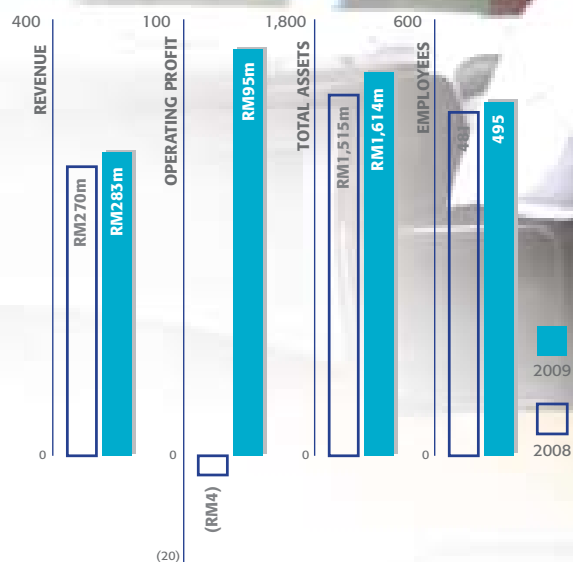


## FINANCE & INVESTMENT DIVISION

### FINANCIAL HIGHLIGHTS



The Finance and Investment Division delivered a commendable profit of RM95 million, a substantial turnaround from the previous year's loss. Earnings from this Division are derived mainly from Affin Holdings and BH Insurance.

The Division also benefitted from the rights issue undertaken by Boustead Holdings Berhad. This had a knock-on effect in paring down the Group's gearing which then saw a significant saving in interest cost.



## FINANCE & INVESTMENT DIVISION



**Affin Holdings Berhad's (Affin Group)** profit contribution to the Boustead Group has grown significantly to RM80 million compared with RM60 million in 2008. Affin Group was able to deliver such a leap in profit contribution thanks to its own strong track record by registering a pre-tax profit of RM497 million, a 25% increase compared with its performance in the previous year.

Driving this contribution was *Affin Bank Berhad (Affin Bank)* which registered a profit of RM378 million. The Bank also further reduced its non-performing loans (NPL) ratio to 2.36% from 3.22% the previous year, which is a true testament to the Bank's commitment to managing NPLs as well as its effort to achieve a double-A rating in the near future. On this score, the Bank's long-term credit rating was graded upwards to A1 in November by Rating Agency Malaysia from 2008's A2 while its short-term rating was sustained at P1.

Affin Bank focused its efforts on fortifying its position as a mid-sized participant in the local banking sector through various initiatives. These included operations and process improvements, business development and brand building as well as corporate social responsibility. These efforts put the Bank on course for long-term growth and expansion.

Business and consumer banking continue to propel the Bank's growth. As such, the Bank took part in several roadshows, exhibitions and events to promote its business as well as to enhance brand presence. Affin Bank also capitalised on strategic branding opportunities through sponsorships. Additionally its new product offerings, AffinPLUS and AffinGOLD were well received during the year.

*Affin Investment Bank Berhad (AIBB)* registered a strong profit of RM65 million, a significant reversal from the loss recorded last year. Net interest income increased by 48% due to growth in assets as well as improved spreads. Other operating income increased by 76% due to gains in investment income and improved net brokerage. NPL ratio reduced significantly from 2.38% to 0.63% and the loan loss coverage improved further to 105.77%.

During the year, AIBB achieved significant recognition in *The Edge's* 2009 Corporate Finance Deals as advisor on an innovative rights issue and was ranked Top 3 for the 2009 Malaysia Loans Mandated Arranger by Bloomberg. Additionally, AIBB was named one of the Top 5 Most Independent Research Brokerage in the Asiamoney Brokers Poll 2009 and top analyst for the Consumer Sector in *The Edge's* 2009 Best Calls Award.

*Affin Islamic Bank Berhad (Affin Islamic)* registered a profit of RM47 million, a substantial increase from the prior year. Total financing grew 18% to RM2.96 billion, while net non-performing financing at 1.59% was well below the industry average. Total customer deposits increased by 38% to RM3.61 billion, as did the client base by 13% to some 150,000 customers, mainly from Affin Islamic's retail and business enterprise sectors. Affin Islamic, in an effort to set the benchmark for the domestic and international Islamic banking markets as well as expand its franchise, undertook several initiatives to strengthen its core banking system.



*Affin Fund Management Berhad (AFM)* recorded a lower profit of RM3.8 million compared with the previous year due to the lower service charges imposed on unit trust funds. July saw AFM launching the Affin Select Growth Fund bringing its total unit trust fund under management to seven.

Successful expansion of *AXA-AFFIN Life Insurance Berhad (AALIB)* provided significant growth despite tough competition. This unit saw improvement in gross premium of RM177 million as compared with RM44 million registered in the prior year with a five-fold increase of gross new business premium of RM162 million.

AALIB grew its presence in 15 new Affin Bank branches nationwide. The unit introduced innovative products throughout the year such as the Unemployment Premium Refund Program, ValuePac and Limited Pay Endowment Plan which were well received by consumers.

*AXA-AFFIN General Insurance Berhad* concluded the year with a gross written premium of RM353 million, an increase of 9% from the previous financial year. This was attributed to consolidated earnings from all lines of business. Additionally, realised gains and investment income were enhanced, a reflection of an improving economic climate during the year.


**Boustead Credit Sdn Bhd** is focused on the secondary market for car financing. With a strategic approach and prudence, this company posted improved profit.



**BH Insurance (Malaysia) Berhad** performed well, registering a profit of RM45 million against the prior year's RM27 million. This was derived primarily from an increase in premiums, reversal of losses from quoted equities and lower claims resulting in a healthy underwriting profit of RM24 million, and increase of RM2.2 million compared with the previous year. All classes of insurance recorded underwriting surplus with the exception of motor class which as expected continues to be unprofitable.

Strategic partnerships with several banks raised the insurer's market share and resulted in a larger share of commercial and industrial risks. As a result, the overall gross premium climbed 5%, achieving a new benchmark for the company by surpassing the RM300 million mark.

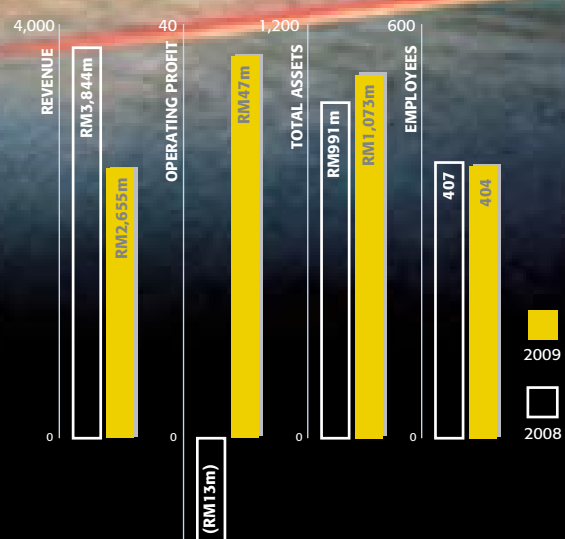
## TRADING DIVISION



In spite of the tough economic conditions, the Trading Division registered a strong profit of RM47 million compared with a loss of RM13 million previously. This turnaround was mainly due to solid contributions from Boustead Petroleum Marketing Sdn Bhd and Boustead Engineering Sdn Bhd.

**Boustead Petroleum Marketing Sdn Bhd (BHPetrol)** ended the year with a profit of RM52 million, compared with a nominal profit prior year. The positive result is a reflection of our effort to optimise cost structures and at the same time achieve volume growth. Inventory holding gains also led to an increase in our operating margin.

## FINANCIAL HIGHLIGHTS





## TRADING DIVISION



*Baggage handling system at LCCT*



*Kao products on display*



*The launching of BHPetrol's new Infiniti Petrol*

BH Petrol expanded its retail network by introducing eight new service stations in high-traffic locations. We also introduced the new infiniti95<sup>2x</sup> and infiniti97<sup>2x</sup> petrol as well as the Euro2M diesel in line with our efforts to meet the needs of our customers. Our specially formulated products feature enhanced fuel economy and adds protection to vehicles.

We are committed to enhancing BH Petrol's brand awareness to increase our customer base. Towards this end, the annual successful BHP Orange Run attracted major participation from our customers. Additionally our investment in advertising and promotions are also reaping positive brand impact. BH Petrol's convenience stores, which feature a wide range of products and services, enjoyed a healthy growth in sales with the expansion of our shop network.

**Boustead Engineering Sdn Bhd** recorded a commendable performance due to good earnings from one of its key projects namely the upgrading work on the baggage handling system and check-in online screening system at the Low Cost Carrier Terminal. However, sales revenue from engineering products and chemicals were affected by strong competition.

**Kao (Malaysia) Sdn Bhd** stayed strong amidst the dampened and competitive economy. Due to several newly launched products in the hair care, skin care and personal hygiene range, not only did earnings improve, market share was also sustained in the face of intense competition.



BHPetrolmart

**Boustead Global Trade Network Sdn Bhd** recorded positive earnings thanks to its focus on warehousing and logistics operations as well as its insurance agency. This company enjoyed a fruitful year, due to the performance of key customers, namely Sara Lee and Riche Monde. In addition, its appointment as a Takaful agent widened the company's insurance business prospects.

**Boustead Building Materials Sdn Bhd** posted an improved result compared with the previous year due to multiple contracts and a better mix in higher margin products. One of the highlights witnessed during the year was the completion and official opening of the Hospital Angkatan Tentera Tuanku Mizan in August.

**Boustead Emastulin Sdn Bhd's** recovery plans were hampered by slow demand for passenger cars during the year as well as the absence of major supply contracts for commercial vehicles.

**Drew Ameroid (Malaysia) Sdn Bhd** ended the year with an improved performance registering a 13% growth in sales and a 11% growth in gross profit. This positive result was attributed to the increase in customer base via effective marketing strategies which included the availability of leading technology as well as innovative products and services.



*His Majesty Seri Paduka Baginda Yang di-Pertuan Agong Al-Wathiqu Billah Tuanku Mizan Zainal Abidin Ibni Al-Marhum Sultan Mahmud Al-Muktafi Billah Shah gracing the naming and launching ceremony of Hospital Angkatan Tentera Tuanku Mizan, the most advanced and sophisticated Armed Forces hospital in the country.*





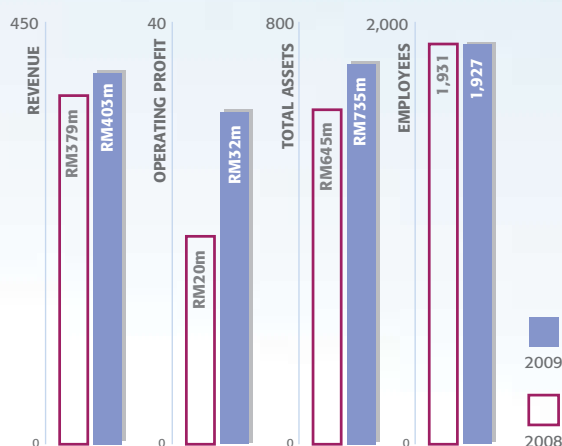
## MANUFACTURING & SERVICES DIVISION

The Division ended the year on a positive note, achieving a profit of RM32 million compared with RM20 million in 2008.

### MANUFACTURING

**UAC Berhad (UAC)** closed the year with a profit of RM25 million compared with RM18 million the previous year. The tough economic climate impacted the demand for UAC's core products, both locally and globally. The Malaysian market in particular, was marked by a slowdown in the housing and commercial building sectors. Competition remained stiff during the year as competing producers fought for market share which resulted in a downward trend in selling prices.

### FINANCIAL HIGHLIGHTS



## MANUFACTURING & SERVICES DIVISION



*UCO Solidwall System*



*UCO Shingles System*



*UCO Lattice*

Nevertheless, UAC enjoyed a healthy profit contribution from its core products. This was largely attributed to the stable cost of production and raw materials. Also, higher contribution from net rental income from Menara UAC as well as higher gains from disposal of quoted equities added to its positive performance.

The year under review saw the UCO SolidWall System penetrating new markets, particularly in ASEAN countries, southern African nations and the United Kingdom. The popularity of this product in the domestic market resulted in its recognition as a cost effective industrialised building system by the Construction Industry Development Board. In an effort to further grow the UCO SolidWall System, we concentrated on research and development efforts to meet the demands of the international market. Efforts were also made to introduce new and innovative products, targeted to be launched in the next financial year.

The first half of the year for **Boustead Sissons Paints Sdn Bhd** saw its sales revenue deeply affected by the deceleration in the building and construction industry. Nevertheless, a timely decision to focus on managing capacity and reducing cost as well as enhanced sales margins resulted in a profit. Apart from that, our computerised Omni colour tinting machines further penetrated into the consumer retail market.



**Idaman Pharma Manufacturing Sdn Bhd (IPMSB)** was awarded Pharmaniaga Best Supplier on Adoption Scheme programme for three consecutive years due to timely delivery and quality services to Pharmaniaga Berhad. As a result of several efficiency improvement measures, IPMSB not only met the increased medical supply demand for the H1N1 pandemic, but also secured the acquisition of the Pharmaniaga penicillin plant in Seri Iskandar, Perak, resulting in IPMSB being Malaysia's sole penicillin manufacturer.

**Cadbury Confectionery Malaysia Sdn Bhd** achieved top line sales growth of 6%, a significant achievement as the chocolate confectionery market experienced a decline in 2009. A number of initiatives were taken during the year to strengthen its operations, including the upgrading of its IT processing capabilities, the installation of new supply chain modules as well as several investments in new projects. The year also saw the launch of Bournville Dark Chocolate and the Gold Gifting offer which enhanced the position of the brand.



## MANUFACTURING & SERVICES DIVISION

### SERVICES

The challenging market condition adversely impacted the tourism industry during the year. Despite this, **Boustead Travel Services Sdn Bhd** achieved a satisfactory profit. The focus was primarily on providing quality customer service to corporate and leisure travellers by managing the needs of the clients with a wide range of products and services.

The economic downturn took a direct hit on the global shipping industry. **Boustead Shipping Agencies Sdn Bhd** was not spared as shipping lines were badly hit by reduced volumes and low freight rates. Fewer vessels called at our Malaysian ports which affected our revenue.

**Boustead Information Technology Sdn Bhd** ended the year with a profit from the implementation of the Plantation Information Management and Control System and the completion of the comprehensive ICT solution for The Royale Chulan, Kuala Lumpur.

**Asia Smart Cards Centre Sdn Bhd** was profitable in spite of tough competition. The company undertook a renewal plan to penetrate into the market for personalisation of debit cards with ATM functionalities.

**The University of Nottingham in Malaysia Sdn Bhd (UNMC)** strengthened its position as one of Malaysia's premier education institutions with a student body of more than 3,500 students. The institution continues to attract international students as 38% of the students comprise nationals from over 70 countries.

UNMC features a fully integrated campus ideal for the research-led university. The faculties at the Semenyih campus contribute to the broader research agenda of the university through research based in Malaysia as well as its home faculties in the United Kingdom. The university has to its credit, 21% of postgraduate students of which 178 are registered for research degrees. The year also saw the establishment of two new schools, the School of Modern Languages and Cultures and the School of Psychology.







## CORPORATE SOCIAL RESPONSIBILITY



*Executive Training*

We are firm believers that the Group does not operate in isolation. On this premise, we continue to reach out to the communities we operate in as we believe corporate responsibility is the cornerstone of our efforts in making positive contributions towards the development of human capital, the community, the environment and stakeholders in general.

### HUMAN CAPITAL

The diversified nature of the Group allows us the opportunity to tap and build on a pool of talent that is extensive. We have within our Group, talent from multiple sectors in the Malaysian economy, be it agriculture, manufacturing, services, finance, defence and much more.

The Group is cognisant of the importance of human capital and the role our employees have in the Group's success. As such, we emphasise on human capital development through personal development and skills training programmes for employees at all levels and positions.

To this end, we introduced a new policy where executive level employees and clerical staff are required to complete a minimum of 40 and 20 hours of training per year respectively.

The Group also participated in the Government supported Graduate Employability Management Scheme (GEMS) where we provided more than 160 unemployed graduates with on-the-job training and invaluable work experience in order to enhance their employability.

On a similar note, we also participated in a carnival organised by the Ministry of Human Resource in April to help potential job seekers explore the diverse employment opportunities that are present in Malaysia.

In an effort to enhance the skill set and knowledge of the Board of Directors, the Group organised a Directors' Training Programme on "High Leadership Performance" conducted by Professor Dr. George Kohlrieser from the International Institute for Management Development, Lausanne, Switzerland.



*GEMS session in progress*



*Training for Board of Directors*

## ENVIRONMENT

The Group places emphasis on the need to conserve and protect the environment. To support our objectives, we have implemented several best practices particularly in our plantations. This includes a zero-burning policy that is aimed at minimising pollution.

We have utilised our expertise in technology to upgrade several palm oil mills with new and modern efficient boilers to minimise greenhouse gas emissions.

The Group owns and operates a unique and mechanised composting process which uses empty fresh fruit bunches to produce organic fertilizers. This 'zero-waste zero-discharge' plant, known as the Boustead Biotherm Palmass Plant, is located at our Teluk Sengat estate in Johor.

We have committed ourselves to a more progressive stance towards saving the environment based on the fact that we are a founding member of the Roundtable of Sustainable Palm Oil. This environmentally prudent initiative will ensure that we continue to adopt good agricultural practices.

BH Petrol introduced RON95, the new grade of petrol which replaced RON92. This environmentally friendly fuel, called infiniti95<sup>2x</sup>, comprises leading-edge detergent and anti-corrosion components together with a Friction Modifier which helps to lower internal friction, thereby contributing to less fuel being consumed.

As for our Property Division, we completed the Surian Tower in Mutiara Damansara with several very strong environmentally friendly features which include the use of double glazing for noise reduction and low ultraviolet penetration which in turn reduces heat gain.

Lastly, in yet another unique effort to contribute to the community, the Curve hosted the Tea for Trees 2009 campaign aimed at restoring the homes of the orang utan while educating the public on its conservation efforts.



*BIOMASS plant*



*Surian Tower*



*Blood donation drive at Lumut shipyard*

Our Heavy Industries Division has put in place a Vendor Development Programme aimed at assisting, promoting and developing Small and Medium Enterprises. The vendors are groomed into credible entities through continuous training and advisory measures. Recently, we exposed the vendors to a wider audience at Langkawi International Maritime and Aerospace Exhibition 2009.

### COMMUNITY INVOLVEMENT

Yayasan Warisan Perajurit, a foundation established by LTAT Group of Companies, is where our core outreach to the community takes place. To reflect our commitment, we have to date contributed more than RM22 million over the last decade.

Over the years the Yayasan has made invaluable contributions by enhancing the level of education for children and aiding disadvantaged members of the Armed Forces, and we for one are fully committed to the goals and objectives of this Foundation.

In appreciation of those who place the safety of our nation ahead of themselves, the Group also contributed a specially configured bus to the Community Rehabilitation Center of the Malaysian Armed Forces. The bus features many unique and disabled friendly elements including an automated lift, stairs built for easy access and additional space for wheelchairs. Worth approximately RM350,000, this vehicle can ferry up to 25 passengers.

We have demonstrated our commitment to the Government's PINTAR project which aims to help raise awareness on the importance of education and improve the standards of academic excellence amongst underprivileged and under-performing schools. On this note, we have provided monetary contribution to SK Mutiara Perdana for yet another year.

From an educational perspective, the University of Nottingham Malaysia Campus grants scholarships to deserving and academically excellent students in recognition of their achievements. Applicants are selected based on their academic achievements, leadership qualities and the socio-economic status of their family.



*Scholarship Ceremony*



*Minister of Defence inspecting the special bus for the disable*



## CORPORATE SOCIAL RESPONSIBILITY



We are focused on reaching out to the community through numerous initiatives. On this score, we provided monetary assistance to Yayasan Raja Muda Selangor, a foundation to help youths realise their potential. During the festive season, we also channelled funds to children shelters as well as senior citizen homes.

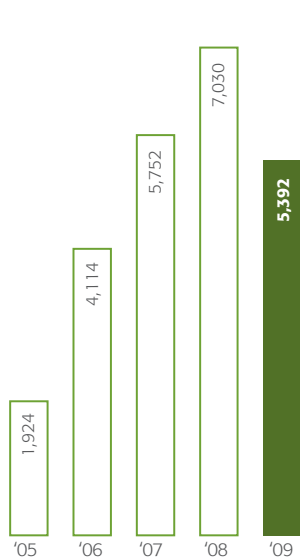
We actively supported sporting events which resulted in the Curve shopping mall being the official venue for the CIMB Squash Malaysian Open 2009. We also provided donations to the Olympic Council of Malaysia for the Kejohanan Hoki Piala Sultan Azlan Shah.

In addition, e@Curve hosted the International Disability Day Celebration under the patronage of Majlis Perbandaran Petaling Jaya. The joyous celebration saw disabled individuals enjoying an entertaining line-up of activities planned especially for them.

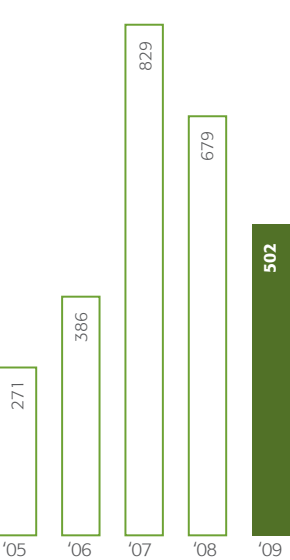


# FIVE-YEAR FINANCIAL HIGHLIGHTS

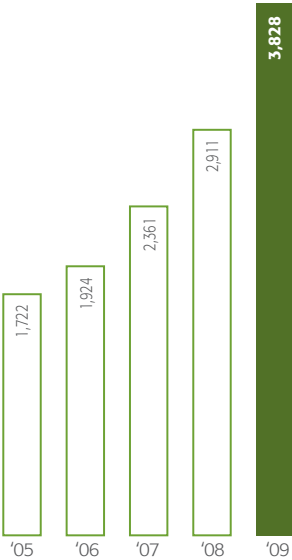
REVENUE  
(RM MILLION)



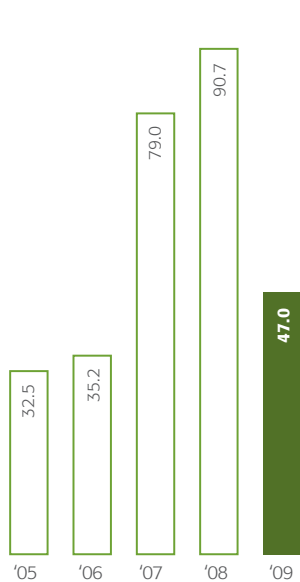
PROFIT BEFORE TAXATION  
(RM MILLION)



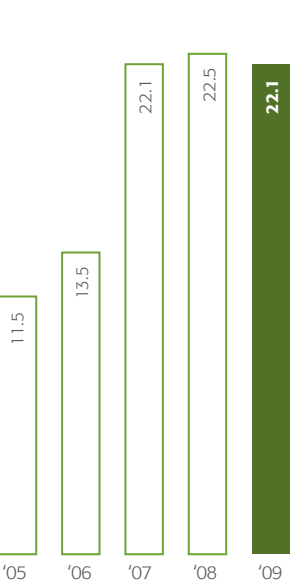
SHAREHOLDERS' EQUITY  
(RM MILLION)



EARNINGS PER SHARE  
(SEN)



NET DIVIDEND PER SHARE  
(SEN)



NET ASSETS PER SHARE  
(SEN)



**FINANCIAL PERFORMANCE**

		2009	2008	2007	2006	2005
Revenue		<b>5,392</b>	7,030	5,752	4,114	1,924
Profit before taxation		<b>502</b>	679	829	386	271
Profit for the year		<b>418</b>	668	655	351	230
Profit attributable to shareholders		<b>342</b>	579	478	210	191
Earnings per share	sen	<b>47.0</b>	90.7	79.0	35.2	32.5
Return on equity	%	<b>10.1</b>	22.0	22.3	11.5	10.6
Return on assets	%	<b>7.1</b>	9.7	13.4	9.2	7.7
Return on revenue	%	<b>7.4</b>	8.7	13.0	7.4	9.8

**DIVIDENDS**

Dividend payment		<b>184</b>	145	138	80	68
Net dividend per share	%	<b>44.3</b>	45.0	44.3	27.0	23.0
Dividend yield – net of tax	%	<b>6.4</b>	6.6	3.4	7.0	6.5
Dividend cover	times	<b>1.9</b>	4.0	3.5	2.6	2.8

**GEARING**

Borrowings		<b>2,944</b>	3,503	3,383	2,301	2,013
Gearing (borrowings: shareholders' equity)	times	<b>0.8</b>	1.2	1.4	1.2	1.2
Gearing (borrowings: total equity)	times	<b>0.7</b>	1.1	1.1	0.9	0.8
Interest cover	times	<b>4.9</b>	5.4	7.6	4.3	3.5

**OTHER FINANCIAL STATISTICS**

Net assets per share	sen	<b>420</b>	447	375	322	291
Share price – high	sen	<b>452</b>	725	685	195	200
Share price – low	sen	<b>300</b>	218	183	157	167
Price earning ratio	times	<b>7.4</b>	3.8	8.2	5.5	5.4
Paid up share capital		<b>456</b>	326	315	299	296
Shareholders' equity		<b>3,828</b>	2,911	2,361	1,924	1,722
Total equity		<b>4,275</b>	3,296	3,209	2,707	2,405
Total assets		<b>9,088</b>	8,679	8,441	5,766	5,221

All figures are in RM Million unless otherwise stated.



## CORPORATE INFORMATION

### DIRECTORS

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

Chairman

**Y. BHG. TAN SRI DATO' LODIN WOK KAMARUDDIN**

Deputy Chairman/Group Managing Director

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

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

**Y. BHG. DATUK AZZAT KAMALUDIN**

**Y. BHG. DATO' GHAZALI MOHD ALI**

### REGISTERED OFFICE

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

### REGISTRAR

Boustead Management Services Sdn Bhd  
13th Floor, Menara Boustead  
No. 69 Jalan Raja Chulan  
50200 Kuala Lumpur, Malaysia  
Tel: (03) 2141 9044  
Fax: (03) 2144 3016

### SECRETARY

Pn. Sharifah Malek

### PRINCIPAL BANKERS

Affin Bank Berhad  
Alliance Bank Malaysia Berhad  
The Bank of Nova Scotia Berhad  
Bank Pembangunan Malaysia Berhad  
CIMB Bank Berhad  
HSBC Bank Malaysia Berhad  
OCBC Bank (Malaysia) Berhad  
RHB Bank Berhad

### AUDITORS

Ernst & Young

### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

### HOLDING CORPORATION

Lembaga Tabung Angkatan Tentera

## FINANCIAL CALENDAR

FINANCIAL YEAR	RESULTS	ANNUAL REPORT	ANNUAL GENERAL MEETING	DIVIDENDS
1 January to 31 December 2009	<b>FIRST QUARTER</b> Announced 18 May 2009	<b>ISSUED</b> 12 March 2010	<b>TO BE HELD</b> 5 April 2010	<b>FIRST INTERIM</b> Announced 18 May 2009 Entitlement date 30 June 2009 Payment date 20 July 2009
	<b>SECOND QUARTER</b> Announced 21 August 2009			<b>SECOND INTERIM</b> Announced 21 August 2009 Entitlement date 7 September 2009 Payment date 5 October 2009
	<b>THIRD QUARTER</b> Announced 23 November 2009			<b>THIRD INTERIM</b> Announced 23 November 2009 Entitlement date 15 December 2009 Payment date 29 December 2009
	<b>FOURTH QUARTER</b> Announced 25 February 2010			<b>FOURTH INTERIM</b> Announced 3 March 2010 Entitlement date 18 March 2010 Payment date 31 March 2010 & 2 April 2010

## BOARD OF DIRECTORS



**From Left:**

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



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

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

Y. Bhg. Datuk Azzat Kamaludin

## PROFILE OF DIRECTORS

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

CHAIRMAN  
INDEPENDENT NON-EXECUTIVE DIRECTOR  
79 YEARS OF AGE, MALAYSIAN

**Tan Sri Ghazali** was appointed to the Board on 3 December 1990. He is a member of the Nomination Committee and Remuneration Committee.

Tan Sri Ghazali 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. Tan Sri Ghazali was the Chairman of Lembaga Tabung Angkatan Tentera from 23 February 1988 until 22 February 2007. He also sits on the Boards of Boustead Plantations Berhad, Boustead Properties Berhad and UAC Berhad. He does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, nor any personal interest in any business arrangement involving the Company.

### Y. BHG. TAN SRI DATO' LODIN WOK KAMARUDDIN

DEPUTY CHAIRMAN/GROUP MANAGING DIRECTOR  
NON-INDEPENDENT EXECUTIVE DIRECTOR  
60 YEARS OF AGE, MALAYSIAN

**Tan Sri Lodin** was appointed to the Board on 10 July 1984. He is a member of the Remuneration Committee. He is also the Chief Executive of Lembaga Tabung Angkatan Tentera (LTAT).

Tan Sri Lodin 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 and fund management. Tan Sri Lodin is the Chairman of Boustead Heavy Industries Corporation Berhad and 1Malaysia Development Berhad (formerly known as Terengganu Investment Authority Berhad), and he also sits on the Boards of Affin Holdings Berhad, Boustead Plantations Berhad, Boustead Properties Berhad, UAC Berhad, Affin Investment Bank Berhad, AXA AFFIN Life Insurance Berhad, Johan Ceramics Berhad, The University of Nottingham in Malaysia Sdn Bhd, Boustead Petroleum Marketing Sdn Bhd, Boustead REIT Managers Sdn Bhd, Boustead Naval Shipyard Sdn Bhd, Boustead Petroleum Sdn Bhd and Badan Pengawas Pemegang Saham Minoriti Berhad. He does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, nor any personal interest in any business arrangement involving the Company, except that he is also the Chief Executive of LTAT.

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

INDEPENDENT NON-EXECUTIVE DIRECTOR  
79 YEARS OF AGE, MALAYSIAN

**Dato' Yusof** was appointed to the Board on 16 February 1989. He is a member of the Audit Committee and Nomination Committee.

Dato' Yusof 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 & Applied Psychology in Industry from Aldermaston College, United Kingdom. Dato' Yusof had also attended a Business Administration course at INTAN. 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 does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, nor any personal interest in any business arrangement involving the Company.

**Y. BHG. DATO' (DR.) MEGAT ABDUL RAHMAN MEGAT AHMAD**  
INDEPENDENT NON-EXECUTIVE DIRECTOR  
70 YEARS OF AGE, MALAYSIAN

**Dato' Megat** was appointed to the Board on 10 December 1990. He is the Chairman of the Audit Committee and Nomination Committee and a member of the Remuneration Committee.

Dato' Megat 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, BH Insurance (M) Berhad, Press Metal Berhad and Mardec Berhad. He also sits on the Boards of Universiti Kebangsaan Malaysia and Hospital Universiti Kebangsaan Malaysia. He does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, nor any personal interest in any business arrangement involving the Company.

**Y. BHG. DATUK AZZAT KAMALUDIN**  
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR  
64 YEARS OF AGE, MALAYSIAN

**Datuk Azzat** was appointed to the Board on 16 January 1991. He is the Chairman of the Remuneration Committee and a member of the Audit Committee.

Datuk Azzat 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, Boustead Heavy Industries Corporation Berhad, Axiata Group Berhad (formerly known as TM International Berhad), KPJ Healthcare Berhad, Visdynamics Holdings Berhad, Pulau Springs 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, nor any personal interest in any business arrangement involving 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.

**Y. BHG. DATO' GHAZALI MOHD ALI**  
NON-INDEPENDENT EXECUTIVE DIRECTOR  
61 YEARS OF AGE, MALAYSIAN

**Dato' Ghazali** was appointed to the Board on 1 March 2007. He is also the Divisional Director of Boustead Holdings Berhad's Property Division.

Dato' Ghazali graduated from the Western Australian Institute of Technology (WAIT) in Perth in Town and Regional Planning in 1970 and is a Fellow of the Malaysian Institute of Planners. Dato' Ghazali was a member of the Town Planning Board of Malaysia and is a Board member of Boustead Properties Berhad, Perumahan Kinrara Berhad, Johan Ceramics Berhad and Iskandar Investment Berhad. Prior to joining Boustead Holdings Berhad, he was the Managing Director of Syarikat Perumahan Pegawai Kerajaan Sdn Bhd (SPPK) and Deputy Director General of the Urban Development Authority (UDA). He does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, nor any personal interest in any business arrangement involving the Company, other than the rendering of professional services to the Group which is carried out in the ordinary course of business of Arkitek MAA, of which he is a partner.



## SENIOR MANAGEMENT TEAM



**1** Y. BHG. TAN SRI DATO' LODIN WOK KAMARUDDIN  
Deputy Chairman/Group Managing Director

**2** Y. BHG. DATO' GHAZALI MOHD ALI  
Divisional Director, Property

**3** MR. DANIEL EBINESAN  
Director, Financial Services

**4** Y. BHG. LAKSAMANA MADYA TAN SRI DATO' SERI  
AHMAD RAMLI HJ. MOHD NOR (R)  
Divisional Director, Heavy Industries

**5** MR. KOO HOCK FEE  
Director, Manufacturing & Corporate Planning



**6** MR. TENG PENG KHEN  
Boustead Estates Agency

**7** MR. CHOW KOK CHOY  
Boustead Estates Agency

**8** EN. SHOIB ABDULLAH  
Boustead Estates Agency

**9** EN. SHARUDIN JAFFAR  
Boustead Estates Agency

**10** MR. TAN KIM THIAM  
Boustead Petroleum Marketing

**11** MR. PAUL LIM  
BH Insurance

**12** EN. MOKHTAR KHIR  
Boustead Hotels and Resorts

## SENIOR MANAGEMENT TEAM



**13** EN. MUSA HJ SULAIMAN  
Boustead Global Trade Network

**14** EN. RAHIM MOHD SOM  
Boustead Emastulin  
& Boustead Credit

**15** PN. FARSHILA EMRAN  
Idaman Pharma Manufacturing

**16** MR. TING SIK FATT  
Boustead Engineering

**17** MS. SERENA NGIAM  
Boustead Travel Services

**18** EN. KHUSHAIRI MOHD HASHIM  
Mutiara Rini

**19** MR. CHEW CHIK SOO  
Boustead Building Materials  
& Boustead Sissons Paints



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**20** MR. KOH CHOR MENG  
Asia Smart Cards Centre

**21** PROFESSOR IAN PASHBY  
University of Nottingham Malaysia  
Campus

**22** DR. RODAINA IBRAHIM  
Boustead Information Technology

**23** MR. BERNARD KHIT  
Boustead Shipping Agencies

**24** PN. SHARIFAH MALEK  
Group Company Secretary

**25** PN. NAWAL HANAFIAH  
Group Human Resource

**26** PN. ZALILY MOHAMED  
ZAMAN KHAN  
Group Internal Audit

## AUDIT COMMITTEE REPORT

The Audit Committee (the Committee) was established on 27 June 1994 to act as a Committee of the Board of Directors.

### MEMBERS AND MEETINGS

A total of five meetings were held during the year. Details of the composition of the Committee and the attendance by each member at the Committee meetings are set out below:

<b>Name of Director</b>	<b>Status of directorship</b>	<b>Independent</b>	<b>Attendance of meetings</b>
Y. Bhg. Dato' (Dr.) Megat Abdul Rahman Megat Ahmad	Non-executive Director Chairman of the Committee	Yes	5/5
Y. Bhg. Lt. Gen. Dato' Mohd Yusof Din (R)	Non-executive Director	Yes	5/5
Y. Bhg. Datuk Azzat Kamaludin	Non-executive Director	No	5/5

The Group Managing Director, the Director, Financial Services, General Manager, Group Internal Audit and other members of senior management attended these meetings. 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.

## **TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

The terms of reference of the Committee are as follows:

### **Composition**

The Committee members shall be appointed by and from the Board of Directors of Boustead Holdings Berhad and shall number not less than three members. All the members of the Committee are non-executive Directors, with a majority of them being independent Directors. The members of the Committee shall elect a Chairman from amongst themselves who is an independent non-executive Director. In the event a member of the 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, 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 members.

All the members of the Committee are financially literate, and the Chairman of the Committee is a member of the Malaysian Institute of Accountants.

### **Quorum and Committee's Procedures**

Meetings shall be conducted at least four 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 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 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. The Committee is able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and management, whenever deemed 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 their 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, competency 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 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:



## AUDIT COMMITTEE REPORT

- changes in or implementation of major accounting policies;
  - significant and unusual events; and
  - compliance with accounting standards and other regulatory requirements.
6. To review related party transactions entered into by the Company and the Group to ensure that they are undertaken on the Group's normal commercial terms which are not more favourable to the related party than those generally available to the public, are not detrimental to minority shareholders.
  7. To review the procedures of recurrent related party transactions undertaken by the Group.
  8. To review with the external auditors with regards to problems and reservations arising from their interim and final audits.
  9. To assess the performance of the external auditors and make recommendations to the Board of Directors on their appointment and removal.
  10. To recommend the nomination of a person or persons as external auditors.
  11. To review any letter of resignation from the external auditors and any questions of resignation or dismissal.
  12. To report to Bursa Malaysia, any breaches of the Bursa Malaysia Listing Requirements which have not been satisfactorily resolved.
  13. To undertake such other functions as may be agreed to by the Committee and the Board of Directors.

### ACTIVITIES DURING THE FINANCIAL YEAR

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

- Reviewed the internal and external auditors' scope of work and annual audit plans for the Group.
- Reviewed management letters and the 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 resources requirements of the Group internal audit function.
- Reviewed the related party transactions entered by the Company and the Group as well as the disclosure of and the procedures relating to related party transactions.
- Reviewed internal audit reports and to monitor/follow-up on remedial action. Where required, members of the Committee would carry out ground visits to verify significant issues highlighted in the Internal Audit Reports.
- Approved the Group Internal Audit Charter, which sets out the purpose, role, scope, authority and responsibilities of the Group Internal Audit function.
- Met with the external auditors twice during the year in the absence of management.

### INTERNAL AUDIT FUNCTION

The Group has an in-house Group Internal Audit function whose principal responsibility is to evaluate and improve the effectiveness of risk management, control and governance processes. This is accomplished through a systematic and disciplined approach of regular reviews and appraisals of the management, control and governance processes based on the review plan that is approved by the Committee annually. The Group Internal Audit function adopts a risk-based methodology in planning and conducting audits by focusing on key risks areas.

The terms of reference of the Group Internal Audit function are clearly spelt out in the Group Internal Audit Charter approved by the Committee on 18 November 2009. The Group Internal Audit function had operated and performed in accordance to the principles of the Charter. The Group Internal Audit function reports directly to the Committee, and is independent of the activities it audits.

During the financial year, the Group Internal Audit function had undertaken the following activities:

- Reviewed the total audit requirements of the Group and prepared the audit plan for approval by the Committee.
- Determined the manpower requirement to support the audit plan and conducted progressive recruitment activities for expansion of the Group Internal Audit function based on the resources requirements and organisation structure duly approved by the Committee.
- Formulated the Group Internal Audit Charter vis-a-vis the principal roles of Group Internal Audit function for the approval of the Committee.

- Performed risk based audit based on the annual audit plan, including follow-up of matters from previous internal audit reports.
- Issued internal audit reports to the management on risk management, control and governance issues identified from the risk based audits together with recommendations for improvements in these processes.
- Undertook investigations and special reviews of matters arising from the audits and/or requested by the management and/or Committee and issued reports accordingly to the management.
- Reported on a quarterly basis to the Management Committee and Committee significant risk management, control and governance issues from the internal audit reports issued, the results of investigations and special reviews undertaken and the results of follow-up of matters reported.
- Reported on a quarterly basis to the Committee the achievement of the audit plan and status of resources of the Group Internal Audit function.
- Conducted follow-up of the recommendations by the external auditors in their management letter.
- Liaised with the external auditors to maximise the use of resources and for effective coverage of the audit risks.
- Reviewed the procedures relating to related party transactions.

The total cost incurred for the Group Internal Audit function in respect of the financial year ended 31 December 2009 amounted to RM2.4 million.

## STATEMENT ON CORPORATE GOVERNANCE

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 2009.

### 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 AA1 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 members, comprising two executive Directors and four 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 60 to 61 of this Annual Report.

The Group practises a division of responsibility between the Chairman and the Group Managing Director (GMD) and there is a balance of executive, non-executive and independent non-executive Directors. The roles of the Chairman and GMD are separate and clearly defined, and are held individually by two persons. The Chairman, who is not a previous GMD, is primarily responsible for the orderly conduct and working of the Board whilst the GMD 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 believes that the current size and composition is appropriate for its purpose, and is satisfied that the current Board composition fairly reflects the interests of minority shareholders within the Group.

### BOARD MEETINGS

Board meetings are held at quarterly intervals with additional meetings convened for particular matters, when necessary. The Board records its deliberations, in terms of issues discussed, and the conclusions in discharging its duties and responsibilities. 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
- Nomination Committee
- Remuneration Committee

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

Board of Directors	5 meetings
Audit Committee	5 meetings
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:

<b>Name of director</b>	<b>Status of directorship</b>	<b>Independent</b>	<b>Attendance of meetings</b>
Y. Bhg. Gen. Tan Sri Dato' Mohd. Ghazali Hj. Che Mat (R)	Non-executive Chairman	Yes	5/5
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	Group Managing Director	No	5/5
Y. Bhg. Lt. Gen. Dato' Mohd Yusof Din (R)	Non-executive Director	Yes	5/5
Y. Bhg. Dato' (Dr.) Megat Abdul Rahman Megat Ahmad	Non-executive Director	Yes	5/5
Y. Bhg. Datuk Azzat Kamaludin	Non-executive Director	No	5/5
Y. Bhg. Dato' Ghazali Mohd Ali	Executive Director	No	5/5

## STATEMENT ON CORPORATE GOVERNANCE

### 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 permit 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 prescribed by Bursa Malaysia. The Directors will continue to attend other relevant training programmes to keep abreast with developments on a continuous basis in compliance with paragraph 15.09 of Bursa Malaysia Listing Requirements. Trainings attended by the Directors during the year are as follows:

Course title/organiser	Date
Real Estate Outlook and Opportunities (REHDA Institute)	13 January 2009
Leading Edge Retailing Workshop (Centre for Advanced Retail Concepts)	10 July 2009
National Workshop on Livable Cities (Majlis Bandaraya Petaling Jaya)	21 – 22 July 2009
High Performance Leadership Program (Leaderonomics Sdn Bhd)	4 August 2009
Duty and Responsibility (ZulRafique & Partners)	25 August 2009
Khazanah Megatrends Forum (Khazanah Nasional Berhad)	5 – 6 October 2009
The Financial Institutions Directors' Education (FIDE) Programme Module 1 (Bank Negara Malaysia)	26 – 27 October 2009
The Financial Institutions Directors' Education (FIDE) Programme Module 2 (Bank Negara Malaysia)	19 – 20 November 2009
The Financial Institutions Directors' Education (FIDE) Programme Module 3 (Bank Negara Malaysia)	7 – 8 December 2009

## 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 Company has an Audit Committee whose composition meets with the Bursa Malaysia Listing Requirements, where independent Directors form the majority. All members of the Audit Committee are financially literate, while the Chairman of the Audit Committee is a member of the Malaysian Institute of Accountants. 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. The role of the Audit Committee and the number of meetings held during the financial year as well as the attendance record of each member are set out in the Report of the Audit Committee in the Annual Report.

### Nomination Committee

The Board has established a Nomination Committee comprising entirely independent and non-executive Directors. The composition of the Nomination Committee is as follows:

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

The Nomination Committee is responsible for proposing new nominees to the Board and Board Committees, for assessing on an ongoing basis, the contribution of each individual Director and the overall effectiveness of the Board. The final decision as to who shall be appointed a Director remains the responsibility of the full Board, after considering the recommendation of the Committee. The terms of reference of the Nomination Committee is as follows:

- To assess and recommend to the Board candidates for directorship on the Board of the Company as well as membership of the Board Committees.
- To review and assess annually the overall composition of the Board in terms of appropriate size, required mix of skills, experience and core competencies, and the adequacy of balance between executive Directors, non-executive Directors and independent Directors.
- To establish the mechanisms for the formal assessment of the effectiveness of individual Director, and to annually appraise the performance of the executive Directors including the Group Managing Director based on objective performance criteria as approved by the Board.

Meetings of the Nomination Committee are held as and when necessary, and at least once a year. The Nomination Committee met once during the year and all the members registered full attendance. The Nomination Committee upon its recent annual review carried out is satisfied that the size of the Board is optimum and that there is an appropriate mix of experience and expertise in the composition of the Board.

## STATEMENT ON CORPORATE GOVERNANCE

### Remuneration Committee

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

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

The Remuneration Committee reviews the remuneration packages, reward structure and fringe benefits applicable to the GMD, executive Director and senior executives on an annual basis and makes recommendations to the Board. The Board as a whole determines the remuneration of the GMD and the executive Director with each individual Director abstaining from decisions in respect of his own remuneration. In establishing the level of remuneration for the GMD, executive Director and senior executives, the Committee has regard to packages offered by comparable companies, and may obtain independent advice.

The remuneration of the GMD and the executive Director comprises a fixed salary and allowances, and a bonus approved by the Board, which is linked to Group performance. The remuneration for non-executive Directors comprises annual fees, meeting allowance of RM500 each for every meeting that they attend, and reimbursement of expenses for their services in connection with Board and Board Committee meetings.

The terms of reference of the Remuneration Committee is as follows:

- To review annually and make recommendations to the Board the remuneration packages, reward structure and fringe benefits applicable to all executive Directors and senior executives to ensure that rewards commensurate with their contributions to the Group's growth and profitability.
- To review annually the performance of the GMD and the Executive Director and recommend to the Board specific adjustments in remuneration and reward payments if any, to reflect their contributions for the year.
- To ensure that the level of remuneration of the non-executive Directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board.
- To keep abreast of the terms and conditions of service of the GMD, the Executive Director and key senior management officers including their total remuneration packages for market comparability; and to review and recommend to Board changes whenever necessary.
- To keep abreast of the remuneration package of the non-executive Directors to ensure that they commensurate with the scope of responsibilities held and to review and recommend to Board changes whenever necessary.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. The Remuneration Committee met once during the year and all the members registered full attendance.



**DIRECTORS' REMUNERATION**

The details on the aggregate remuneration of Directors for the financial year ended 31 December 2009 are as follows:

	<b>Non-executive Directors RM'000</b>	<b>Executive Directors RM'000</b>	<b>Total RM'000</b>
Directors' fees	540	210	750
Meeting allowances	63	24	87
Salaries	—	1,611	1,611
Bonuses	—	868	868
Employees provident fund contribution	—	375	375
Benefits in kind & allowances	137	294	431
<b>Total</b>	<b>740</b>	<b>3,382</b>	<b>4,122</b>

Remuneration paid to Directors during the year analysed into bands of RM50,000, which complies with the disclosure requirements under Bursa Malaysia Listing Requirements is as follows:

	<b>Non-executive Directors</b>	<b>Executive Directors</b>
Up to RM100,001 to RM150,000	1	—
From RM150,001 to RM200,000	2	—
From RM300,001 to RM350,000	1	—
From RM1,000,001 to RM1,050,000	—	1
From RM2,350,001 to RM2,400,000	—	1

## STATEMENT ON CORPORATE GOVERNANCE

### 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 Bursa Malaysia 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 Bursa Malaysia, the Group's website at [www.boustead.com.my](http://www.boustead.com.my) provides corporate, financial and non-financial information. Through the website, shareholders are able to direct queries to the Company. The Group's investor relations activities are aimed at developing and maintaining a positive relationship with all the stakeholders through active two-way communication, and to promote and demonstrate a high standard of integrity and transparency through timely, accurate and full disclosure and to enhance the stakeholders' understanding of the Group, its core businesses and operations, thereby enabling investors to make informed decisions in valuing our Company's shares.

The Group Managing Director and the senior management meet regularly with analysts, institutional shareholders and investors. At general meetings, the Board encourages shareholder participation and responds 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. The primary contact for investor relation matters is:

**En. Fahmy bin Ismail**

**Designation** – Senior Manager, Corporate Planning

**Contact details** – telephone number: 03-20317749  
email: [fahmy.cpd@boustead.com.my](mailto:fahmy.cpd@boustead.com.my)

En. Fahmy graduated with a Bachelor of Commerce in Accounting and Finance from University of Sydney, Australia in 1998. He is a Chartered Accountant under Malaysian Institute of Accountants and is also a Certified Practicing Accountant under CPA Australia. En. Fahmy joined Boustead Holdings Berhad in January 2006 as its Corporate Planning Manager. He subsequently advanced to Senior Manager, Corporate Planning in 2009. Prior to joining Boustead, he had held managerial positions in corporate finance and treasury with several public listed companies.

## 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. The role of the Audit Committee in the review and reporting of the financial information of the Group is outlined in the Report of the Audit Committee in the Annual Report.

### Related Party Transactions

Directors recognise that they must declare their respective interests in transactions with the Company and the Group, and abstain from deliberation and voting on the relevant resolution in respect of such transactions at the Board or at any general meetings convened to consider the matter. All related party transactions are reviewed as part of the annual internal audit plan, and the Audit Committee reviews any related party transactions and conflict of interest situation that may arise within the Group including any transactions, procedure or course of conduct that raises questions of management integrity. Details of related party transactions are set out in Note 41 to the annual financial statements.

### Internal Control

The information on the Group's internal control is presented in the Statement on Internal Control in the Annual Report.

### Relationship with External Auditors

The Board has established transparent and appropriate relationship with the external auditors through the Audit Committee. The role of the Audit Committee in relation to the Auditors is described in the Report of the Audit Committee in the Annual Report.

**This statement is made in accordance with a resolution of the Board of Directors dated 3 March 2010.**

## DIRECTORS' RESPONSIBILITY STATEMENT

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:

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgements and estimates that are prudent and reasonable; and
- prepared the financial statements on the going concern basis.

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.

**This statement is made in accordance with a resolution of the Board of Directors dated 3 March 2010.**

## STATEMENT ON INTERNAL CONTROL

### 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 significant risks faced by the Group (excluding Associated Companies) are reported 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 as follows:



## STATEMENT ON INTERNAL CONTROL

### RISK MANAGEMENT

Risk management is regarded by the Board as an integral aspect of the Group's diverse operations with the objective of maintaining a sound internal control system. The Group strives to identify and manage its risks in a structured manner to ensure that the assets and stakeholders' interests are well protected and shareholders' value enhanced.

The Management, through its Risk Management Committee (RMC), is entrusted with the responsibility of implementing and maintaining the appropriate risk management framework to achieve the following objectives:-

- Communicate the vision, role, direction and priorities to all employees and key stakeholders;
- Identify, assess, treat, report and monitor significant risks in an effective manner;
- Improve decision making, planning and prioritisation based on a comprehensive understanding of the reward-to-risk balance; and
- Enable systematic risk review and reporting on key risks, existing control measures and any proposed action plans.

In pursuing the above objectives, the Group has:

- Adopted a structured and systematic risk assessment and reporting process;
- Heightened risk awareness culture in the business processes;
- Fostered a culture of continuous improvement in risk management through audit & review processes and risk awareness sessions; and
- Produced a risk profile with a significance rating to each risk as a tool for prioritising risk treatment efforts.

As an ongoing process, the RMC continuously focus on the review of risk profile, significant risks as well as the action plans for the Group. The Group Risk Officer has conducted risk management meetings with operating business units to review their key risks, controls and action plans. In addition, risk management briefings are conducted at new employees' induction programme to inculcate the risk awareness culture among the new recruits.

The Group will continue to develop and improve its risk management practices which are consistent with good corporate governance to achieve the above objectives.

### KEY ELEMENTS OF INTERNAL CONTROL

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

- Clear organisation structure with defined reporting lines.
- Each operating unit is responsible for the conduct and performance of business units, including the identification and evaluation of significant risks applicable to their respective business area, the design and operation of suitable internal controls and in ensuring that an effective system of internal control is in place.
- 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.
- The Group has various support functions comprising secretarial, legal, human resource, finance, treasury and IT which are centralised.
- Regular Board and Management meetings to assess the Group's performance and controls.
- The internal audit function provides assurance of the effectiveness of the system of internal controls within the Group. 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.
- Review and award of major contracts by Tender Committee. 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 which ensures transparency in the award of contracts.
- Clearly documented standard operating procedures manuals set 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 by Visiting Agents, 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.



## STATEMENT ON INTERNAL CONTROL

### 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.
- 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 and 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. The Board is of the view that the system of internal control in place for the year under review is sound and sufficient to safeguard shareholders' investments, stakeholders' interests and the Group's assets.

### 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 3 March 2010.**

# FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

### PRINCIPAL ACTIVITIES

Boustead Holdings Berhad was incorporated in Malaysia in 1960 and its principal activities are investment holding and oil palm cultivation. The Group currently comprises more than seventy Subsidiary and Associated Companies, the principal activities of which are described on pages 159 to 163. There have been no significant changes in the nature of these activities during the financial year under review.

### RESULTS

	Group RM Million	Company RM Million
Profit for the year attributable to:		
Shareholders of the Company	341.6	144.7
Minority interests	76.8	—
	418.4	144.7

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

**DIVIDENDS**

The following dividends have been paid or declared since the end of the previous financial year:

	<b>Net dividend</b>	
	<b>Sen per share</b>	<b>RM Million</b>
<i>In respect of the financial year ended 31 December 2009:</i>		
First interim dividend of 10% less tax paid on 20 July 2009	3.75	24.4
Second interim dividend of 10% less tax paid on 5 October 2009	3.75	24.4
Third interim dividend of 15% less tax paid on 29 December 2009	5.63	51.3
Fourth interim dividend		
– 8% less tax payable on 31 March 2010	3.00	28.0
– 12% single tier dividend payable on 2 April 2010	6.00	55.9
	22.13	184.0
<i>In respect of the financial year ended 31 December 2008:</i>		
Third interim dividend of 15% less tax paid on 16 January 2009	5.63	36.6
Final dividend of 25% less tax paid on 18 May 2009	9.38	61.0
	37.14	281.6

**DIRECTORS**

The Directors of the Company in office since the date of the last report are:

Y. Bhg. Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)  
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin  
Y. Bhg. Lt. Gen. Dato' Mohd Yusof Din (R)  
Y. Bhg. Dato' (Dr.) Megat Abdul Rahman Megat Ahmad  
Y. Bhg. Datuk Azzat Kamaludin  
Y. Bhg. Dato' Ghazali Mohd Ali

**DIRECTORS' BENEFITS**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate. Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 4 to the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which he has a substantial financial interest, except as disclosed in Note 41 to the financial statements.

## DIRECTORS' REPORT

### REMUNERATION COMMITTEE

The Remuneration Committee reviews the remuneration packages, reward structure and fringe benefits applicable to the Group Managing Director, executive Director and senior executives on an annual basis and makes recommendations to the Board. The members of the Remuneration Committee of the Company are:

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

### DIRECTORS' INTERESTS

According to the register of Directors' shareholding, the interests of Directors in office at the end of the financial year in shares and warrants of the Company and its related corporations were as follows:

	At 1/1/09	Acquired	Sold	At 31/12/09
<i>Ordinary shares of RM0.50 each</i>				
<b>Boustead Holdings Berhad</b>				
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	19,816,000	14,218,199	(7,911,600)	26,122,599
Y. Bhg. Datuk Azzat Kamaludin	10,000	30,000	—	40,000
<i>Ordinary shares of RM1.00 each</i>				
<b>Boustead Heavy Industries Corporation Berhad</b>				
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	2,000,000	—	—	2,000,000
Y. Bhg. Datuk Azzat Kamaludin	515,300	—	(20,000)	495,300
Y. Bhg. Dato' Ghazali Mohd Ali	75,000	—	—	75,000
<b>Boustead Petroleum Sdn Bhd</b>				
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	5,466,465	300,000	—	5,766,465
<b>Affin Holdings Berhad</b>				
Y. Bhg. Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	91,708	—	—	91,708
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	808,714	—	—	808,714
Y. Bhg. Datuk Azzat Kamaludin	110,000	—	—	110,000
Y. Bhg. Dato' Ghazali Mohd Ali	51,000	—	—	51,000
<i>Number of units</i>				
<b>Affin Holdings Berhad – Warrants</b>				
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	1,500	—	—	1,500
<i>Redeemable preference shares of RM1.00 each</i>				
<b>Boustead Petroleum Sdn Bhd</b>				
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	—	50	—	50

None of the other Directors holding office at the end of the year had any interest in shares in the Company or its related corporations during the year.

**ISSUE OF SHARES**

During the year, the Company's issued and paid up share capital was increased from RM325.5 million to RM455.7 million by way of a rights issue of 260.4 million ordinary shares of RM0.50 each for cash at RM2.80 per share. The new shares issued during the financial year rank pari passu with the existing ordinary shares of the Company.

**OTHER STATUTORY INFORMATION**

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent.
  - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
  - (iv) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.
- (c) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## **DIRECTORS' REPORT**

### **SIGNIFICANT EVENTS**

Details of the significant events are disclosed in Note 42 to the financial statements.

### **SUBSEQUENT EVENTS**

Details of the subsequent events are disclosed in Note 43 to the financial statements.

### **AUDITORS**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors:

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

**TAN SRI DATO' LODIN WOK KAMARUDDIN**

Kuala Lumpur  
3 March 2010



## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, GEN. TAN SRI DATO' MOHD GHAZALI HJ. CHE MAT (R) and TAN SRI DATO' LODIN WOK KAMARUDDIN, being two of the Directors of BOUSTEAD HOLDINGS BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 93 to 163 are drawn up in accordance with the Companies Act, 1965 and the applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors:

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

**TAN SRI DATO' LODIN WOK KAMARUDDIN**

Kuala Lumpur  
3 March 2010

## STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, DANIEL EBINESAN, being the officer responsible for the financial management of BOUSTEAD HOLDINGS BERHAD do solemnly and sincerely declare that the financial statements set out on pages 93 to 163 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 3 March 2010.

Before me

**ZAINALABIDIN BIN NAN**

Commissioner for Oaths  
Kuala Lumpur

**DANIEL EBINESAN**

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BOUSTEAD HOLDINGS BERHAD

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Boustead Holdings Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 93 to 163.

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BOUSTEAD HOLDINGS BERHAD

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its Subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the Subsidiaries which we have not acted as auditors, which are indicated on pages 159 to 162 of the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the Subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the Subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

### OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

#### ERNST & YOUNG

AF: 0039  
Chartered Accountants

#### HABIBAH BTE ABDUL

No. 1210/05/10(J)  
Chartered Accountant

Kuala Lumpur, Malaysia  
3 March 2010

**INCOME STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Group		Company	
		2009 RM Million	2008 RM Million	2009 RM Million	2008 RM Million
<b>Revenue</b>	3	<b>5,392.0</b>	7,029.8	<b>108.3</b>	129.9
Operating cost	4	<b>(4,986.7)</b>	(6,415.8)	<b>(108.8)</b>	(131.0)
Results from operations		<b>405.3</b>	614.0	<b>(0.5)</b>	(1.1)
Gain on disposal of plantation assets		<b>–</b>	75.6	<b>–</b>	49.2
Interest income	5	<b>17.5</b>	22.1	<b>19.8</b>	33.5
Other investment results	6	<b>102.5</b>	51.5	<b>276.5</b>	244.5
Finance cost	7	<b>(127.0)</b>	(153.0)	<b>(121.6)</b>	(162.3)
Share of results of Associates		<b>103.3</b>	68.7	<b>–</b>	–
<b>Profit before taxation</b>		<b>501.6</b>	678.9	<b>174.2</b>	163.8
Taxation	8	<b>(83.2)</b>	(11.2)	<b>(29.5)</b>	(37.3)
<b>Profit for the year</b>		<b>418.4</b>	667.7	<b>144.7</b>	126.5
Attributable to:					
Shareholders of the Company		<b>341.6</b>	578.8	<b>144.7</b>	126.5
Minority interests		<b>76.8</b>	88.9	<b>–</b>	–
<b>Profit for the year</b>		<b>418.4</b>	667.7	<b>144.7</b>	126.5
<b>Earnings per share – sen</b>	9	<b>47.0</b>	90.7		

The accompanying notes form an integral part of these financial statements.

## BALANCE SHEETS

AS AT 31 DECEMBER 2009

	Note	Group		Company	
		2009 RM Million	2008 RM Million	2009 RM Million	2008 RM Million
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	11	1,977.2	1,817.2	6.4	6.3
Biological assets	12	356.5	357.1	–	–
Investment properties	13	960.3	763.1	67.6	60.9
Development properties	14	220.1	208.4	–	–
Prepaid land lease payments	15	162.3	157.5	1.7	1.7
Long term prepayments	16	132.9	134.1	–	–
Deferred tax assets	17	66.0	68.0	–	–
Subsidiaries	18	–	–	2,612.2	2,645.6
Associates	19	1,087.0	1,045.9	686.7	689.5
Investments	20	375.9	524.9	3.8	4.4
Patrol vessel expenditure	21	455.3	455.3	–	–
Goodwill on consolidation	22	1,015.1	1,068.5	–	–
<b>Total non-current assets</b>		<b>6,808.6</b>	6,600.0	<b>3,378.4</b>	3,408.4
<b>Current assets</b>					
Inventories	23	234.6	230.8	1.9	4.1
Property development in progress	24	28.9	49.3	–	–
Due from customers on contracts	25	111.2	76.8	–	–
Receivables	26	942.5	1,052.6	105.0	507.6
Deposits, cash and bank balances	27	396.5	669.5	13.0	0.8
Assets classified as held for sale	28	565.5	–	–	–
<b>Total current assets</b>		<b>2,279.2</b>	2,079.0	<b>119.9</b>	512.5
<b>Total assets</b>		<b>9,087.8</b>	8,679.0	<b>3,498.3</b>	3,920.9

	Note	Group		Company	
		2009 RM Million	2008 RM Million	2009 RM Million	2008 RM Million
<b>Equity and liabilities</b>					
<b>Equity</b>					
Share capital	29	455.7	325.5	455.7	325.5
Non-distributable reserves	30	1,498.1	853.8	1,163.6	565.5
Retained earnings	31	1,874.5	1,731.5	432.6	449.0
<b>Equity attributable to shareholders of the Company</b>		<b>3,828.3</b>	2,910.8	<b>2,051.9</b>	1,340.0
Minority interests		446.4	385.2	–	–
<b>Total equity</b>		<b>4,274.7</b>	3,296.0	<b>2,051.9</b>	1,340.0
<b>Non-current liabilities</b>					
Borrowings	32	310.6	624.7	32.5	42.5
Payables	33	25.2	20.2	–	–
Deferred tax liabilities	17	105.8	105.7	1.8	0.4
<b>Total non-current liabilities</b>		<b>441.6</b>	750.6	<b>34.3</b>	42.9
<b>Current liabilities</b>					
Borrowings	32	2,633.8	2,878.7	976.9	1,193.4
Payables	33	949.9	1,065.5	435.2	1,308.0
Due to customers on contracts	25	525.1	630.2	–	–
Taxation		23.0	21.4	–	–
Dividend payable		–	36.6	–	36.6
Liabilities classified as held for sale	28	239.7	–	–	–
<b>Total current liabilities</b>		<b>4,371.5</b>	4,632.4	<b>1,412.1</b>	2,538.0
<b>Total liabilities</b>		<b>4,813.1</b>	5,383.0	<b>1,446.4</b>	2,580.9
<b>Total equity and liabilities</b>		<b>9,087.8</b>	8,679.0	<b>3,498.3</b>	3,920.9
<b>Net assets per share attributable to shareholders of the Company</b>		<b>RM4.20</b>	RM4.47		

The accompanying notes form an integral part of these financial statements.



## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

	Share capital RM Million	Non- distributable reserves RM Million	Retained earnings RM Million	Attributable to shareholders of the Company RM Million	Minority interests RM Million	Total equity RM Million
<b>GROUP</b>						
At 1 January 2008	314.5	701.3	1,345.1	2,360.9	847.9	3,208.8
Net (loss)/gain not recognised in the income statement – exchange fluctuation	–	(8.0)	–	(8.0)	0.2	(7.8)
Transfers during the year	–	24.7	(24.7)	–	–	–
Additional investment in Subsidiaries	–	–	–	–	(525.5)	(525.5)
Disposal of Subsidiaries (Note 18)	–	9.4	–	9.4	(3.2)	6.2
Issue of shares pursuant to the voluntary acquisition of a Subsidiary	11.0	126.4	–	137.4	–	137.4
Issue of shares by a Subsidiary to minority interest	–	–	–	–	4.4	4.4
Profit for the year	–	–	578.8	578.8	88.9	667.7
Dividends (Note 10)	–	–	(167.7)	(167.7)	(27.5)	(195.2)
At 31 December 2008	<b>325.5</b>	<b>853.8</b>	<b>1,731.5</b>	<b>2,910.8</b>	<b>385.2</b>	<b>3,296.0</b>
Net gain not recognised in the income statement – exchange fluctuation	–	<b>8.7</b>	–	<b>8.7</b>	<b>0.2</b>	<b>8.9</b>
Acquisition of Subsidiaries (Note 18)	–	–	–	–	<b>1.3</b>	<b>1.3</b>
Disposal of Subsidiaries (Note 18)	–	–	–	–	<b>(1.3)</b>	<b>(1.3)</b>
Rights issue during the year	<b>130.2</b>	<b>598.1</b>	–	<b>728.3</b>	–	<b>728.3</b>
Issue of shares by Subsidiaries to minority interests	–	–	–	–	<b>14.4</b>	<b>14.4</b>
Transfers during the year	–	<b>37.5</b>	<b>(37.5)</b>	–	–	–
Profit for the year	–	–	<b>341.6</b>	<b>341.6</b>	<b>76.8</b>	<b>418.4</b>
Dividends (Note 10)	–	–	<b>(161.1)</b>	<b>(161.1)</b>	<b>(30.2)</b>	<b>(191.3)</b>
At 31 December 2009	<b>455.7</b>	<b>1,498.1</b>	<b>1,874.5</b>	<b>3,828.3</b>	<b>446.4</b>	<b>4,274.7</b>

	Share capital RM Million	Share premium RM Million	Retained earnings RM Million	Total RM Million
<b>COMPANY</b>				
At 1 January 2008	314.5	439.1	490.2	1,243.8
Issue of shares pursuant to the voluntary acquisition of a Subsidiary	11.0	126.4	–	137.4
Profit for the year	–	–	126.5	126.5
Dividends (Note 10)	–	–	(167.7)	(167.7)
At 31 December 2008	<b>325.5</b>	<b>565.5</b>	<b>449.0</b>	<b>1,340.0</b>
Rights issue during the year	<b>130.2</b>	<b>598.1</b>	<b>–</b>	<b>728.3</b>
Profit for the year	–	–	<b>144.7</b>	<b>144.7</b>
Dividends (Note 10)	–	–	<b>(161.1)</b>	<b>(161.1)</b>
At 31 December 2009	<b>455.7</b>	<b>1,163.6</b>	<b>432.6</b>	<b>2,051.9</b>

## CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

	Group		Company	
	2009 RM Million	2008 RM Million	2009 RM Million	2008 RM Million
<b>Operating activities</b>				
Cash receipts from customers	<b>5,590.1</b>	7,217.5	<b>103.2</b>	135.3
Cash paid to suppliers and employees	<b>(4,928.9)</b>	(6,373.4)	<b>(99.3)</b>	(124.0)
Cash generated from operations	<b>661.2</b>	844.1	<b>3.9</b>	11.3
Income tax (paid)/refunded	<b>(56.3)</b>	(87.7)	<b>26.4</b>	24.7
Net cash from operating activities	<b>604.9</b>	756.4	<b>30.3</b>	36.0
<b>Investing activities</b>				
Acquisition of Subsidiaries (Note 18)	<b>(27.1)</b>	–	<b>(4.0)</b>	–
Additional investment in Subsidiaries and Associates	<b>(1.0)</b>	(443.6)	<b>(2.3)</b>	(422.1)
Disposal of Subsidiaries (Note 18)	<b>(0.7)</b>	35.5	<b>–</b>	–
Disposal of Associates	<b>0.8</b>	–	<b>–</b>	–
Investments purchased	<b>(94.5)</b>	(213.9)	<b>(0.2)</b>	(1.4)
Proceeds from disposal of plantation assets	<b>–</b>	95.3	<b>–</b>	88.3
Proceeds from disposal of investment property	<b>9.8</b>	0.8	<b>–</b>	–
Proceeds from disposal of investments	<b>34.9</b>	362.3	<b>1.3</b>	0.1
Biological assets and property, plant and equipment				
– purchases	<b>(317.0)</b>	(439.8)	<b>(1.1)</b>	(41.6)
– disposals	<b>8.4</b>	13.9	<b>0.1</b>	0.4
Purchase and development of investment properties	<b>(37.9)</b>	(6.6)	<b>–</b>	(0.3)
Dividends received	<b>60.9</b>	44.5	<b>283.9</b>	117.1
Interest received	<b>17.5</b>	22.1	<b>19.8</b>	33.5
Net cash (used in)/from investing activities	<b>(345.9)</b>	(529.5)	<b>297.5</b>	(226.0)

	Group		Company	
	2009 RM Million	2008 RM Million	2009 RM Million	2008 RM Million
<b>Financing activities</b>				
Issue of shares				
– by the Company	<b>728.3</b>	–	<b>728.3</b>	–
– by Subsidiaries to minority interests	<b>14.4</b>	4.4	<b>–</b>	–
Dividends paid				
– by the Company	<b>(197.7)</b>	(163.7)	<b>(197.7)</b>	(163.7)
– by Subsidiaries to minority interests	<b>(30.2)</b>	(27.5)	<b>–</b>	–
Proceeds from long term loans	<b>297.3</b>	343.5	<b>50.0</b>	50.0
Repayment of long term loans	<b>(802.3)</b>	(649.4)	<b>(77.5)</b>	(270.0)
(Decrease)/increase of revolving credits and bankers' acceptances	<b>(153.3)</b>	413.7	<b>(206.0)</b>	29.3
Receipts from Group companies	<b>–</b>	–	<b>833.3</b>	1,266.5
Payments to Group companies	<b>–</b>	–	<b>(1,327.2)</b>	(581.4)
Interest paid	<b>(180.4)</b>	(247.4)	<b>(125.8)</b>	(168.1)
Net cash (used in)/from financing activities	<b>(323.9)</b>	(326.4)	<b>(322.6)</b>	162.6
Net (decrease)/increase in cash and cash equivalents	<b>(64.9)</b>	(99.5)	<b>5.2</b>	(27.4)
Foreign currency translation difference	<b>0.1</b>	(0.5)	<b>–</b>	–
Cash and cash equivalents at beginning of year	<b>614.7</b>	714.7	<b>(25.1)</b>	2.3
Cash and cash equivalents at end of year	<b>549.9</b>	614.7	<b>(19.9)</b>	(25.1)
<b>Cash and cash equivalents at end of year</b>				
Deposits, cash and bank balances (Note 27)	<b>396.5</b>	669.5	<b>13.0</b>	0.8
Overdrafts (Note 32)	<b>(77.8)</b>	(54.8)	<b>(32.9)</b>	(25.9)
	<b>318.7</b>	614.7	<b>(19.9)</b>	(25.1)
Deposits, cash and bank balances classified as held for sale (Note 28)	<b>231.2</b>	–	<b>–</b>	–
	<b>549.9</b>	614.7	<b>(19.9)</b>	(25.1)

The accompanying notes form an integral part of these financial statements.

## ACCOUNTING POLICIES

### (A) BASIS OF PREPARATION

The financial statements of the Group and the Company are prepared under the historical cost convention unless otherwise indicated in the accounting policies below, and comply with applicable Financial Reporting Standards (FRSs) in Malaysia and the Companies Act, 1965.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest million except when otherwise stated.

### (B) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the audited financial statements of the Company and its Subsidiaries made up to the end of the year. Subsidiaries are companies in which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effects of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of Subsidiaries are prepared for the same reporting date as the Company, and uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances. All inter-company balances and transactions, including unrealised profits or losses arising from them are eliminated.

Acquisitions of Subsidiaries are accounted for using the purchase method. At the date of acquisition, the fair values of the Subsidiaries' assets acquired and liabilities and contingent liabilities assumed are determined and these values are reflected in the consolidated financial statements. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition. The excess of the acquisition cost over the Group's interest in these fair values is reflected as goodwill. The excess of the Group's interest in these fair values over the acquisition cost represents negative goodwill, which is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in Subsidiaries that is not held by the Group and is presented separately within equity in the consolidated balance sheet. It is measured at the minorities' share of the fair value of the Subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the Subsidiaries' equity since then.

### (C) ASSOCIATES

An Associate is defined as a company, not being a Subsidiary or an interest in a joint venture, in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

**(C) ASSOCIATES (CONT'D.)**

Investments in Associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in an Associate is carried in the consolidated balance sheet at cost plus post acquisition changes in the Group's share of net assets of the Associate, less distributions received and less any impairment in value of individual investments. The consolidated income statement reflects the Group's share of the Associate's results after tax. Where there has been a change recognised directly in the equity of an Associate, the Group recognises its share of such changes. Unrealised gains or losses on transactions between the Group and its Associates are eliminated to the extent of the Group's interest in the Associates. When the Group's share of losses exceeds its interest in an Associate, the Group does not recognise further losses except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the Associate.

After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in an Associate. Associates are equity accounted from the date the Group obtains significant influence until the date the Group ceases to have significant influence.

Any goodwill arising on the acquisition of an Associate, representing the excess of the cost of the investment compared to the Group's share of the net fair value of the Associate's identifiable assets, liabilities and contingent liabilities, is included in the carrying amount of the Associate and is not amortised. To the extent that the net fair value of the Associate's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised and added to the Group's share of the Associate's profit or loss in the period in which the investment is acquired.

The most recent available financial statements of Associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Where necessary, appropriate adjustments are made to the financial statements of the Associates to ensure consistency of the accounting policies used with those of the Group.

**(D) INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES**

In the Company's separate financial statements, investments in Subsidiaries and Associates are stated at cost less impairment losses, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is charged or credited to profit or loss.

**(E) CURRENCY CONVERSION**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the functional currency of the Company. All transactions are recorded in Ringgit Malaysia.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

## ACCOUNTING POLICIES

### (E) CURRENCY CONVERSION (CONT'D.)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operations, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, where that monetary item is denominated in a currency other than the functional currency of the reporting entity or the foreign operations, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operations, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operations, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- income and expenses for each income statement are translated at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions; and
- all resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the exchange rates ruling at the balance sheet date.

Goodwill and fair value adjustments arising on the acquisition of a foreign Subsidiary before 1 January 2006 are deemed to be the assets and liabilities of the parent company and are recorded in RM at the exchange rates ruling at the date of the acquisition.

The principal closing rates used in the translation of foreign currency amounts are as follows:

Foreign currency	2009	2008
1 US Dollar	<b>RM3.43</b>	RM3.47
1 Euro	<b>RM4.94</b>	RM4.89
1 Great Britain Pound	<b>RM5.53</b>	RM5.01
1,000 Indonesian Rupiah	<b>RM0.36</b>	RM0.32
1 Singapore Dollar	<b>RM2.45</b>	RM2.41

**(F) PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION**

All property, plant and equipment are initially stated at cost. Certain land and buildings are subsequently shown at 1992 and 2001 valuation less subsequent depreciation and impairment loss.

The Directors have not adopted a policy of regular valuation, and have applied the transitional provisions of FRS 116 : Property, Plant and Equipment which permits those assets to be stated at their prevailing valuations less depreciation. The valuations were determined by independent professional valuers on the open market basis, and no later valuations were recorded. All other property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses.

Freehold land and capital work in progress are not amortised. Other assets are depreciated on a straight line basis to write off the cost or valuation of the assets to their residual values, over the term of their estimated useful lives as follows:

Buildings	20 – 80 years
Plant & machinery	7 – 20 years
Furniture & equipment	3 – 10 years
Motor vehicles	3 – 10 years

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

**(G) BIOLOGICAL ASSETS**

The expenditure on new planting and replanting of a different produce crop incurred up to the time of maturity is capitalised while the initial costs of planting on the area replanted are charged to the income statement.

Depreciation charges and external borrowing costs related to the development of new plantations are included as part of the capitalisation of immature planting costs. Replanting expenditure incurred in respect of the same crop is charged to the income statement in the year in which it is incurred. Plantation development expenditure is not amortised other than for those planted on short term leases held in Indonesia which are amortised over the life of the leases.

**(H) INVESTMENT PROPERTIES**

Investment properties are properties which are held either to earn rental income or for capital appreciation or both. Such properties are measured initially at cost, including transaction costs, and thereafter are stated at fair value, which is determined by Directors by reference to market evidence of transaction prices for similar properties, and valuation performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.



## ACCOUNTING POLICIES

### (H) INVESTMENT PROPERTIES (CONT'D.)

Investment properties are derecognised when either they have been disposed or when the investment property is permanently withdrawn from use and no future economic benefit is expected from the disposal. Any difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss in the year in which they arise.

### (I) GOODWILL

After initial recognition, goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised, but instead, it is reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to the related cash-generating units monitored by management, usually at business segment level or statutory company level as the case may be. Where the recoverable amount of the cash-generating unit is less than its carrying amount including goodwill, an impairment loss is recognised in the income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Gains and losses on the disposal of an entity include the carrying amount of the goodwill relating to the entity sold.

### (J) DEVELOPMENT PROPERTIES AND PROPERTY DEVELOPMENT IN PROGRESS

#### (i) Development properties

Development properties are stated at cost less any accumulated impairment losses. Development properties comprise land banks which are in the process of being prepared for development but are not expected to be launched for sale. Cost includes land, materials, direct labour, professional fees, borrowing costs and other direct development cost and related overheads.

#### (ii) Property development in progress

Property development in progress comprises cost of land currently being developed together with related development costs common to the whole project and direct building costs less anticipated losses, if any. Development revenue and expenses are recognised in the income statement when the financial outcome of the development activity can be reliably estimated. Where the outcome cannot be reliably estimated, revenue is recognised to the extent that costs are recoverable, and costs on properties sold are expensed in the period incurred. The excess or shortfall of revenue over billings to purchasers is classified as accrued billings within trade receivables or progress billings within trade payables respectively.

### (K) CONSTRUCTION CONTRACTS

Where the outcome of a construction contract involving the rendering of services can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to proportion of contract costs incurred for work performed to date to the estimated total contract costs.

When the total of cost incurred on construction contracts involving the rendering of services plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed cost incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

**(L) REVENUE RECOGNITION**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue from the sale of goods and services is recognised when the goods and services are delivered. Revenue from property development and other long term contracts is recognised on the percentage of completion method by reference to the percentage of actual construction work completed. Rental income represents the invoiced value derived from the letting of properties, while finance charges from hire purchase activities are recognised over the period of the hire purchase contracts in proportion to net funds invested. Revenue from rental of hotel rooms, sale of food and beverage and other related income are recognised on an accrual basis. Tuition fees are recognised on an accrual basis whereas non-refundable registration and enrolment fees are recognised when chargeable.

Dividends from Subsidiaries, Associates and other investee companies are recognised in the income statements when the right to receive payment is established. Interest income is recognised as it accrues unless collection is doubtful. Sales and other revenue earned from intra-group companies are eliminated on consolidation, and the revenue of Associates is excluded from Group revenue.

**(M) GENERAL INSURANCE UNDERWRITING RESULTS**

The general insurance underwriting results are determined for each class of business after taking into account reinsurances, commissions, unearned premiums and claims incurred.

**(i) Premium income**

Premiums are recognised in a financial year in respect of the risks assumed during that particular financial year. Premiums from direct business are recognised during the financial year upon the issuance of debit notes or policies. Premiums in respect of risks incepted for which debit notes or policies have not been raised as of the balance sheet date are accrued at that date as pipeline premiums.

Inward treaty reinsurance premiums are recognised on the basis of periodic advices received from ceding insurers. Outward reinsurance premiums are recognised in the same accounting period as the original policy to which the reinsurance relates.

**(ii) Unearned premium reserves**

Unearned premium reserves (UPR) represent the portion of the net premiums of insurance policies written that relate to the unexpired periods of the policies at the end of the financial year.

In determining the UPR at the balance sheet date, the method that most accurately reflects the actual unearned premium is used, as follows:

- 25% method for marine and aviation cargo, and transit business;
- Time apportionment method for non-annual policies reduced by the percentage of accounted gross direct business commissions to the corresponding premiums, not exceeding limits specified by Bank Negara Malaysia (BNM); and
- 1/24th method for all other classes of general business in respect of Malaysian policies, reduced by the corresponding percentage of accounted gross direct business commission to the corresponding premium, not exceeding limits specified by BNM.

## ACCOUNTING POLICIES

### (M) GENERAL INSURANCE UNDERWRITING RESULTS (CONT'D.)

#### (iii) Claims liabilities

A liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance. The amount of outstanding claims is the best estimate of the expenditure required together with related expenses less reinsurance recoveries, to settle the present obligation at the balance sheet date.

Provision for claims liabilities is also made for the cost of claims, together with related expenses, incurred but not reported (IBNR) at the balance sheet date, based on an actuarial valuation.

#### (iv) Acquisition costs

The cost of acquiring and renewing insurance policies net of income derived from ceding reinsurance premiums, is recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

### (N) INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax, and is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided for using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

### (O) EMPLOYEE BENEFITS

Short term benefits such as wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

As required by law, the Group and Company make contributions to the Employees Provident Fund. Some of the Group's foreign Subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are expensed in the income statement as and when incurred. The Group pays termination benefits in cases of termination of employment. Termination benefits are recognised as a liability and an expense when the Group has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

**(P) JOINT VENTURE PLANTATION**

The Group has a 50% interest in a joint venture plantation known as Kuala Muda Estate. The Group accounts for its interest in the plantation's operations by including in the financial statements, in the respective categories, its share in each of the individual assets and liabilities employed as well as the Group's share in the revenue and costs.

**(Q) INVENTORIES**

Inventories are stated at the lower of cost and net realisable value, cost being determined on the weighted average basis. Cost includes all incidentals incurred in bringing the inventories into store; and in the case of produce stocks, includes harvesting, manufacturing and transport charges, where applicable. Net realisable value represents the estimated selling price less all estimated costs. Inventories of completed properties comprise cost of land and the relevant development cost.

**(R) RESEARCH AND DEVELOPMENT**

The Group's research and development is undertaken through an Associate, whereby contribution towards such related activity is recognised as an expense as and when incurred.

**(S) FINANCIAL INSTRUMENTS**

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangements. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group and the Company have an enforceable legal right to offset and intend to settle either on a net basis or to realise the asset and settle the liability simultaneously. The Group does not have any off balance sheet financial instruments.

**(i) Cash and cash equivalents**

For the purpose of the cash flow statements, cash and cash equivalents include deposits, cash and bank balances and overdrafts.

**(ii) Non-current investments**

Non-current investments other than investments in Subsidiaries, Associates and investment properties are stated at cost less impairment losses. Malaysian Government Securities, Cagamas papers and other unquoted approved debt securities of the insurance Subsidiary as specified by Bank Negara Malaysia (BNM), are stated at cost adjusted for the amortisation of premiums or accretion of discounts, calculated on an effective yield basis, from the date of purchase to maturity date. The amortisation of premiums and accretion of discounts are recognised in the income statement and/or revenue account.

Quoted investments are stated at the lower of cost and market value determined on an aggregate portfolio basis by category of investments, except that if diminution in value of a particular investment is not regarded as temporary, specific allowance is made against the value of that investment. Market value is determined by reference to the stock exchange closing prices at the balance sheet date.

## ACCOUNTING POLICIES

### (S) FINANCIAL INSTRUMENTS (CONT'D.)

#### (ii) Non-current investments (cont'd.)

Unquoted investments in unit trusts are stated at the lower of cost or market value. Other unquoted investments are stated at cost and allowance is made where in the opinion of the Directors, there is such a decline other than temporary in the value of an investment. Where there is such a decline in the value of an investment, such decline is recognised as an expense in the financial year in which the decline is identified.

On disposal, the difference between the net disposal proceeds and its carrying value is recognised in profit or loss.

#### (iii) Trade receivables

Trade receivables are carried at anticipated realisable value. Bad debts are written off in the year in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts.

#### (iv) Payables and provision

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether billed or unbilled. Provisions are recognised when the Group and the Company have present obligations as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amounts of the obligations.

#### (v) Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received. Costs incurred on external borrowings to finance long term qualifying assets are capitalised until the assets are ready for their intended use, after which such expenses are charged to the income statement. All other borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

#### (vi) Redeemable convertible bonds

Redeemable convertible bonds are regarded as compound instruments consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible bond. The difference between the proceeds of issue of the redeemable convertible bonds and the fair value assigned to the liability component representing the conversion option is included in shareholders' equity.

The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or redemption whilst the value of the equity component is not adjusted in subsequent periods. Attributable transaction costs are apportioned and deducted directly from the liability and equity component based on their carrying amounts at the date of issue.

#### (vii) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period that they are declared. The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributed to equity transactions which would otherwise have been avoided.

**(T) IMPAIRMENT OF NON-FINANCIAL ASSETS**

The carrying amounts of assets, other than investment properties, property development costs, inventories, deferred tax assets and non-current assets held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. Where there is an indication of impairment, the recoverable amount of the asset or cash generating unit (CGU) is estimated to determine the amount of impairment loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset or CGU that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. Reversals of impairment loss are recognised as an income immediately in the income statements, except for the reversal of an impairment loss on a revalued asset where the reversal is recognised as income to the extent of the impairment loss previously recognised as an expense in the income statements, with the excess credited to the revaluation reserve.

**(U) SEGMENTAL REPORTING**

The primary reporting segment information is in respect of business segments as the Group's risk and return are affected predominantly by the differences in the products and services it produces. The secondary reporting segment information is in respect of geographical segments based on the country in which customers are located. Currently, the Group operates principally in Malaysia, with no other individual country contributing more than 10% of the consolidated revenue or assets.

Transactions between segments are carried out on arm's length basis.

**(V) LEASES**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risk and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. Subsequently, the land and buildings elements of a lease are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases other than for a property held under an operating lease that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease.

**(i) Operating lease – the Group as a lessee**

Leases of assets under which all the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

## ACCOUNTING POLICIES

### (V) LEASES (CONT'D.)

#### (ii) Lease of land and building

The minimum lease payments including lump-sum upfront payments made to acquire the interest in the land and building, are allocated between land and building elements in proportion to the relative fair values of the leasehold interest in the land element and the building element at the inception of the lease.

The lump-sum upfront lease payments made represent prepaid lease payments and are amortised over the lease term on a straight-line basis except for leasehold land that is classified as an investment property or an asset held under property development.

For leases of land and building in which the amount that would initially be recognised for land element is immaterial, the land and building is treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

### (W) ASSETS HELD FOR SALE

Non-current assets or disposal group are classified as being held for sale if their carrying amount is recovered principally through a sale transaction rather than through continuing use. These assets are measured at the lower of carrying amount and fair value less costs to sell when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition subject only to the terms that are usual and customary.

### (X) PATROL VESSEL EXPENDITURE

The Patrol Vessel (PV) expenditure comprises design and integrated logistic support cost which relates to the privatisation agreement with the Government of Malaysia (GOM) for the construction of 27 units of PVs, of which 6 units have been secured and the remaining 21 units are to be awarded by the GOM. The expenditure could also be utilised for other patrol vessel projects.

The expenditure was incurred in connection with a current contract in anticipation of obtaining additional future PV contracts from the GOM.

The expenditure will be expensed when the outcome of the contracts in relations to the remaining 21 units and other patrol vessels cannot be reliably estimated.



## NOTES TO THE FINANCIAL STATEMENTS

### 1. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following new FRSs, Amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

#### Effective for financial periods beginning on or after 1 July 2009:

FRS 8 : Operating segments

#### Effective for financial periods beginning on or after 1 January 2010:

FRS 4 : Insurance contracts

FRS 7 : Financial instruments: disclosures

FRS 101 : Presentation of financial statements (as revised in 2009)

FRS 123 : Borrowing costs

FRS 139 : Financial instruments: recognition and measurement

Amendment to FRS 2 : Share-based payment: vesting conditions and cancellations

Amendments to FRS 1 and FRS 127 : Standards and consolidated and separate financial statements: cost of an investment in a subsidiary, jointly controlled entity or associate

Amendment to FRS 5 : Non-current assets held for sale and discontinued operations

Amendment to FRS 7 : Financial instruments: disclosures

Amendment to FRS 8 : Operating segments

Amendment to FRS 107 : Statements of cash flows

Amendment to FRS 108 : Accounting policies, changes in accounting estimates and errors

Amendment to FRS 110 : Events after the reporting period

Amendment to FRS 116 : Property, plant and equipment

Amendment to FRS 117 : Leases

Amendment to FRS 118 : Revenue

Amendment to FRS 119 : Employee benefits

Amendment to FRS 120 : Accounting for government grants and disclosure of government assistance

Amendment to FRS 123 : Borrowing costs

Amendment to FRS 128 : Investments in associates

Amendment to FRS 129 : Financial reporting in hyperinflationary economies

Amendment to FRS 131 : Interests in joint ventures

Amendment to FRS 132 : Financial instruments: presentation

Amendment to FRS 134 : Interim financial reporting

Amendment to FRS 136 : Impairment of assets

Amendment to FRS 138 : Intangible assets

Amendments to FRS 139, FRS 7 and IC Interpretation 9 : Financial instruments: recognition and measurement, disclosures and reassessment of embedded derivatives

Amendment to FRS 140 : Investment property

Amendment to FRSs : Improvement to FRSs (2009)

IC Interpretation 9 : Reassessment of embedded derivatives

IC Interpretation 10 : Interim financial reporting and impairment

IC Interpretation 11 : FRS 2 – Group and treasury share transactions

IC Interpretation 13 : Customer loyalty programmes

IC Interpretation 14 : FRS 119 – The limit on a defined benefit asset, minimum funding requirements and their interaction

TR i – 3: Presentation of financial statements of Islamic financial institutions



## NOTES TO THE FINANCIAL STATEMENTS

### 1. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

#### Effective for financial periods beginning on or after 1 July 2010:

FRS 1 : First-time adoption of financial reporting standards  
FRS 3 : Business combinations (revised)  
FRS 127 : Consolidated and separate financial statements (amended)  
IC Interpretation 12 : Service concession arrangements  
IC Interpretation 15 : Agreements for the construction of real estate  
IC Interpretation 16 : Hedges of a net investment in a foreign operation  
IC Interpretation 17 : Distributions of non-cash assets to owners  
Amendment to FRS 2 : Share-based payment  
Amendment to FRS 5 : Non-current assets held for sale and discontinued operations  
Amendment to FRS 138 : Intangible assets  
Amendment to FRS 139 : Financial instruments: recognition and measurement  
Amendment to IC Interpretation 9 : Reassessment of embedded derivatives

The above new FRSs, Amendments to FRSs and Interpretations are expected to have no significant impact on the financial statements of the Group and the Company for the financial year ending 31 December 2010 upon their initial application except for the changes arising from the adoption of FRS 7 and FRS 139.

The Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application of FRS 7 and FRS 139.

### 2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates may differ from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows:

#### (a) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable amounts and may lead to future impairment charges. The carrying amounts of non-financial assets of the Group as at year end is RM1,015.1 million (2008: RM1,068.5 million). Further details are disclosed in Note 22.

## **2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)**

### **(b) Useful lives of property, plant and equipment**

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on the internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

### **(c) Impairment of biological assets and property, plant and equipment**

The Group reviews the carrying amounts of the biological assets and property, plant and equipment as at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount or value in use is estimated. Determining the value in use of biological assets and property, plant and equipment requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable amounts and may lead to future impairment charges. Any resulting impairment loss could have a material adverse impact on the Group's financial position and results of operations.

### **(d) Property development**

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date compared to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

### **(e) Construction contracts**

The Group recognises construction revenue and costs, including rendering of services, in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that contract costs incurred for work performed to date compared to the estimated total contract costs.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of the contract projects. In making the judgement, the Group evaluates by relying on past experience and the work of specialists.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

#### (f) Deferred tax assets

The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecast taxable income of the following reporting periods. This forecast is based on the Group's past results and future expectations on revenue and expenses.

#### (g) Claims liabilities

The value of claims liabilities for each class of business of the insurance Subsidiary are estimated by reference to a variety of estimation techniques, generally based on a statistical analysis of historical experience which assumes an underlying pattern of claims development and payment. The final selected estimates are based on a judgemental consideration of results of each method and qualitative information, for example, the class of business, the maturity of the portfolio and the expected term of settlement of the class. Projections are based on historical experience and external benchmarks, where relevant.

As with all projections, there are elements of uncertainty and thus the projected future claims experience may be different from its ultimate claims liability. These uncertainties arise from changes in underlying risks, claims settlement, changes in risk spread, social and economic inflation as well as uncertainties in the projection model and underlying assumptions.

#### (h) Patrol vessel (PV) expenditure

Included in the construction cost of the PV is the expenditure in relation to the design and integrated logistic support cost, which relates to the privatisation agreement with the Government for the construction of 27 units of PV, of which 6 units have been secured and the remaining 21 units are yet to be awarded by the Government. The recoverability of the capitalised PV expenditure of RM455 million is dependent upon the eventual award of contracts in respect of the remaining 21 units.

### 3. REVENUE

	Group		Company	
	2009 RM Million	2008 RM Million	2009 RM Million	2008 RM Million
Sale of produce	612.7	858.8	101.2	123.6
Sale of goods	2,933.3	4,123.9	—	—
Sale of development properties	213.4	366.1	—	—
Gross insurance premium	273.8	262.0	—	—
Revenue from agency business	49.3	57.4	—	—
Rental income – investment properties	67.6	67.9	6.9	6.0
– others	25.1	2.6	0.2	0.3
Ship repair	117.5	111.8	—	—
Shipbuilding	904.1	1,044.7	—	—
Others	195.2	134.6	—	—
	5,392.0	7,029.8	108.3	129.9

**4. OPERATING COST**

	Group		Company	
	2009 RM Million	2008 RM Million	2009 RM Million	2008 RM Million
Changes in inventories of finished goods and work in progress	<b>11.0</b>	(0.8)	–	–
Finished goods and work in progress purchases	<b>2,372.5</b>	3,957.7	–	–
Raw material and consumables used	<b>1,428.0</b>	1,336.9	<b>90.5</b>	111.4
Staff costs	<b>351.8</b>	325.2	<b>8.4</b>	7.8
Defined contribution plans	<b>48.5</b>	45.0	<b>1.3</b>	1.2
Depreciation				
– property, plant and equipment (Note 11)	<b>104.6</b>	98.2	<b>0.9</b>	0.9
– biological assets (Note 12)	<b>1.3</b>	1.3	–	–
Loss/(gain) on disposal				
– property, plant and equipment	<b>1.5</b>	0.8	–	0.2
– investment property	–	(2.1)	–	–
Amortisation of prepaid land lease payments (Note 15)	<b>3.5</b>	3.4	–	–
Amortisation of long prepayments (Note 16)	<b>6.8</b>	5.9	–	–
Impairment loss				
– property, plant and equipment (Note 11)	–	0.1	–	–
– biological assets (Note 12)	<b>8.8</b>	3.0	–	–
General insurance underwriting				
– reinsurance premiums	<b>121.7</b>	123.8	–	–
– net claims incurred	<b>86.6</b>	85.2	–	–
Supply and cooking oil price stabilisation cess	–	19.6	–	0.5
Gain on settlement of loan	–	(15.4)	–	–
Other operating cost	<b>440.1</b>	428.0	<b>7.7</b>	9.0
	<b>4,986.7</b>	6,415.8	<b>108.8</b>	131.0
Other operating cost includes:				
Rent paid				
– plantation assets	<b>130.4</b>	132.9	<b>3.7</b>	3.7
– others	<b>17.3</b>	11.8	<b>1.4</b>	1.3
Auditors' remuneration				
– statutory audit	<b>2.6</b>	2.5	<b>0.2</b>	0.2
– non audit fees	<b>0.2</b>	0.1	<b>0.1</b>	0.1
Directors' fees				
– current year	<b>0.8</b>	0.8	<b>0.3</b>	0.3
Directors' remuneration				
– emoluments	<b>2.9</b>	2.6	<b>0.1</b>	0.1
– benefits	<b>0.4</b>	0.7	–	–
Hire of equipment	<b>1.4</b>	1.7	–	–
Bad and doubtful debts				
– others	<b>2.6</b>	1.3	–	–
Research and development	<b>6.9</b>	5.5	–	–
Net foreign exchange (gain)/loss				
– realised	<b>(10.7)</b>	4.3	–	–
– unrealised	<b>0.9</b>	2.3	–	–
Inventories				
– writedown	<b>1.7</b>	9.5	–	–
– writeback	<b>(8.8)</b>	(0.1)	–	–

## NOTES TO THE FINANCIAL STATEMENTS

### 5. INTEREST INCOME

	Group		Company	
	2009 RM Million	2008 RM Million	2009 RM Million	2008 RM Million
Interest income – Subsidiaries	–	–	19.5	32.9
– Associates	0.2	0.6	0.1	0.1
– others	17.3	21.5	0.2	0.5
	17.5	22.1	19.8	33.5

### 6. OTHER INVESTMENT RESULTS

	Group		Company	
	2009 RM Million	2008 RM Million	2009 RM Million	2008 RM Million
Gross dividends from quoted shares in Malaysia				
– Subsidiaries	–	–	22.4	17.0
– Associates	–	–	26.3	24.7
– others	33.5	37.7	0.1	0.2
Gross dividends from unquoted shares in Malaysia				
– Subsidiaries	–	–	205.3	211.8
– Associates	–	–	20.9	4.3
– others	0.2	0.3	0.1	0.2
Profit on sale of investments	7.2	2.5	0.5	–
(Loss)/profit on disposal				
– Subsidiaries (Note 18)	(0.5)	19.5	–	(0.1)
– Associates	3.5	–	3.2	–
Impairment loss				
– Subsidiaries	–	–	(10.0)	–
– Associate	–	(18.9)	–	(18.9)
– other investments	–	(24.5)	–	–
Fair value gain on investment properties (Note 13)	46.5	37.2	6.7	4.6
Reversal of impairment loss – Subsidiary	–	–	1.0	0.7
– other investments	12.1	–	–	–
Goodwill written off (Note 22)	–	(2.3)	–	–
	102.5	51.5	276.5	244.5

**7. FINANCE COST**

	<b>Group</b>		<b>Company</b>	
	<b>2009 RM Million</b>	2008 RM Million	<b>2009 RM Million</b>	2008 RM Million
Interest expense on				
Loans from Subsidiaries	–	–	<b>67.2</b>	79.4
Bank borrowings	<b>172.2</b>	190.1	<b>54.4</b>	65.7
Bank guaranteed serial bonds	–	17.2	–	17.2
Redeemable convertible bonds	–	3.5	–	–
	<b>172.2</b>	210.8	<b>121.6</b>	162.3
Capitalised in qualifying assets	<b>(45.2)</b>	(57.8)	–	–
	<b>127.0</b>	153.0	<b>121.6</b>	162.3

**8. TAXATION**

	<b>Group</b>		<b>Company</b>	
	<b>2009 RM Million</b>	2008 RM Million	<b>2009 RM Million</b>	2008 RM Million
Tax expense for the year				
Malaysian income tax	<b>85.2</b>	81.2	<b>30.9</b>	36.9
Foreign income tax	<b>0.1</b>	0.7	–	–
Deferred tax relating to origination and reversal of temporary differences	<b>8.2</b>	22.0	<b>1.3</b>	0.4
	<b>93.5</b>	103.9	<b>32.2</b>	37.3
(Over)/under provision in prior years				
Malaysian income tax	<b>(8.1)</b>	(1.0)	<b>(2.8)</b>	–
Deferred tax	<b>(2.2)</b>	(91.7)	<b>0.1</b>	–
	<b>83.2</b>	11.2	<b>29.5</b>	37.3

Domestic income tax is calculated at the Malaysian statutory rate of 25% (2008: 26%) of the estimated assessable profit for the year.

## NOTES TO THE FINANCIAL STATEMENTS

### 8. TAXATION (CONT'D.)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2009 RM Million	2008 RM Million	2009 RM Million	2008 RM Million
Profit before taxation	<b>501.6</b>	678.9	<b>174.2</b>	163.8
Taxation at Malaysian statutory rate of 25% (2008: 26%)	<b>125.4</b>	176.5	<b>43.6</b>	42.6
Difference in tax rate	–	(0.1)	–	–
Effects of changes in tax rates on closing balance of deferred tax	–	(0.7)	–	–
Income not subject to tax	<b>(19.2)</b>	(32.0)	<b>(21.6)</b>	(16.3)
Effects of share of results in Associates	<b>(25.8)</b>	(17.9)	–	–
Expenses not deductible for tax purpose	<b>32.3</b>	37.6	<b>9.2</b>	11.2
Tax incentives	<b>(42.0)</b>	(44.1)	–	–
Deferred tax assets not recognised during the year	<b>28.8</b>	5.1	–	–
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	<b>(5.2)</b>	(19.1)	–	–
Others	<b>(0.8)</b>	(1.4)	<b>1.0</b>	(0.2)
	<b>93.5</b>	103.9	<b>32.2</b>	37.3
Overprovision in prior years	<b>(10.3)</b>	(92.7)	<b>(2.7)</b>	–
Tax expense for the year	<b>83.2</b>	11.2	<b>29.5</b>	37.3

### 9. EARNINGS PER SHARE

Basic earnings per share of the Group is calculated by dividing the consolidated profit for the year attributable to shareholders of the Company of RM341.6 million (2008: RM578.8 million) by the weighted average number of ordinary shares in issue during the financial year of 727.0 million (2008: 638.2 million). The Group does not have any potential dilutive instruments as at 31 December 2009.

**10. DIVIDENDS**

	Dividend amount		Net dividend per ordinary share	
	2009 RM Million	2008 RM Million	2009 Sen	2008 Sen
<i>Declared in respect of financial year ended 31 December</i>				
First interim of 10% (2008: 10%) less tax paid on 20 July 2009	<b>24.4</b>	23.3	<b>3.75</b>	3.75
Second interim of 10% (2008: 10%) less tax paid on 5 October 2009	<b>24.4</b>	24.1	<b>3.75</b>	3.75
Third interim of 15% (2008: 15%) less tax paid on 29 December 2009	<b>51.3</b>	36.6	<b>5.63</b>	5.63
Fourth interim dividend				
– 8% less tax payable on 31 March 2010	<b>28.0</b>	–	<b>3.00</b>	–
– 12% single tier dividend payable on 2 April 2010	<b>55.9</b>	–	<b>6.00</b>	–
	<b>184.0</b>	84.0	<b>22.13</b>	13.13
<i>Proposed in respect of the financial year ended 31 December</i>				
Final of 25% less tax for 2008 paid on 18 May 2009	–	61.0	–	9.38
	<b>184.0</b>	145.0	<b>22.13</b>	22.51

The fourth interim dividend amounting to RM83.9 million which was declared on 3 March 2010 will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2010.



## NOTES TO THE FINANCIAL STATEMENTS

### 11. PROPERTY, PLANT AND EQUIPMENT

	Freehold property RM Million	Leasehold property RM Million	Plant and machinery RM Million	Others RM Million	Total RM Million
<b>GROUP – 2009</b>					
<b>Cost or valuation</b>					
At 1 January 2009	772.6	273.8	503.6	623.7	2,173.7
Assets of Subsidiaries acquired (Note 18)	–	–	1.3	0.6	1.9
Additions	9.2	36.4	53.6	183.2	282.4
Disposals	(0.8)	(8.1)	(27.0)	(21.0)	(56.9)
Transfer to					
Investment properties (Note 13)	(1.2)	–	–	–	(1.2)
Assets classified as held for sale (Note 28)	–	–	–	(2.7)	(2.7)
Reclassification	17.8	11.3	36.2	(65.3)	–
Exchange adjustment	–	4.0	1.7	–	5.7
At 31 December 2009	797.6	317.4	569.4	718.5	2,402.9
<b>Accumulated depreciation and impairment</b>					
At 1 January 2009	31.6	44.4	142.4	138.1	356.5
Charge for the year					
Recognised in income statement (Note 4)	11.8	15.2	48.1	29.5	104.6
Capitalised in construction cost (Note 25)	–	1.9	1.9	7.3	11.1
Disposals	(0.1)	(4.1)	(22.1)	(20.7)	(47.0)
Transfer to assets classified as held for sale (Note 28)	–	–	–	(1.1)	(1.1)
Exchange adjustment	–	0.9	0.7	–	1.6
At 31 December 2009	43.3	58.3	171.0	153.1	425.7
<b>Net book value</b>					
At 31 December 2009	754.3	259.1	398.4	565.4	1,977.2
<b>Accumulated impairment</b>					
At 31 December 2009	0.3	–	–	2.7	3.0

**11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)**

	Freehold property RM Million	Leasehold property RM Million	Plant and machinery RM Million	Others RM Million	Total RM Million
<b>GROUP – 2008</b>					
<b>Cost or valuation</b>					
At 1 January 2008	685.0	231.9	445.0	564.0	1,925.9
Additions	227.2	18.0	48.1	172.4	465.7
Disposals	(113.1)	(5.5)	(7.4)	(15.6)	(141.6)
Transfer to					
Investment properties (Note 13)	(49.2)	–	(13.7)	(41.0)	(103.9)
Development properties (Note 14)	(8.8)	–	–	–	(8.8)
Prepaid land lease payments (Note 15)	(2.4)	–	–	–	(2.4)
Transfer from assets classified as held for sale	–	30.2	10.8	2.2	43.2
Reclassification	33.9	2.3	21.9	(58.1)	–
Exchange adjustment	–	(3.1)	(1.1)	(0.2)	(4.4)
At 31 December 2008	772.6	273.8	503.6	623.7	2,173.7
<b>Accumulated depreciation and impairment</b>					
At 1 January 2008	21.0	25.9	98.0	119.5	264.4
Charge for the year					
Recognised in income statement (Note 4)	9.0	15.4	48.1	25.7	98.2
Capitalised in construction cost (Note 25)	1.5	–	0.4	7.8	9.7
Impairment (Note 4)	0.1	–	–	–	0.1
Disposals	–	(1.2)	(5.3)	(16.3)	(22.8)
Transfer from assets classified as held for sale	–	4.9	1.4	1.7	8.0
Exchange adjustment	–	(0.6)	(0.2)	(0.3)	(1.1)
At 31 December 2008	31.6	44.4	142.4	138.1	356.5
<b>Net book value</b>					
At 31 December 2008	741.0	229.4	361.2	485.6	1,817.2
<b>Accumulated impairment</b>					
At 31 December 2008	0.3	–	–	2.7	3.0

## NOTES TO THE FINANCIAL STATEMENTS

### 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Freehold property RM Million	Leasehold property RM Million	Plant and machinery RM Million	Others RM Million	Total RM Million
<b>COMPANY – 2009</b>					
<b>Cost</b>					
At 1 January 2009	0.2	2.4	2.6	9.8	15.0
Additions	–	–	0.5	0.6	1.1
Disposals	(0.1)	–	–	(1.1)	(1.2)
At 31 December 2009	0.1	2.4	3.1	9.3	14.9
<b>Accumulated depreciation</b>					
At 1 January 2009	0.1	1.1	0.6	6.9	8.7
Charge for the year (Note 4)	–	–	0.3	0.6	0.9
Disposals	(0.1)	–	–	(1.0)	(1.1)
At 31 December 2009	–	1.1	0.9	6.5	8.5
<b>Net book value</b>					
At 31 December 2009	0.1	1.3	2.2	2.8	6.4

**11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)**

	Freehold property RM Million	Leasehold property RM Million	Plant and machinery RM Million	Others RM Million	Total RM Million
<b>COMPANY – 2008</b>					
<b>Cost</b>					
At 1 January 2008	0.6	2.4	1.0	10.2	14.2
Additions	39.1	–	1.6	0.9	41.6
Disposals	(39.5)	–	–	(1.3)	(40.8)
At 31 December 2008	0.2	2.4	2.6	9.8	15.0
<b>Accumulated depreciation</b>					
At 1 January 2008	0.1	1.1	0.4	7.3	8.9
Charge for the year (Note 4)	–	–	0.2	0.7	0.9
Disposals	–	–	–	(1.1)	(1.1)
At 31 December 2008	0.1	1.1	0.6	6.9	8.7
<b>Net book value</b>					
At 31 December 2008	0.1	1.3	2.0	2.9	6.3

## NOTES TO THE FINANCIAL STATEMENTS

### 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Group		Company	
	2009 RM Million	2008 RM Million	2009 RM Million	2008 RM Million
<b>Analysis of net book value of properties:</b>				
Freehold property				
– land	<b>235.6</b>	228.8	–	–
– building	<b>518.7</b>	512.2	<b>0.1</b>	0.1
	<b>754.3</b>	741.0	<b>0.1</b>	0.1
Leasehold property				
– long leasehold building	<b>171.8</b>	134.9	<b>1.3</b>	1.3
– short leasehold building	<b>87.3</b>	94.5	–	–
	<b>259.1</b>	229.4	<b>1.3</b>	1.3
	<b>1,013.4</b>	970.4	<b>1.4</b>	1.4
<b>Analysis of cost or valuation:</b>				
Cost	<b>2,267.7</b>	2,038.5	<b>14.9</b>	15.0
Valuation – 1992	<b>7.2</b>	7.2	–	–
Valuation – 2001	<b>128.0</b>	128.0	–	–
	<b>2,402.9</b>	2,173.7	<b>14.9</b>	15.0

Other property, plant and equipment comprises furniture and equipment, motor vehicles and capital work in progress.

Properties stated at valuation are based on independent professional valuations carried out on an open market basis. As allowed by the Financial Reporting Standard on property, plant and equipment, these assets have continued to be stated on the basis of their previous valuations.

**11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)**

The net book value of revalued properties of the Group that would have been included in the financial statements, had these assets been carried at cost less depreciation, are as follows:

	<b>Group</b>	
	<b>2009</b> <b>RM Million</b>	2008 RM Million
Freehold property	<b>63.2</b>	64.5
Long leasehold property	<b>2.1</b>	2.2
	<b>65.3</b>	66.7

Pursuant to the sale and leaseback of plantation assets referred to in Note 38 to the financial statements, the Group and the Company will enjoy the continued use of these assets spanning over an area of 48,902 hectares (2008: 48,927 hectares) and 1,379 hectares (2008: 1,379 hectares) of plantation land respectively.

## NOTES TO THE FINANCIAL STATEMENTS

### 12. BIOLOGICAL ASSETS

	Group	
	2009 RM Million	2008 RM Million
<b>GROUP</b>		
<b>Cost</b>		
At 1 January	422.8	364.5
Additions	6.6	8.9
Disposals	–	(1.9)
Transfer from assets classified as held for sale	–	56.4
Exchange adjustment	8.1	(5.1)
At 31 December	437.5	422.8
<b>Accumulated depreciation and impairment</b>		
At 1 January	65.7	19.0
Charge for the year (Note 4)	1.3	1.3
Transfer from assets classified as held for sale	–	46.5
Impairment (Note 4)	8.8	3.0
Exchange adjustment	5.2	(4.1)
At 31 December	81.0	65.7
<b>Net book value</b>		
At 31 December	356.5	357.1
<b>Accumulated impairment</b>		
At 31 December	63.9	55.1

Additions to the Group's biological assets during the year includes the capitalisation of interest of RM1.6 million (2008: RM0.9 million).

**13. INVESTMENT PROPERTIES**

	Group		Company	
	2009 RM Million	2008 RM Million	2009 RM Million	2008 RM Million
At 1 January	<b>763.1</b>	634.6	<b>60.9</b>	56.0
Fair value gain				
Recognised in the income statement (Note 6)	<b>46.5</b>	37.2	<b>6.7</b>	4.6
Attributable to the additional investment in a Subsidiary	–	13.7	–	–
	<b>46.5</b>	50.9	<b>6.7</b>	4.6
Acquisition of Subsidiaries (Note 18)	<b>120.0</b>	–	–	–
Additions	<b>32.3</b>	–	–	–
Additions from subsequent expenditure	<b>4.0</b>	0.3	–	0.3
Revision to prior year's additions	<b>(6.8)</b>	(11.5)	–	–
Disposals	–	(8.6)	–	–
Write off	–	(6.5)	–	–
Transfer from property, plant and equipment (Note 11)	<b>1.2</b>	103.9	–	–
At 31 December	<b>960.3</b>	763.1	<b>67.6</b>	60.9

Investment properties were revalued by the Directors in 2009 based on independent professional valuations using the open market value basis.



## NOTES TO THE FINANCIAL STATEMENTS

### 14. DEVELOPMENT PROPERTIES

	Group	
	2009 RM Million	2008 RM Million
At 1 January		
Freehold land, at cost	29.6	29.5
Long leasehold land, at cost	9.9	7.7
Development cost	168.9	153.8
	208.4	191.0
Transfer (to)/from property development in progress (Note 24)		
Freehold land	(7.8)	(8.7)
Long leasehold land	0.3	2.2
Development cost	(16.4)	(36.1)
	(23.9)	(42.6)
Transfer from property, plant and equipment (Note 11)	–	8.8
Development cost incurred during the year	35.6	51.2
At 31 December	220.1	208.4
Interest cost capitalised during the year	1.7	1.1

**15. PREPAID LAND LEASE PAYMENTS**

	Long leasehold RM Million	Short leasehold RM Million	Total RM Million
<b>GROUP – 2009</b>			
<b>Cost</b>			
At 1 January 2009	126.6	49.0	175.6
Additions	5.2	–	5.2
Disposals	(0.3)	–	(0.3)
Reclassification to long term prepayments (Note 16)	–	(2.4)	(2.4)
Reclassification from long term prepayments (Note 16)	–	4.5	4.5
Exchange adjustment	–	1.6	1.6
At 31 December 2009	131.5	52.7	184.2
<b>Accumulated amortisation</b>			
At 1 January 2009	11.5	6.6	18.1
Charge for the year (Note 4)	1.6	1.9	3.5
Disposals	(0.1)	–	(0.1)
Exchange adjustment	–	0.4	0.4
At 31 December 2009	13.0	8.9	21.9
<b>Net book value</b>			
At 31 December 2009	118.5	43.8	162.3

## NOTES TO THE FINANCIAL STATEMENTS

### 15. PREPAID LAND LEASE PAYMENTS (CONT'D.)

	Long leasehold RM Million	Short leasehold RM Million	Total RM Million
<b>GROUP – 2008</b>			
<b>Cost</b>			
At 1 January 2008	122.3	42.1	164.4
Additions	4.6	0.2	4.8
Disposals	(6.6)	–	(6.6)
Transfer from			
Property, plant and equipment (Note 11)	2.4	–	2.4
Assets classified as held for sale	–	11.8	11.8
Reclassification	3.9	(3.9)	–
Exchange adjustment	–	(1.2)	(1.2)
At 31 December 2008	126.6	49.0	175.6
<b>Accumulated amortisation</b>			
At 1 January 2008	9.2	4.3	13.5
Charge for the year (Note 4)	1.4	2.0	3.4
Disposals	(1.8)	–	(1.8)
Transfer from assets classified as held for sale	–	3.3	3.3
Reclassification	2.7	(2.7)	–
Exchange adjustment	–	(0.3)	(0.3)
At 31 December 2008	11.5	6.6	18.1
<b>Net book value</b>			
At 31 December 2008	115.1	42.4	157.5

**15. PREPAID LAND LEASE PAYMENTS (CONT'D.)**

	<b>Long leasehold</b>	
	<b>2009</b> <b>RM Million</b>	2008 RM Million
<b>COMPANY</b>		
<b>Cost</b>		
At 1 January and 31 December	<b>2.0</b>	2.0
<b>Accumulated amortisation</b>		
At 1 January and 31 December	<b>0.3</b>	0.3
<b>Net book value</b>		
At 31 December	<b>1.7</b>	1.7

**16. LONG TERM PREPAYMENTS**

	<b>Group</b>	
	<b>2009</b> <b>RM Million</b>	2008 RM Million
At 1 January	<b>134.1</b>	134.1
Additions	<b>7.7</b>	5.9
Amortisation for the year (Note 4)	<b>(6.8)</b>	(5.9)
Reclassification from prepaid land lease payments (Note 15)	<b>2.4</b>	–
Reclassification to prepaid land lease payments (Note 15)	<b>(4.5)</b>	–
At 31 December	<b>132.9</b>	134.1

These comprise mainly prepaid rentals made to service station operators and land owners in respect of the Group's service station activities.

## NOTES TO THE FINANCIAL STATEMENTS

### 17. DEFERRED TAXATION

	Group		Company	
	2009 RM Million	2008 RM Million	2009 RM Million	2008 RM Million
At 1 January	(37.7)	(16.4)	(0.4)	–
Additional investment in a Subsidiary	–	(1.2)	–	–
Recognised in the income statement (Note 8)	(6.0)	69.7	(1.4)	(0.4)
Derecognition of deferred tax asset (Note 22)	–	(90.0)	–	–
Transfer to assets classified as held for sale (Note 28)	(3.9)	–	–	–
Transfer to liabilities classified as held for sale (Note 28)	7.7	–	–	–
Exchange adjustment	0.1	0.2	–	–
At 31 December	(39.8)	(37.7)	(1.8)	(0.4)
Presented after appropriate offsetting as follows:				
Deferred tax assets	66.0	68.0	–	–
Deferred tax liabilities	(105.8)	(105.7)	(1.8)	(0.4)
	(39.8)	(37.7)	(1.8)	(0.4)

The deferred tax liability of the Company is in respect of provisions. The components and movements of deferred tax liabilities and assets for the Group during the financial year prior to offsetting are as follows:

#### Deferred tax liabilities – Group

	Surplus on revaluation RM Million	Capital allowances RM Million	Others RM Million	Total RM Million
At 1 January 2008	(10.9)	(73.6)	(13.2)	(97.7)
Additional investment in a Subsidiary	(1.2)	–	–	(1.2)
Recognised in the income statement	3.1	(18.7)	8.6	(7.0)
Exchange adjustment	–	–	0.2	0.2
At 31 December 2008	(9.0)	(92.3)	(4.4)	(105.7)
Recognised in the income statement	(9.1)	(0.9)	2.1	(7.9)
Transfer to liabilities classified as held for sale	7.5	–	0.2	7.7
Exchange adjustment	–	0.1	–	0.1
At 31 December 2009	(10.6)	(93.1)	(2.1)	(105.8)

**17. DEFERRED TAXATION (CONT'D.)****Deferred tax assets – Group**

	<b>Tax losses RM Million</b>	<b>Unabsorbed capital allowances RM Million</b>	<b>Others RM Million</b>	<b>Total RM Million</b>
At 1 January 2008	20.2	24.1	37.0	81.3
Recognised in the income statement	85.3	11.0	(19.6)	76.7
Derecognition of deferred tax asset	(90.0)	–	–	(90.0)
At 31 December 2008	<b>15.5</b>	<b>35.1</b>	<b>17.4</b>	<b>68.0</b>
Recognised in the income statement	<b>(3.4)</b>	<b>(8.7)</b>	<b>14.0</b>	<b>1.9</b>
Transfer to assets classified as held for sale	<b>–</b>	<b>–</b>	<b>(3.9)</b>	<b>(3.9)</b>
At 31 December 2009	<b>12.1</b>	<b>26.4</b>	<b>27.5</b>	<b>66.0</b>

The Group had previously recognised deferred tax asset totalling RM90 million comprising unutilised tax losses which formed part of the assets acquired upon consolidation of a Subsidiary. Subsequently in 2008, the Subsidiary received approval for tax exemption in respect of its income from vessel construction project. Accordingly, the deferred tax asset was derecognised.

Deferred tax assets which have not been recognised are as follows:

	<b>Group</b>	
	<b>2009 RM Million</b>	<b>2008 RM Million</b>
Unused tax losses	<b>198.8</b>	179.0
Unabsorbed capital allowances and agricultural allowances	<b>91.0</b>	82.4
Unabsorbed investment tax allowances	<b>2.9</b>	2.9
	<b>292.7</b>	264.3

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective Subsidiaries are subject to no substantial changes in shareholding of these Subsidiaries under Section 44(5A) and 44(5B) of the Income Tax Act, 1967.

## NOTES TO THE FINANCIAL STATEMENTS

### 18. SUBSIDIARIES

	Company	
	2009 RM Million	2008 RM Million
At cost:		
Shares quoted in Malaysia	597.9	597.9
Unquoted shares	2,023.1	2,057.5
	2,621.0	2,655.4
Accumulated impairment	(8.8)	(9.8)
	2,612.2	2,645.6
Market value of quoted shares	993.0	585.0

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

	Group	
	2009 RM Million	2008 RM Million
Net assets acquired:		
Property, plant and equipment (Note 11)	(1.9)	—
Investment property (Note 13)	(120.0)	—
Goodwill on acquisition (Note 22)	(10.3)	—
Current assets	(8.4)	—
Current liabilities	7.5	—
Non-current liabilities	3.9	—
Long term borrowings	76.9	—
Minority interests	1.3	—
	(51.0)	—
Previously held as Associate	18.7	—
Purchase consideration	(32.3)	—
Cash and cash equivalents acquired	5.2	—
Cash outflow on acquisition	(27.1)	—

**18. SUBSIDIARIES (CONT'D.)**

The effects on the financial position of the Group as at the end of the year arising from the disposal of Subsidiaries are as follows:

	<b>Group</b>	
	<b>2009</b>	2008
	<b>RM Million</b>	RM Million
Net assets disposed:		
Property, plant & equipment	–	4.1
Biological assets	–	5.9
Prepaid land lease payments	–	4.0
Current assets	<b>3.1</b>	2.7
Current liabilities	<b>(0.9)</b>	(6.1)
Minority interests disposed	<b>(1.3)</b>	(3.2)
Transfer from exchange fluctuation reserve (Note 30)	–	9.4
(Loss)/profit on disposal (Note 6)	<b>(0.5)</b>	19.5
Sale proceeds	<b>0.4</b>	36.3
Cash and cash equivalents disposed	<b>(1.1)</b>	(0.8)
Cash (outflow)/inflow on disposal	<b>(0.7)</b>	35.5

**19. ASSOCIATES**

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>RM Million</b>	RM Million	<b>RM Million</b>	RM Million
At cost:				
Shares quoted in Malaysia	<b>624.9</b>	624.9	<b>624.9</b>	624.9
Warrants quoted in Malaysia	<b>37.3</b>	37.3	<b>37.3</b>	37.3
Unquoted shares	<b>72.3</b>	104.5	<b>62.0</b>	64.8
	<b>734.5</b>	766.7	<b>724.2</b>	727.0
Shares of post acquisition reserves	<b>390.0</b>	316.7	–	–
	<b>1,124.5</b>	1,083.4	<b>724.2</b>	727.0
Accumulated impairment	<b>(37.5)</b>	(37.5)	<b>(37.5)</b>	(37.5)
	<b>1,087.0</b>	1,045.9	<b>686.7</b>	689.5
Market value:				
Quoted shares	<b>779.3</b>	470.0	<b>779.3</b>	470.0
Quoted warrants	<b>11.1</b>	3.5	<b>11.1</b>	3.5
	<b>790.4</b>	473.5	<b>790.4</b>	473.5



## NOTES TO THE FINANCIAL STATEMENTS

### 19. ASSOCIATES (CONT'D.)

The summarised financial information of the Associates are as follows:

	<b>Group</b>	
	<b>2009</b>	2008
	<b>RM Million</b>	RM Million
<b>Assets and liabilities</b>		
Total assets	<b>40,801.1</b>	37,542.2
Total liabilities	<b>(35,672.2)</b>	(32,711.7)
<b>Results</b>		
Revenue	<b>2,799.8</b>	2,768.4
Net profit for the year	<b>459.7</b>	343.0

The financial statements of the Associates are coterminous with those of the Group except for Drew Ameroid (Malaysia) Sdn Bhd and Perimekar Sdn Bhd whose financial years end on 30 September and 31 January respectively. For the purpose of applying the equity method of accounting, the Group's share of result is arrived at from the audited financial statements of Drew Ameroid (Malaysia) Sdn Bhd and Perimekar Sdn Bhd for the year ended 30 September 2009 and 31 January 2009 respectively, and the management accounts of these Associates made up to 31 December 2009.

Goodwill included in the carrying amount of the Group's investments in Associates as at 31 December 2009 is RM40.5 million (2008: RM40.5 million).

**20. INVESTMENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2009 RM Million</b>	2008 RM Million	<b>2009 RM Million</b>	2008 RM Million
At cost:				
Malaysian Government Securities	–	61.6	–	–
Amortisation of premium	–	(1.0)	–	–
	–	60.6	–	–
Corporate debt securities	–	61.3	–	–
Accretion of discounts, net of amortisation of premium	–	(0.4)	–	–
	–	60.9	–	–
Shares quoted in Malaysia	<b>376.4</b>	426.5	<b>3.7</b>	4.2
Malaysian unit trusts	–	0.9	–	–
Unquoted shares	<b>0.8</b>	2.0	<b>0.6</b>	1.7
	<b>377.2</b>	429.4	<b>4.3</b>	5.9
Accumulated impairment	<b>(1.3)</b>	(26.0)	<b>(0.5)</b>	(1.5)
	<b>375.9</b>	403.4	<b>3.8</b>	4.4
	<b>375.9</b>	524.9	<b>3.8</b>	4.4
Market value:				
Malaysian Government securities	–	61.2	–	–
Shares quoted in Malaysia	<b>470.0</b>	386.5	<b>4.0</b>	3.1
Malaysian unit trusts	–	0.6	–	–
	<b>470.0</b>	448.3	<b>4.0</b>	3.1

**21. PATROL VESSEL EXPENDITURE**

The Patrol Vessel (PV) expenditure comprises design and integrated logistics support cost which relates to the privatisation agreement with the Government of Malaysia (GOM) for the construction of 27 units of PV, of which 6 units have been secured and the remaining 21 units are to be awarded by the GOM.

## NOTES TO THE FINANCIAL STATEMENTS

### 22. GOODWILL ON CONSOLIDATION

	Group	
	2009 RM Million	2008 RM Million
At 1 January	<b>1,068.5</b>	972.3
Acquisition of Subsidiaries (Note 18)	<b>10.3</b>	–
Additional investment in Subsidiaries	–	8.5
Revision of goodwill in a Subsidiary due to the derecognition of deferred tax asset (Note 17)	–	90.0
Written off during the year (Note 6)	–	(2.3)
Transfer to assets classified as held for sale (Note 28)	<b>(63.7)</b>	–
At 31 December	<b>1,015.1</b>	1,068.5

The carrying amount of goodwill on the acquisition of Boustead Naval Shipyard Sdn Bhd totalling RM822 million (2008: RM822 million) was assessed for impairment at year end.

Goodwill is allocated for impairment testing purposes to the individual entity which is also the CGU. The recoverable amount is determined based on a value in use calculation using cash flow projections approved by the entity's board of directors covering a ten-year period. The projections reflect management expectation of revenue growth, operating cost and margins based on their recent experience. Discount rate applied to the cash flow projections are derived from the CGU's pre-tax weighted average cost of capital plus a reasonable risk premium at the date of assessment of the CGU.

The value in use calculation is also highly dependent on the assumption that the contract to construct the patrol vessels will be awarded as expected by management, in particular, the remaining 21 units of patrol vessels which have yet to be awarded as disclosed in Note 2(h). A pre-tax discount rate of 10.5% and a terminal growth rate of 2% have been applied in the value in use calculations. Based on the sensitivity analysis performed, management believes that no reasonably possible change in base case key assumptions would cause the carrying values of the CGU to exceed its recoverable amounts.

For the remaining goodwill, the recoverable amounts were determined based on the value in use calculations using cash flow budgets approved by each entity's board of directors covering a three-year period. Cash flows beyond the third year were extrapolated, and the appropriate pre-tax discount rates that reflect each entity's cost of borrowings, the expected rate of return and various risks were applied. No impairment loss was required as at 31 December 2009, as the recoverable amounts were in excess of the carrying amount of the remaining goodwill.

**23. INVENTORIES**

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>RM Million</b>	RM Million	<b>RM Million</b>	RM Million
Raw materials and work in progress	<b>79.5</b>	79.6	–	–
Goods for resale	<b>94.4</b>	78.8	–	–
Estate produce	<b>17.2</b>	22.5	<b>1.7</b>	3.7
Completed properties	<b>9.8</b>	12.9	–	–
Consumable stores	<b>33.7</b>	37.0	<b>0.2</b>	0.4
	<b>234.6</b>	230.8	<b>1.9</b>	4.1

**24. PROPERTY DEVELOPMENT IN PROGRESS**

	<b>Group</b>	
	<b>2009</b>	2008
	<b>RM Million</b>	RM Million
At 1 January		
Freehold land, at cost	<b>32.7</b>	42.0
Long leasehold land, at cost	<b>7.7</b>	2.3
Development cost	<b>207.4</b>	187.7
	<b>247.8</b>	232.0
Cost recognised in the income statement		
At 1 January	<b>(211.7)</b>	(120.7)
Recognised during the year	<b>(139.8)</b>	(252.7)
Reversal of completed projects	<b>319.4</b>	161.7
	<b>(32.1)</b>	(211.7)
Transfer		
From development properties (Note 14)	<b>23.9</b>	42.6
To inventories	<b>(1.1)</b>	(8.1)
Reversal of completed projects	<b>(319.4)</b>	(161.7)
	<b>(296.6)</b>	(127.2)
Development cost incurred during the year	<b>109.8</b>	156.2
At 31 December	<b>28.9</b>	49.3
Interest cost capitalised during the year	<b>4.2</b>	1.9

## NOTES TO THE FINANCIAL STATEMENTS

### 25. DUE FROM/TO CUSTOMERS ON CONTRACTS

	Group	
	2009 RM Million	2008 RM Million
<b>Shiprepair and shipbuilding</b>		
Contract cost incurred to date	<b>5,823.5</b>	5,367.7
Attributable profit	<b>769.3</b>	580.5
	<b>6,592.8</b>	5,948.2
Progress billings	<b>(7,006.7)</b>	(6,501.6)
	<b>(413.9)</b>	(553.4)
Presented as follows:		
Due from customers on contracts	<b>111.2</b>	76.8
Due to customers on contracts	<b>(525.1)</b>	(630.2)
	<b>(413.9)</b>	(553.4)
Included within other receivables (Note 26)		
Prepayments	<b>31.4</b>	—
Retention sum on contracts	<b>1.3</b>	1.3

The cost incurred to date on construction contracts included the following charges made during the financial year:

	Group	
	2009 RM Million	2008 RM Million
Depreciation of property, plant and equipment (Note 11)	<b>11.1</b>	9.7
Interest expense	<b>37.7</b>	53.9
Operating leases:		
minimum lease payment for plant and equipment	<b>5.5</b>	5.1
minimum lease payment for land and buildings	<b>2.2</b>	1.6
Gain on foreign exchange	<b>(0.1)</b>	(1.0)
Staff cost	<b>9.1</b>	7.3
Loss on disposal of property, plant and equipment	<b>0.1</b>	—
Amount of contract revenue and contract cost recognised in the financial year are as follows:		
Contract revenue	<b>769.6</b>	1,107.5
Contract cost	<b>636.2</b>	922.2

**26. RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>RM Million</b>	RM Million	<b>RM Million</b>	RM Million
Trade receivables	<b>669.9</b>	754.7	<b>6.4</b>	1.3
Provision for doubtful debts	<b>(59.7)</b>	(65.2)	<b>–</b>	–
	<b>610.2</b>	689.5	<b>6.4</b>	1.3
Dividends receivable	<b>38.8</b>	24.7	<b>19.9</b>	77.0
Deposits	<b>75.3</b>	74.2	<b>3.7</b>	3.7
Prepayments	<b>51.3</b>	16.6	<b>0.4</b>	0.7
Outstanding premiums	<b>–</b>	36.9	<b>–</b>	–
Income tax receivable	<b>65.4</b>	80.2	<b>49.9</b>	56.1
Settlement sum receivable on termination of agreement to sell a Subsidiary	<b>–</b>	10.8	<b>–</b>	–
Proceeds receivable from disposal of investment property	<b>–</b>	9.8	<b>–</b>	–
Advances to smallholders scheme	<b>12.4</b>	13.6	<b>–</b>	–
Other receivables	<b>72.4</b>	69.9	<b>8.7</b>	2.8
Amount due from holding corporation	<b>1.0</b>	–	<b>–</b>	–
Amounts due from Subsidiaries	<b>–</b>	–	<b>13.5</b>	363.4
Amounts due from Associates	<b>9.4</b>	6.8	<b>2.5</b>	2.6
Amounts due from other related companies	<b>6.3</b>	19.6	<b>–</b>	–
	<b>942.5</b>	1,052.6	<b>105.0</b>	507.6

The Group's normal trade credit terms range from payments in advance to 90 days. Other credit terms are assessed and approved on a case by case basis. In previous year, the amount due from Subsidiaries are stated after provision for doubtful debts of RM11.5 million (2009: Nil). Amounts due from Subsidiaries and Associates are unsecured, bear interest at a weighted average rate of 5.2% (2008: 6.8%) per annum and have no fixed terms of repayment. Amounts due from other related companies are trade balances which are unsecured and interest free, with repayments in accordance with normal trading terms.

**27. DEPOSITS, CASH AND BANK BALANCES**

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>RM Million</b>	RM Million	<b>RM Million</b>	RM Million
Deposits with financial institutions	<b>173.5</b>	472.6	<b>–</b>	–
Cash held under Housing Development Accounts	<b>37.9</b>	55.6	<b>–</b>	–
Cash and bank balances	<b>185.1</b>	141.3	<b>13.0</b>	0.8
	<b>396.5</b>	669.5	<b>13.0</b>	0.8

The deposits are on call, and carry a weighted average interest rate of 2.1% (2008: 3.3%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

### 28. DISPOSAL GROUP HELD FOR SALE

	Assets		Liabilities	
	2009 RM Million	2008 RM Million	2009 RM Million	2008 RM Million
At 1 January	–	97.5	–	12.2
Reclassification of amounts in respect of a Subsidiary to be disposed (Note 43(a))	565.5	–	239.7	–
Assets and liabilities of Subsidiaries disposed (Note 18)	–	(16.7)	–	(6.1)
Reversal upon termination of the proposed sale of a Subsidiary	–	(80.8)	–	(6.1)
At 31 December	565.5	–	239.7	–

As at 31 December 2009, the assets and liabilities of the disposal group referred to in Note 43(a) are as follows:

	Group	
	2009 RM Million	2008 RM Million
<b>Assets classified as held for sale</b>		
Property, plant and equipment (Note 11)	1.6	–
Investments	215.9	–
Goodwill (Note 22)	63.7	–
Deferred tax assets (Note 17)	3.9	–
Trade and other receivables	49.2	–
Deposits, cash and bank balances	231.2	–
	565.5	–
<b>Liabilities classified as held for sale</b>		
Trade and other payables	(228.1)	–
Taxation	(3.9)	–
Deferred tax liabilities (Note 17)	(7.7)	–
	(239.7)	–

**29. SHARE CAPITAL**

	2009		2008	
	Million	RM Million	Million	RM Million
Authorised: Ordinary shares of RM0.50 each	<b>1,000.0</b>	<b>500.0</b>	1,000.0	500.0
Issued and fully paid ordinary shares of RM0.50 each:				
At 1 January	<b>651.0</b>	<b>325.5</b>	629.0	314.5
Issued for cash pursuant to a rights issue	<b>260.4</b>	<b>130.2</b>	–	–
Issued pursuant to the voluntary acquisition of a Subsidiary	–	–	22.0	11.0
At 31 December	<b>911.4</b>	<b>455.7</b>	651.0	325.5

**30. NON-DISTRIBUTABLE RESERVES**

	Share premium RM Million	Revaluation reserve RM Million	Statutory reserve RM Million	Other reserves RM Million	Total RM Million
<b>GROUP</b>					
At 1 January 2008	439.1	41.6	101.9	118.7	701.3
Exchange fluctuation	–	–	–	(8.0)	(8.0)
Disposal of Subsidiaries (Note 18)	–	–	–	9.4	9.4
Transfers during the year	–	–	34.5	(9.8)	24.7
Issue of shares pursuant to the voluntary acquisition of a Subsidiary	126.4	–	–	–	126.4
At 31 December 2008	<b>565.5</b>	<b>41.6</b>	<b>136.4</b>	<b>110.3</b>	<b>853.8</b>
Exchange fluctuation	–	–	–	<b>8.7</b>	<b>8.7</b>
Transfers during the year	–	–	<b>37.5</b>	–	<b>37.5</b>
Rights issue during the year	<b>598.1</b>	–	–	–	<b>598.1</b>
At 31 December 2009	<b>1,163.6</b>	<b>41.6</b>	<b>173.9</b>	<b>119.0</b>	<b>1,498.1</b>

The statutory reserve is maintained by an Associate in compliance with the provision of the Banking and Financial Institution Act, 1989. The other non-distributable reserves comprise mainly the Group's share of Subsidiaries' share premium arising from the issue of new shares to minority interests.

The non-distributable reserve of the Company comprises share premium.



## NOTES TO THE FINANCIAL STATEMENTS

### 31. RETAINED EARNINGS

Under the single tier system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Under this system, all the Company's retained earnings are distributable by way of dividend and tax on the Company's profit is the final tax and dividend distributed to shareholders will be exempted from tax.

As at 31 December 2009, the Company has sufficient credit in the Section 108 account to frank the tax deducted portion of fourth interim dividend amounting to RM28.0 million payable on 31 March 2010. Subsequently, the Company will elect for the irrevocable option to pay single tier dividends to shareholders.

### 32. BORROWINGS

	Group		Company	
	2009 RM Million	2008 RM Million	2009 RM Million	2008 RM Million
<b>Non-current</b>				
Term loans	<b>1,010.8</b>	1,439.5	<b>92.5</b>	120.0
Repayable in 1 year	<b>(700.2)</b>	(814.8)	<b>(60.0)</b>	(77.5)
	<b>310.6</b>	624.7	<b>32.5</b>	42.5
<b>Current</b>				
Overdrafts	<b>77.8</b>	54.8	<b>32.9</b>	25.9
Bankers' acceptances	<b>168.8</b>	150.6	<b>—</b>	—
Revolving credits	<b>1,687.0</b>	1,858.5	<b>884.0</b>	1,090.0
Short term loans	<b>700.2</b>	814.8	<b>60.0</b>	77.5
	<b>2,633.8</b>	2,878.7	<b>976.9</b>	1,193.4

The term loan of a Subsidiary, Boustead Naval Shipyard Sdn Bhd totalling RM238 million (2008: RM655 million) is repayable by quarterly instalments for a period of 4 years from the date of first drawdown of 6 July 2007. Proceeds from the contract with the Government of Malaysia were assigned to the loan. All the other borrowings are unsecured.

Except for a loan of RM43.6 million which is denominated in US Dollars, all borrowings are denominated in Ringgit Malaysia. Other information of financial risks of the borrowings are disclosed in Note 35.

**33. PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>RM Million</b>	RM Million	<b>RM Million</b>	RM Million
<b>Non-current</b>				
Deposit from tenants	<b>25.2</b>	20.2	–	–
<b>Current</b>				
Trade payables	<b>501.6</b>	471.6	<b>0.9</b>	0.4
Accrued interest	<b>12.5</b>	20.7	<b>2.2</b>	6.4
Accrued expenses	<b>142.6</b>	147.0	<b>0.2</b>	0.2
Deposits received	<b>53.3</b>	52.3	<b>1.5</b>	1.4
Retention sum	<b>1.4</b>	4.9	–	–
Unearned premium reserves	–	59.6	–	–
Claims liabilities	–	108.6	–	–
Amount due to insurers, agents and brokers	–	42.7	–	–
Reinsurance deposits	–	13.9	–	–
Other payables	<b>226.6</b>	137.4	<b>15.4</b>	3.3
Amounts due to Subsidiaries	–	–	<b>414.6</b>	1,295.9
Amounts due to Associates	<b>4.4</b>	5.5	<b>0.4</b>	0.4
Amounts due to other related companies	<b>7.5</b>	1.3	–	–
	<b>949.9</b>	1,065.5	<b>435.2</b>	1,308.0

The Group's normal trade credit terms range from 30 days to 90 days. Amounts due to Subsidiaries are unsecured, bear interest at a weighted average rate of 7.2% (2008: 8.0%) per annum and have no fixed terms of repayment. Amounts due to Associates and other related companies are trade balances which are unsecured and interest free with repayment in accordance with normal trading terms.

## NOTES TO THE FINANCIAL STATEMENTS

### 34. SEGMENTAL INFORMATION

	Plantation RM Million	Heavy Industries RM Million	Property Development RM Million	Property Investment RM Million	Finance & Investment RM Million	Trading RM Million	Manufacturing & Services RM Million	Elimination RM Million	Total RM Million
<b>2009</b>									
<b>Revenue</b>									
Group total sales	634.0	1,044.5	214.4	172.3	309.1	2,693.2	403.3	(78.8)	5,392.0
Inter-segment sales	-	-	-	(14.0)	(26.4)	(38.4)	-	78.8	-
External sales	634.0	1,044.5	214.4	158.3	282.7	2,654.8	403.3	-	5,392.0
<b>Results</b>									
Segment result									
– external	19.7	178.5	47.8	32.7	31.7	68.1	26.8	-	405.3
Interest income	42.9	1.9	13.5	8.3	35.0	6.9	12.0	(103.0)	17.5
Other investment results	31.4	-	-	35.2	26.9	-	9.0	-	102.5
Finance cost	(22.6)	(40.0)	(10.4)	(26.0)	(79.6)	(32.0)	(19.4)	103.0	(127.0)
Share of results of Associates	4.9	4.8	2.1	2.7	80.8	4.3	3.7	-	103.3
Profit before tax	76.3	145.2	53.0	52.9	94.8	47.3	32.1	-	501.6
Taxation									(83.2)
Profit for the year									418.4
<b>Other information</b>									
<b>Total assets</b>									
Segment assets	1,237.1	2,428.0	399.0	1,408.9	641.1	1,050.9	704.4		7,869.4
Associates	16.7	13.0	9.3	48.4	973.0	1.3	25.3		1,087.0
Unallocated corporate assets									131.4
									9,087.8
<b>Total liabilities</b>									
Segment liabilities	323.1	2,043.3	183.6	434.9	570.2	774.9	354.3		4,684.3
Unallocated corporate liabilities									128.8
									4,813.1
Capital expenditure	49.2	71.3	0.4	104.4	0.4	38.7	73.8		338.2
Depreciation	25.6	20.3	0.2	13.1	0.9	37.7	19.2		117.0
Other non-cash expenses	9.9	(6.0)	-	1.0	(1.4)	9.9	1.2		14.6

**34. SEGMENTAL INFORMATION (CONT'D.)**

	Plantation RM Million	Heavy Industries RM Million	Property Development RM Million	Property Investment RM Million	Finance & Investment RM Million	Trading RM Million	Manufacturing & Services RM Million	Elimination RM Million	Total RM Million
2008									
<b>Revenue</b>									
Group total sales	887.5	1,168.3	367.4	127.1	295.6	3,885.0	378.9	(80.0)	7,029.8
Inter-segment sales	–	–	–	(13.6)	(25.6)	(40.8)	–	80.0	–
External sales	887.5	1,168.3	367.4	113.5	270.0	3,844.2	378.9	–	7,029.8
<b>Results</b>									
Segment result									
– external	193.2	205.8	106.1	42.9	13.2	24.8	28.0	–	614.0
Interest income	49.7	3.3	6.9	2.2	50.0	6.0	13.1	(109.1)	22.1
Other investment results	53.6	(2.2)	–	25.4	(23.1)	–	(2.2)	–	51.5
Finance cost	(31.4)	(27.3)	(9.0)	(25.1)	(104.8)	(44.7)	(19.8)	109.1	(153.0)
Share of results of Associates	4.7	4.2	(0.1)	(2.3)	60.3	1.4	0.5	–	68.7
	269.8	183.8	103.9	43.1	(4.4)	(12.5)	19.6	–	603.3
Gain on disposal of plantation assets									75.6
Profit before tax									678.9
Taxation									(11.2)
Profit for the year									667.7
<b>Other information</b>									
<b>Total assets</b>									
Segment assets	1,223.6	2,478.9	485.0	1,127.7	596.0	959.8	613.9		7,484.9
Associates	17.1	19.6	7.1	63.4	911.9	3.2	23.6		1,045.9
Unallocated corporate assets									148.2
									8,679.0
<b>Total liabilities</b>									
Segment liabilities	362.1	2,247.9	266.4	368.2	948.3	749.3	313.7		5,255.9
Unallocated corporate liabilities									127.1
									5,383.0
Capital expenditure	176.8	82.0	0.4	142.8	0.1	43.6	39.9		485.6
Depreciation	22.7	19.2	0.3	10.3	1.0	37.8	17.9		109.2
Other non-cash expenses	4.2	10.3	–	0.3	33.9	9.0	8.8		66.5

## NOTES TO THE FINANCIAL STATEMENTS

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks, including interest rate, credit, liquidity and cash flow risks. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders while minimising the potential adverse effects on the Group's financial performance. The Group does not trade in financial instruments.

#### Interest rate risk

The Group finances its operations through operating cash flows and borrowings which are principally denominated in Ringgit Malaysia. The Group's policy is to derive the desired interest rate profile through a mix of fixed and floating rate banking facilities.

The following tables set out the carrying amounts, the weighted average effective interest rate (WAEIR) as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

Group	Note	WAEIR %	1 year or less RM Million	1 to 2 years RM Million	2 to 5 years RM Million	More than 5 years RM Million	Total RM Million
<b>At 31 December 2009</b>							
<b>Fixed rate</b>							
<b>Financial assets:</b>							
Deposits	27	2.1	173.5	–	–	–	173.5
<b>Financial liabilities:</b>							
Term loans	32	5.7	(419.9)	(47.6)	(67.1)	–	(534.6)
<b>Floating rate</b>							
<b>Financial liabilities:</b>							
Term loans	32	4.5	(280.3)	(72.8)	(123.1)	–	(476.2)
Overdrafts	32	6.5	(77.8)	–	–	–	(77.8)
Revolving credits	32	3.9	(1,687.0)	–	–	–	(1,687.0)
Bankers' acceptances	32	3.0	(168.8)	–	–	–	(168.8)
<b>At 31 December 2008</b>							
<b>Fixed rate</b>							
<b>Financial assets:</b>							
Investments							
– Malaysian Government Securities	20	3.4	25.3	15.1	10.1	10.1	60.6
– Corporate debts securities	20	3.1	–	9.8	25.2	25.9	60.9
Deposits	27	3.3	463.1	9.5	–	–	472.6
<b>Financial liabilities:</b>							
Term loans	32	7.7	(259.6)	(289.1)	(162.8)	–	(711.5)
<b>Floating rate</b>							
<b>Financial liabilities:</b>							
Term loans	32	5.4	(555.2)	(38.6)	(134.2)	–	(728.0)
Overdrafts	32	7.1	(54.8)	–	–	–	(54.8)
Revolving credits	32	5.1	(1,858.5)	–	–	–	(1,858.5)
Bankers' acceptances	32	4.4	(150.6)	–	–	–	(150.6)

**35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)**

Company	Note	WAEIR %	1 year or less RM Million	1 to 2 years RM Million	2 to 5 years RM Million	More than 5 years RM Million	Total RM Million
<b>At 31 December 2009</b>							
<b>Fixed rate</b>							
<b>Financial liabilities:</b>							
Term loans	32	6.9	(10.0)	(10.0)	(22.5)	–	(42.5)
<b>Floating rate</b>							
<b>Financial assets:</b>							
Amounts due from Subsidiaries	26	5.1	13.5	–	–	–	13.5
Amounts due from Associates	26	6.0	2.5	–	–	–	2.5
<b>Financial liabilities:</b>							
Term loans	32	3.6	(50.0)	–	–	–	(50.0)
Overdrafts	32	6.8	(32.9)	–	–	–	(32.9)
Revolving credits	32	4.0	(884.0)	–	–	–	(884.0)
Amounts due to Subsidiaries	33	7.2	(414.6)	–	–	–	(414.6)
<b>At 31 December 2008</b>							
<b>Fixed rate</b>							
<b>Financial assets:</b>							
Amounts due from Subsidiaries	26	6.8	363.4	–	–	–	363.4
Amounts due from Associates	26	7.5	2.6	–	–	–	2.6
<b>Financial liabilities:</b>							
Amounts due to Subsidiaries	33	8.0	(1,295.9)	–	–	–	(1,295.9)
Term loans	32	6.9	(7.5)	(20.0)	(22.5)	–	(50.0)
<b>Floating rate</b>							
<b>Financial liabilities:</b>							
Term loans	32	5.0	(70.0)	–	–	–	(70.0)
Overdrafts	32	7.4	(25.9)	–	–	–	(25.9)
Revolving credits	32	5.1	(1,090.0)	–	–	–	(1,090.0)

Interest on borrowings that are subject to floating rates are contractually repriced within a year. Interest on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

**Liquidity and cash flow risk**

The Group practises prudent liquidity risk management by maintaining an adequate amount of committed credit facilities.

## NOTES TO THE FINANCIAL STATEMENTS

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

#### Credit risk

The Group seeks to invest cash assets safely and profitably. The Group also seeks to control credit risk by setting counterparty limits, obtaining bank guarantees where appropriate; and ensuring that sale of products and services are made to customers with an appropriate credit history, and monitoring customers' financial standings through periodic credit reviews and credit checks at point of sales. The Group considers the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

As at 31 December 2009, the Group has a significant concentration of credit risk in the form of outstanding balance due from the Royal Malaysian Navy and the Government of Malaysia, representing approximately 30.3% (2008: 41.0%) of the Group's total net trade receivables.

#### Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal operating activities, both external and intra-Group where the currency denomination differs from the local currency, Ringgit Malaysia. The Group's policy is to minimise the exposure of overseas operating Subsidiaries/activities to transaction risks by matching local currency income against local currency costs. The currency giving rise to this risk is primarily US Dollar. Foreign exchange exposures are kept to an acceptable level.

The net unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

	Deposit, cash and bank balances RM Million	Receivables RM Million	Payables RM Million	Borrowings RM Million	Total RM Million
<b>At 31 December 2009</b>					
US Dollar	3.9	22.3	(187.4)	(43.6)	(204.8)
Euro	5.9	2.0	(12.4)	–	(4.5)
Great Britain Pound	–	–	(4.6)	–	(4.6)
Singapore Dollar	–	–	(1.0)	–	(1.0)
Others	–	1.9	(0.6)	–	1.3
	<b>9.8</b>	<b>26.2</b>	<b>(206.0)</b>	<b>(43.6)</b>	<b>(213.6)</b>

#### At 31 December 2008

US Dollar	32.8	20.3	(84.4)	(44.1)	(75.4)
Euro	11.1	2.3	(18.3)	–	(4.9)
Great Britain Pound	–	–	(7.1)	–	(7.1)
Singapore Dollar	–	–	(1.2)	–	(1.2)
Others	–	1.4	(0.2)	–	1.2
	<b>43.9</b>	<b>24.0</b>	<b>(111.2)</b>	<b>(44.1)</b>	<b>(87.4)</b>

**35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)****Fair values**

The carrying amounts of the following financial assets and liabilities approximate their fair values due to the relatively short term maturity of these financial instruments: deposits, cash and bank balances, receivables and payables (excluding non-trade amounts due to/from group companies) and short term borrowings.

The fair values of the non-current quoted investments are represented by their market values as disclosed in Note 20 to the financial statements.

It is not practical to estimate the fair values of the non-current unquoted investments of the Group and the Company because of the lack of quoted market prices and the inability to estimate fair values without incurring excessive costs. However, the Group and the Company believe that the carrying amounts represent recoverable values.

It is also not practical to estimate the fair values of non-trade amounts due to/from Subsidiaries and Associates, as there are no fixed repayment terms between the parties involved and without having to incur excessive costs. However, the Group and the Company do not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The fair values of long term borrowings are estimated using discounted cash flow analysis. Based on the prevailing borrowing rates of similar borrowings obtainable by the Group and the Company, the carrying values of the long term borrowings approximate their fair values.

**36. INTEREST IN JOINT VENTURE PLANTATION**

The Group has a 50% interest in Kuala Muda Estate, which is being held at a book value of RM4.1 million (2008: RM4.1 million). The following amounts represent the Group's share of the assets and liabilities and revenue and expenses of the joint venture plantation that have been included in the Group's balance sheet and income statement:

	<b>Group</b>	
	<b>2009</b>	2008
	<b>RM Million</b>	RM Million
Property, plant and equipment	<b>0.2</b>	0.2
Current assets	<b>12.8</b>	15.8
Current liabilities	<b>(0.3)</b>	(0.3)
Net assets	<b>12.7</b>	15.7
Revenue	<b>10.0</b>	12.1
Operating cost	<b>(4.6)</b>	(5.2)
Profit before tax	<b>5.4</b>	6.9
Capital commitment	<b>0.1</b>	—

There are no material contingencies relating to the Group's interest in the joint venture plantation.



## NOTES TO THE FINANCIAL STATEMENTS

### 37. COMMITMENTS

	Group		Company	
	2009 RM Million	2008 RM Million	2009 RM Million	2008 RM Million
<b>Authorised and contracted</b>				
Additional investment in an Associate	7.0	—	—	—
Capital expenditure	311.0	244.0	—	—
	318.0	244.0	—	—
<b>Authorised but not contracted</b>				
Capital expenditure	490.0	442.0	3.1	1.8

### 38. OPERATING LEASE OBLIGATION

The Group has an operating lease obligation resulting from the following sale and leaseback arrangements:

- On 11 December 2008, the Group sold to Al-Hadharah Boustead REIT (Boustead REIT) its beneficial rights, title and interest in Bebar Estate and Malakoff Estate. Following the disposal, the Group entered into several Ijarah agreements with the trustee of Boustead REIT to rent these plantation assets for a non-cancellable period of four years, commencing 1 January 2009. The tenancy is further renewable for a maximum period of 24 years.
- On 27 June 2007, the Group sold to Boustead REIT its beneficial rights, title and interest in Lepad Kabu Estate and Lepad Kabu Mill. Following the disposal, the Group entered into several Ijarah agreements with the trustee of Boustead REIT to rent these plantation assets for a cumulative tenure of up to thirty years. The Ijarah agreements which commenced on 1 July 2007 are for a lease period of three years renewable for five additional terms of not more than three years each. The Ijarah arrangement for the first two tenancy periods of three years each totalling six years is non-cancellable.
- On 29 December 2006, the Group sold its beneficial rights, title and interest in eight oil palm estates and a palm oil mill to Boustead REIT. The Group had also entered into several Ijarah agreements with the trustee of Boustead REIT to rent these plantation assets for a cumulative tenure of up to thirty years. The Ijarah agreements which commenced on 1 January 2007 are for a lease period of three years renewable for five additional terms of not more than three years each. The Ijarah arrangement for the first two tenancy periods of three years each totalling six years is non-cancellable.
- On 7 November 2005, the Group had entered into three Master Ijarah Agreements with Golden Crop Returns Berhad (GCRB) for the leaseback of plantation assets comprising 18 estates and 5 palm oil mills for lease periods of three, five and seven years. Concurrent with the execution of these Master Ijarah Agreements, the Group paid a deposit of RM300,000 for three call options (Call Options) under which the Group is entitled to call on GCRB to sell the plantation assets to the Group based on the terms of the Call Options at an exercise price equivalent to the fair value of the plantation assets at the time of the exercise of the Call Options. In 2008, the Group exercised its first call option and entered into agreement with GCRB for the purchase of Bebar Estate and Malakoff Estate and the Ijarah Agreement entered in respect of these estates had lapsed.

**38. OPERATING LEASE OBLIGATION (CONT'D.)**

In addition, a Subsidiary has several non-cancellable operating lease agreements for the use of land and buildings. These leases have an average life between 3 to 30 years with renewal option included in the contracts. In the financial year ended 31 December 1996, the Government of Malaysia and the Subsidiary had finalised the lease agreement relating to the corporation of the Royal Malaysian Navy Dockyard. The agreement grants the Subsidiary a lease of 30 years from 1 September 1991 at a yearly rent of RM1 for the first five years, subject to revision thereafter. Accordingly, the annual lease rental was revised to RM2.3 million during the previous year. There are no restrictions placed upon the Subsidiary by entering into other leases.

The non-cancellable operating lease commitments arising from the above are as follows:

	Group		Company	
	2009 RM Million	2008 RM Million	2009 RM Million	2008 RM Million
Within 1 year	<b>120.0</b>	122.5	<b>3.3</b>	3.7
Later than 1 year and not later than 5 years	<b>228.2</b>	354.5	–	3.3
Later than 5 years	<b>16.1</b>	18.4	–	–
	<b>364.3</b>	495.4	<b>3.3</b>	7.0

**39. CONTINGENT ASSET**

A Subsidiary has lodged appeals against the valuations adopted by the Government on the compulsory acquisition of 750 hectares of estate land. The dispute on the quantum of any additional compensation has not been settled and the potential benefit if any, has not been included in these financial statements.

**40. CONTINGENT LIABILITIES**

- (a) There is a pending claim against a Subsidiary for goods sold, delivered and invoiced together with costs and interests. On 27 September 2007 the Subsidiary was served a mareva injunction which was subsequently varied by the Court to allow for the deployment of assets to carry on its business. The Federal Court had on 16 July 2009 unanimously dismissed Zaitun's appeal with costs and affirmed the decisions of the High Court and Court of Appeal in dismissing Zaitun's application to make the Mareva Injunction permanent. As for the main claim, KPMG has commenced an independent audit on the parties' claims, and the matter has now been fixed for case management on 26 April 2010, 26 May 2010 and 27 May 2010 for all the parties to consider KPMG's report.

The Directors, in consultation with legal counsel, are of the opinion that the claim is without merit and no provision is required.

- (b) On 31 October 2007, the Company was served with a Writ of Summons seeking a Court order that the Company issues and allots such number of ordinary shares in the Company to a bondholder (Plaintiff) of RM40 million bank guaranteed redeemable convertible bonds (BGRCB). The High Court had on 12 November 2007, struck out with costs the Plaintiff's application for an interlocutory injunction to restrain the Company from redeeming all or any of the BGRCB. On 24 November 2008 the High Court dismissed with costs the Plaintiff's application for specific performance, and allowed with costs the Company's application to strike out the suit.

## NOTES TO THE FINANCIAL STATEMENTS

### 40. CONTINGENT LIABILITIES (CONT'D.)

On 13 May 2009, the Court of Appeal had allowed the Plaintiff's appeal against the earlier decision by the High Court. Further on 13 January 2010 the Federal Court dismissed the Company's application for leave to appeal against the decision of the Court of Appeal. In compliance with the Federal Court's decision, the BGRCB was converted into 20,512,820 new ordinary shares of RM0.50 each in Boustead Holdings Berhad (based on the conversion price of RM1.95 as stated in the Trust Deed between the parties). These new shares were listed and quoted on Bursa Malaysia Securities Berhad on 21 January 2010.

- (c) On 30 June 2008, a Subsidiary was served with a Writ of Summons by Meridien Shore Sdn Bhd (Plaintiff). Under the said Writ of Summons, the Plaintiff is claiming against the Subsidiary for specific damages in the amount of RM49.6 million, arising from foreclosure of several of its lands in Johor by Bank Kerjasama Rakyat Malaysia Berhad (Bank Rakyat). The Plaintiff 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 our Subsidiary for the sum of RM15 million.

During the previous year, Bank Rakyat successfully auctioned the lands to settle the outstanding balance due from the Subsidiary. This has resulted in a settlement of debts through the proceeds from sale of the third parties' pledged assets and the corresponding amount of RM15.4 million was accordingly recognised in the income statement of the Subsidiary.

On 22 July 2008, the Subsidiary filed a defence and a counterclaim for loss and damages suffered arising from the Plaintiff's failure to repay the sum owed of RM14.9 million. On 29 August 2008, the Plaintiff filed its defence to the counterclaim. There has been no actions since by the Plaintiff to put the case to trial.

The Directors, in consultation with legal counsel, are of the opinion that the Subsidiary has good grounds for defence and to counterclaim against the Plaintiff.

### 41. SIGNIFICANT RELATED PARTY DISCLOSURES

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Direct and indirect Subsidiaries;
- (ii) holding corporation, Lembaga Tabung Angkatan Tentera (LTAT) and its subsidiaries;
- (iii) direct and indirect Associates;
- (iv) key management personnel which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly; and
- (v) firms in which Directors have a substantial interest, namely MAA Arkitek and Azzat & Izzat, being firms in which the Company's Directors Dato' Ghazali Mohd Ali and Datuk Azzat Kamaludin have a substantial interest in the respective firms.

**41. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)**

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2009 RM Million</b>	<b>2008 RM Million</b>	<b>2009 RM Million</b>	<b>2008 RM Million</b>
<b>Associates</b>				
Purchase of goods for resale	<b>0.1</b>	0.2	—	—
Agricultural research and advisory services paid	<b>6.6</b>	5.0	—	—
Insurance premium paid	<b>0.9</b>	0.4	—	—
Rental income on office premises	<b>14.7</b>	13.4	—	—
Sale of goods	<b>0.5</b>	2.8	—	—
Stockist commission received	<b>2.9</b>	2.6	—	—
Professional fees paid	<b>0.5</b>	0.3	<b>0.4</b>	0.3
<b>Subsidiaries of holding corporation</b>				
Purchase of goods for resale	<b>1.8</b>	4.7	—	—
Sale of goods	<b>8.4</b>	5.0	—	—
Revenue from construction contracts	<b>9.5</b>	67.2	—	—
Provision of project management services	<b>0.8</b>	1.2	—	—
Rental income on office premises	—	0.2	—	—
Rental expense on office premise	<b>0.9</b>	0.6	—	—
<b>Key management personnel</b>				
Sale of development properties	—	9.2	—	—
<b>Firms in which Directors have a substantial interest</b>				
Legal & professional fees paid	<b>4.5</b>	4.9	<b>0.1</b>	0.1

The Directors are of the opinion that the above transactions are in the normal course of business and at terms mutually agreed between the parties.

## NOTES TO THE FINANCIAL STATEMENTS

### 41. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

The remuneration of key management personnel during the financial year is as follows:

	Group		Company	
	2009 RM Million	2008 RM Million	2009 RM Million	2008 RM Million
<b>Directors</b>				
Fees	<b>0.8</b>	0.8	<b>0.3</b>	0.3
Remuneration	<b>2.4</b>	2.2	<b>0.1</b>	0.1
Defined contribution plans	<b>0.4</b>	0.3	–	–
Meeting allowances	<b>0.1</b>	0.1	–	–
Estimated monetary value of benefits-in-kind	<b>0.4</b>	0.7	–	–
	<b>4.1</b>	4.1	<b>0.4</b>	0.4
<b>Other key management personnel</b>				
Short term employee benefits	<b>28.1</b>	26.9	<b>2.2</b>	2.3
Defined contribution plans	<b>4.1</b>	3.9	<b>0.3</b>	0.3
	<b>32.2</b>	30.8	<b>2.5</b>	2.6
Total paid to key management personnel	<b>36.3</b>	34.9	<b>2.9</b>	3.0

Pursuant to a supplementary agreement between a Subsidiary, its director and person connected to the director for the sub-lease of 12,140.6 hectares of leasehold plantation land for a total consideration of RM39 million, the Subsidiary sub-leased 7,256 (2008: 7,256) hectares of the leasehold plantation land as at 31 December 2009.

Balances at year end are as follows:

	Group	
	2009 RM Million	2008 RM Million
Deposit paid	<b>3.2</b>	3.2
Retention sum and balance due	<b>(2.2)</b>	(2.2)

**42. SIGNIFICANT EVENTS**

- (a) On 16 February 2009, the Group's Subsidiary Mutiara Rini Sdn Bhd entered into a share sale agreement with Samburu Holdings Sdn Bhd for the purchase of all the remaining equity capital of our 50% Associate, Damansara Entertainment Centre Sdn Bhd. The cash purchase consideration for the stake comprising 15 million ordinary shares of RM1.00 each and 15 million redeemable preference shares of RM0.01 each was RM27.3 million.
- (b) On 6 May 2009, the Group's Subsidiary Boustead Hotels & Resorts Sdn Bhd (BHR) entered into a joint venture agreement with Tarcorp Holdings Sdn Bhd (THSB) to incorporate a joint venture company known as Midas Mayang Sdn Bhd (MMSB) for the purpose of developing a hotel resort to be known as Royale Cherating Resort & Spa, Kuantan. Pending the fulfilment of the conditions precedent, the issued and paid up capital of MMSB shall be RM100 divided into 100 ordinary shares of RM1.00 each and held in the proportion of 49% BHR and 51% THSB. Upon fulfilment of the conditions precedent, the issued and paid up capital of MMSB shall be increased to RM10 million and be held in the proportion of 70% BHR and 30% THSB. As at year end, the fulfilment of the conditions precedent is still pending.
- (c) On 22 June 2009, the Group's Subsidiary Boustead Curve Sdn Bhd formed a joint venture with Themed Attractions and Resorts Sdn Bhd, a wholly owned subsidiary of Pantai Sabak Ventures Sdn Bhd which in turn is a wholly owned subsidiary of Khazanah Nasional Berhad for the purpose of procuring a license and operating one or more educational and entertainment facilities. At year end, Boustead Curve Sdn Bhd had subscribed for 1 million ordinary shares of RM1.00 each issued at par for cash, representing a 20% interest in the joint venture company named Rakan Riang Sdn Bhd.
- (d) On 24 June 2009, the Group's Subsidiary BHIC Technologies Sdn Bhd entered into a joint venture with DCNS S.A. BDT and subscribed for 6 million ordinary shares of RM1.00 each issued at par for cash, representing a 60% interest in a newly incorporated company named Boustead DCNS Naval Corporation Sdn Bhd.
- (e) During the year, the voluntary liquidation of the Group's Subsidiaries Perwira Plantations Sdn Bhd, Segamaha Development Sdn Bhd and Sungai Jernih Plantations Sdn Bhd was completed.
- (f) During the year, the Group sold its entire stake in Associates Boustead Bulking Sdn Bhd and Riche Monde Sdn Bhd for a cash consideration of RM860,000 and RM6 million respectively.
- (g) The Company entered into an agreement with Y. Bhg. Tan Sri Abdul Rashid Bin Abdul Manaf and Atlas Hall Sdn Bhd (Atlas Hall) for the purchase and subscription of a total of 1,665,306 ordinary shares of RM1.00 each in Atlas Hall for a total cash consideration of RM4 million. The acquisition representing a 51% stake in the enlarged equity capital of Atlas Hall was completed at year end.

## NOTES TO THE FINANCIAL STATEMENTS

### 43. SUBSEQUENT EVENTS

On 2 March 2010, the Company entered into sale and purchase agreements in respect of the followings:

- (a) Proposed disposal to AXA AFFIN General Insurance Berhad (AXA AFFIN), a 40% Associate of Affin Holdings Berhad, of the Company's 80% interest in BH Insurance (M) Berhad (BH Insurance) comprising 85,814,232 ordinary shares of RM1.00 each for a total cash consideration of RM362.6 million (Proposed Disposal).
- (b) Proposed acquisition from BH Insurance, of a freehold residential land measuring 3,340 square metres held under the Title no. G34267 located on Jalan Eaton off Jalan Tun Razak, Kuala Lumpur by the Company's 80% Subsidiary Title Winner Sdn Bhd, for a cash consideration of RM15.8 million (Proposed Asset Acquisition). This property shall be transferred out of the books of BH Insurance and cease to be part of the assets of BH Insurance prior to the completion of the Proposed Disposal. The Proposed Asset Acquisition is inter-conditional with the Proposed Disposal.

The Proposed Disposal which was approved by Bank Negara Malaysia on 18 February 2010 is subject to the following conditions precedent to be fulfilled on or before the expiry of 6 months from the date of signing of the sale and purchase agreement:

- (i) Completion of the Proposed Asset Acquisition.
- (ii) Approval of the shareholders of the Company and AXA AFFIN.
- (iii) Completion of the sale and purchase agreement entered into between Felda Marketing Services Sdn Bhd (Felda) and AXA AFFIN in respect of the proposed disposal of Felda's 20% interest in BH Insurance comprising 21,453,558 ordinary shares of RM1.00 each for a total consideration of RM90,645,041 to be satisfied by the issuance of 19,047,619 ordinary shares of RM1.00 each in AXA Affin at an issue price of approximately RM4.76 per share.

### 44. HOLDING CORPORATION

The holding corporation is Lembaga Tabung Angkatan Tentera, a local statutory body established under the Tabung Angkatan Tentera Act, 1973.

### 45. AUTHORISATION FOR ISSUANCE OF FINANCIAL STATEMENTS

These financial statements were authorised for issuance by the Board of Directors on 3 March 2010.

**BOUSTEAD GROUP**

Name of company*	Principal activities	Paid-up capital	Group interest %	
			2009	2008
As at 31 December 2009				
SUBSIDIARIES				
Boustead Plantations Berhad	Investment holding and oil palm cultivation	RM124,521,383	100	100
Boustead Properties Berhad	Investment holding and property investment	RM255,199,031	100	100
Boustead Heavy Industries Corporation Berhad	Investment holding	RM248,457,612	65	65
Boustead Naval Shipyard Sdn Bhd	Construction, repair and maintenance of naval and merchant ships	RM130,000,003	82	82
BH Insurance (M) Berhad**	General insurance	RM107,267,790	80	80
UAC Berhad**	Fibre cement products	RM74,408,000	65	65
Boustead Rimba Nilai Sdn Bhd	Cultivation and processing of oil palm	RM100,000,000	100	100
Bounty Crop Sdn Bhd	Investment holding	RM70,200,000	100	100
Boustead Segaria Sdn Bhd	Oil palm cultivation	RM18,000,520	100	100
Boustead Emastulin Sdn Bhd	Cultivation and processing of oil palm and automobile dealership	RM17,000,000	100	100
Boustead Credit Sdn Bhd	Hire purchase and lease financing	RM15,000,000	100	100
Boustead Eldred Sdn Bhd	Oil palm cultivation	RM15,000,000	100	100
Boustead Engineering Sdn Bhd	Engineering equipment and chemicals distributor	RM8,000,000	100	100
Boustead Trunkline Sdn Bhd	Oil palm cultivation	RM7,000,000	100	100
Boustead Sutera Sdn Bhd	Oil palm cultivation	RM4,250,000	100	100
Boustead Global Trade Network Sdn Bhd	Warehouse logistics and insurance agent	RM3,000,000	100	100
Boustead Gradient Sdn Bhd	Cultivation and processing of oil palm	RM3,000,000	100	100
Boustead Weld Quay Sdn Bhd	Property investment	RM100,000,000	100	100
Boustead Travel Services Sdn Bhd	Travel agent	RM5,500,000	100	100
Boustead Estates Agency Sdn Bhd	Plantation management	RM1,050,000	100	100



## BOUSTEAD GROUP

Name of company*	Principal activities	Paid-up capital	Group interest %	
			2009	2008
As at 31 December 2009				
SUBSIDIARIES				
Boustead Management Services Sdn Bhd	Management services	RM3,000,000	100	100
Boustead Information Technology Sdn Bhd	Computer service and systems design	RM1,000,000	100	100
Boustead Construction Sdn Bhd	Project management	RM1,000,000	100	100
Boustead Silasuka Sdn Bhd	Oil palm cultivation	RM10,000,000	100	100
Boustead Sungai Manar Sdn Bhd	Oil palm cultivation	RM4,500,000	100	100
Mutiara Rini Sdn Bhd	Property developer	RM75,000,000	100	100
Boustead Balau Sdn Bhd	Property developer	RM30,000,000	100	100
Boustead Curve Sdn Bhd	Property investment	RM150,000,000	100	100
Damansara Entertainment Centre Sdn Bhd	Property investment	RM30,000,000	100	—
Boustead Hotels & Resorts Sdn Bhd	Hotel operations	RM75,000,000	100	100
Boustead Realty Sdn Bhd	Property investment	RM100,000,000	100	100
Boustead Weld Court Sdn Bhd	Property investment	RM20,000,000	100	100
U.K. Realty Sdn Bhd	Ceased operations	RM40,000,000	100	100
Boustead Advisory and Consultancy Services Sdn Bhd	Plantation management	RM500,002	100	100
Boustead Shipping Agencies Sdn Bhd	Shipping agent	RM2,000,000	100	100
Boustead Solandra Sdn Bhd	Oil palm cultivation	RM200,000	100	100
AB Shipping Sdn Bhd	Shipbroker	RM45,000	100	100
Bestari Marine Sdn Bhd	Marine surveys and consultancy	RM35,000	100	100
Boustead Sedili Sdn Bhd	Oil palm cultivation	RM6,150,000	70	100
Boustead Building Materials Sdn Bhd	Building products distributor	RM10,000,000	100	95
PT Dendymarker Indahlestari+**	Cultivation and processing of oil palm	Rp160,067,000,000	99	99
Minat Warisan Sdn Bhd	Investment holding	RM50,000,000	100	100
Boustead Kanowit Oil Mill Sdn Bhd	Processing of oil palm	RM30,000,000	70	70
Boustead Heah Joo Seang Sdn Bhd	Cultivation and processing of oil palm	RM9,184,000	100	100
Boustead Sissons Paints Sdn Bhd	Paint manufacturer	RM12,663,000	70	70
Boustead Shipping Agencies (B) Sdn Bhd***	Shipping agent	B\$100,000	70	70
Cargo Freight Shipping Sdn Bhd	Shipping agent	RM186,000	70	70

Name of company*	Principal activities	Paid-up capital	Group interest %	
			2009	2008
As at 31 December 2009				
SUBSIDIARIES				
Boustead Pelita Kanowit Sdn Bhd	Cultivation of oil palm	RM34,560,000	60	60
Boustead Pelita Tinjar Sdn Bhd	Cultivation and processing of oil palm and teak plantation	RM48,000,000	60	60
The University of Nottingham in Malaysia Sdn Bhd	Operation of a university	RM124,960,000	66	66
Boustead Linear Corporation Sdn Bhd	Manufacture of chilled water	RM12,000,000	60	60
Bakti Wira Development Sdn Bhd	Investment holding	RM75,000	100	100
SB Industries (Sdn) Bhd**	Property holding	RM5,800,000	65	65
UAC Steel Systems Sdn Bhd**	Manufacture, sale and installation of steel roof truss systems	RM1,860,000	65	65
Boustead Penang Shipyard Sdn Bhd	Heavy engineering construction, shiprepair and shipbuilding	RM230,000,000	65	65
Perstim Industries Sdn Bhd	Investment holding	RM25,000,000	65	65
BHIC Petroleum Sdn Bhd	Provision of engineering services for oil and gas industry	RM3,000,000	65	65
Dominion Defence & Industries Sdn Bhd	Supply and services of marine and defence related products	RM1,000,000	65	65
BHIC Defence Techservices Sdn Bhd	Provision of maintenance and services for defence related products	RM1,000,000	65	65
BHIC Defence Technologies Sdn Bhd	Investment holding	RM100,000	65	65
Naval Defence and Communication System Sdn Bhd	Provision for maintenance and services of telecommunication systems	RM100,000	65	65
Atlas Defence Technology Sdn Bhd	Supply of electronics and system technology to defence related industry	RM510,000	46	46
Malaysian Heavy Industry Group Sdn Bhd	Investment holding	RM25,000	39	39
PSC Tema Shipyard Limited**@	Heavy engineering, ship repair and fabrication	Cedi1,223,551	39	39
Boustead DCNS Corporation Sdn Bhd	Maintenance and services for submarines	RM6,000,000	39	—

## BOUSTEAD GROUP

Name of company*	Principal activities	Paid-up capital	Group interest %	
			2009	2008
As at 31 December 2009				
SUBSIDIARIES				
BYO Marine Sdn Bhd**	Construction of vessels	RM100	33	—
BHIC Bofors Asia Sdn Bhd	Providing, supplying and servicing BOFORS weapons system	RM1,000,000	33	33
Wavemaster-Langkawi Yacht Centre Sdn Bhd	Repair and maintenance of luxury boats and yacht customising and servicing facilities	RM7,164,012	57	57
Boustead Petroleum Sdn Bhd	Investment holding	RM115,329,300	53	53
Boustead-Anwarsyukur Estate Agency Sdn Bhd	Plantation management	RM500,000	100	51
PT Boustead Indonesia Management Consultancy Services+**	Plantation management	Rp1,836,800,000	51	51
Atlas Hall Sdn Bhd	Oil and gas engineering agency	RM3,265,306	51	—
Boustead Petroleum Marketing Sdn Bhd**	Marketing of petroleum products	RM229,967,000	37	37
Boustead Idaman Sdn Bhd	Investment holding	RM10,000,000	100	100
Idaman Pharma Manufacturing Sdn Bhd	Manufacture and distribution of pharmaceutical products	RM25,000,000	51	51
Boustead Trading Sdn Bhd***	Dormant	B\$1,000,000	100	100
Malaysian Welding Industries Sdn Bhd	Dormant	RM2,500,000	75	75
Emasewa Sdn Bhd	Ceased operations	RM1,625,159	100	100
Boustead Electronic Commerce Sdn Bhd	Ceased operations	RM100,000	100	100
Limaran Logistic Sdn Bhd	Ceased operations	RM2	100	100
Boustead Sissons Paints China Sdn Bhd	Ceased operations	RM2,200,000	42	42
Progress Castings (1982) Sdn Bhd	Ceased operations&	RM2,000,000	100	100
Holiday Bath Sdn Bhd	Ceased operations&	RM1,750,000	100	100
Luboh Anak Batu Estates Sdn Bhd	Ceased operations&	RM1,950,000	100	100
Jernih Rezeki Sdn Bhd	Ceased operations~	RM5,000,000	51	51
Akademi Pendidikan Pemandu (M) Sdn Bhd	Ceased operations	RM5,000,000	—	76
Sungai Jernih Plantations Sdn Bhd	Liquidated	RM98,901,610	—	100
Pewira Plantations Sdn Bhd	Liquidated	RM57,120,000	—	100
Segamaha Development Sdn Bhd	Liquidated	RM40,000,000	—	100

Name of company*	Principal activities	Paid-up capital	Group interest %	
			2009	2008
As at 31 December 2009				
ASSOCIATES				
Pavilion Entertainment Centre (M) Sdn Bhd	Property development	RM3,000,000	50	50
Drew Ameroid (Malaysia) Sdn Bhd	Industrial chemicals distributor	RM20,000	50	50
Asia Smart Cards Centre (M) Sdn Bhd	Smart card personalisation	RM100,000	50	50
Wah Seong Boustead Co Ltd^	Consumer and building products distributor	Kyat2,760,000	50	50
Applied Agricultural Resources Sdn Bhd	Agricultural research and advisory services	RM750,000	50	50
Kao (Malaysia) Sdn Bhd	Toiletries, household products distributor	RM16,000,000	45	45
K'Line Kinkai (Malaysia) Sdn Bhd	Shipping agent	RM500,000	30	30
Affin Holdings Berhad	Financial services group	RM1,494,366,667	20	20
Cadbury Confectionery Malaysia Sdn Bhd	Chocolate and sugar confectionery manufacturer	RM8,185,000	25	25
Perimekar Sdn Bhd	Marketing, supplying, maintenance and all other services related to submarines and surface vessels	RM1,000,000	20	20
Jendela Hikmat Sdn Bhd	Property development	RM30,000,000	30	30
Rakan Riang Sdn Bhd	Operating education and entertainment facilities	RM5,000,000	20	–
Midas Mayang Sdn Bhd	Property investment	RM100	49	–
Damansara Entertainment Centre Sdn Bhd	Property investment	RM30,000,000	–	50
Riche Monde Sdn Bhd	Wine and spirits distributor	RM5,600,000	–	50
Boustead Bulking Sdn Bhd	Bulking of edible oil	RM1,000,000	–	43

\* Incorporated in Malaysia unless otherwise indicated

\*\* Subsidiaries not audited by Ernst & Young

\*\*\* Incorporated in Brunei

+ Incorporated in Indonesia

^ Incorporated in Myanmar

& Commenced member's voluntary liquidation in 2004

~ Commenced member's voluntary liquidation in 2009

@ Incorporated in Ghana

## ADDITIONAL DISCLOSURES

### 1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

The status of the Utilisation of proceeds from the Company's rights issue as at 31 January 2010 is as tabulated below:

	Utilisation status			Time frame
	Proposed utilisation RM Million	Actual utilised RM Million	To be utilised RM Million	
Repayment of bank borrowings	400.0	400.0	–	
Working capital and/or acquisition	328.2	48.1	280.1	Until 31 Dec 2010
Rights issue expenses	1.0	0.9	0.1	Until 31 Dec 2010
	729.2	449.0	280.2	

### 2. SHARE BUY BACKS DURING THE FINANCIAL YEAR

The Company did not carry out any share buy backs exercises during the financial year ended 31 December 2009.

### 3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

The Company did not issue any warrants or convertible securities for the financial year ended 31 December 2009.

### 4. AMERICAN DEPOSITORY RECEIPTS (ADR)/GLOBAL DEPOSITORY RECEIPT (GDR)

The Company has not sponsored any ADR/GDR programme during the financial year ended 31 December 2009.

### 5. SANCTIONS/PENALTIES

There were no sanctions and/or penalties imposed on the Company and its Subsidiaries, Directors and Management by the relevant regulatory bodies during the financial year ended 31 December 2009.

### 6. NON-AUDIT FEES

	Group RM'000	Company RM'000
Non-audit fees paid to the external auditors for the financial year ended 31 December 2009		
– Company	35	30
– Others	174	70
	209	100

**6. NON-AUDIT FEES (CONT'D.)**

The provision of non-audit services by the external auditors to the Group is both cost effective and efficient due to their knowledge and understanding of the operations of the Group, and did not compromise their independence and objectivity. It is also the Group's policy to use the auditors in cases where their knowledge of the Group means it is neither efficient nor cost effective to employ another firm of accountants.

**7. VARIATION IN RESULT**

There was no profit estimation, forecast and projection made or released by the Company during the financial year ended 31 December 2009.

**8. PROFIT GUARANTEE**

There was no profit guarantees given by the Company and its Subsidiaries during the financial year ended 31 December 2009.

**9. REVALUATION POLICY OF LANDED PROPERTIES**

The Group's landed properties classified under property, plant and equipment are not revalued, but are reviewed at each balance sheet date to determine if there is any indication of impairment. These landed properties are stated at cost less accumulated depreciation and impairment. For landed properties classified as investment properties, the Group assesses the fair value at the end of each financial year and the change in fair value is taken as gain or loss in the income statement.

**10. MATERIAL CONTRACTS**

There were no material contracts which had been entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2009 or entered into since the end of the previous financial year.

## RECURRENT RELATED PARTY TRANSACTIONS

At the Annual General Meeting held on 2 April 2009, the Company obtained Shareholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Section 3.1.5 of Practice Note No. 12 of the Bursa Malaysia Securities Berhad Listing Requirements, the details of recurrent related party transactions conducted during the financial year ended 31 December 2009 pursuant to the Shareholders' Mandate are disclosed as follows:

Related party	Interested director/ connected person	Nature of transactions	Actual transactions RM Million
Boustead Building Materials Sdn Bhd	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)  Tan Sri Dato' Lodin Wok Kamaruddin	Provision of renovation works to Boustead Sissons Paints Sdn Bhd, Boustead Curve Sdn Bhd, Boustead Travel Services Sdn Bhd and Boustead Holdings Berhad	0.3
		Provision of renovation works to Boustead Hotels and Resorts Sdn Bhd, Boustead Realty Sdn Bhd, Mutiara Rini Sdn Bhd, Boustead Properties Berhad and Boustead Weld Court Sdn Bhd	—
		Sale of timber products to Boustead Naval Shipyard Sdn Bhd	—
		Provision of management services by Boustead Holdings Berhad	0.1
		Provision of forwarding services by Boustead Shipping Agencies Sdn Bhd	0.3
		Provision of computer services and systems design by Boustead Information Technology Sdn Bhd	—
		Office rental paid to Boustead Holdings Berhad	—

Related party	Interested director/ connected person	Nature of transactions	Actual transactions RM Million
UAC Berhad	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	Office rental received from Boustead Engineering Sdn Bhd and Boustead Building Materials Sdn Bhd	0.8
	Tan Sri Dato' Lodin Wok Kamaruddin	Office rental received from Boustead Sissons Paints Sdn Bhd	0.1
		Sale of fibre cement building products to Boustead Building Materials Sdn Bhd	29.1
		Sale of fibre cement building boards, metal roofing and architectural products to Boustead Building Materials Sdn Bhd	—
		Provision of forwarding services by Boustead Shipping Agencies Sdn Bhd	0.3
		Purchase of fuel from Boustead Petroleum Marketing Sdn Bhd	2.3
		Purchase of raw materials and chemicals from Boustead Engineering Sdn Bhd	0.6
		Purchase of timber products from Boustead Building Materials Sdn Bhd	—
		Purchase of paints from Boustead Sissons Paints Sdn Bhd	—
		Provision of computer services and systems design by Boustead Information Technology Sdn Bhd	—
		Provision of renovation works by Boustead Building Materials Sdn Bhd	0.2
		Provision of financial services assistance to Boustead Holdings Berhad	90.0



## RECURRENT RELATED PARTY TRANSACTIONS

Related party	Interested director/ connected person	Nature of transactions	Actual transactions RM Million
Boustead Sissons Paints Sdn Bhd	Tan Sri Dato' Lodin Wok Kamaruddin Lembaga Tabung Angkatan Tentera (LTAT)	Sales of paints to Boustead Building Materials Sdn Bhd and Boustead Petroleum Marketing Sdn Bhd	9.5
		Provision of management services by Boustead Holdings Berhad	0.1
		Provision of computer services and systems design by Boustead Information Technology Sdn Bhd	0.3
		Provision of management services by Boustead Estates Agency Sdn Bhd	—
		Provision of forwarding services by Boustead Shipping Agencies Sdn Bhd	0.4
Boustead Petroleum Marketing Sdn Bhd	Tan Sri Dato' Lodin Wok Kamaruddin LTAT	Sale of fuel to Boustead Plantations Berhad, Boustead Engineering Sdn Bhd, Boustead Shipping Agencies Sdn Bhd, The University of Nottingham in Malaysia Sdn Bhd and Idaman Pharma Manufacturing Sdn Bhd	0.6
		Sale of fuel to Boustead Properties Berhad	0.1
		Provision of forwarding services by Boustead Shipping Agencies Sdn Bhd	0.1
		Provision of renovation works by Boustead Building Materials Sdn Bhd	—
		Construction of new service stations by Boustead Building Materials Sdn Bhd	0.2

Related party	Interested director/ connected person	Nature of transactions	Actual transactions RM Million
Boustead Heavy Industries Corporation Berhad	Tan Sri Dato' Lodin Wok Kamaruddin	Sale of equipment and machinery for ship related activities to Boustead Naval Shipyard Sdn Bhd	22.4
	Dato' Ghazali Mohd Ali		
	Datuk Azzat Kamaludin	Shipbuilding and shiprepair works provided to Boustead Naval Shipyard Sdn Bhd	245.2
	LTAT		
		Rental of equipment to Boustead Naval Shipyard Sdn Bhd	—
		Provision of advertising services by Boustead Advertising Sdn Bhd	—
		Provision of forwarding services by Boustead Shipping Agencies Sdn Bhd	0.8
		Purchase of engineering equipment and chemical from Boustead Engineering Sdn Bhd	0.7
		Provision of training by Boustead Holdings Berhad	0.4
		Office rental received by Boustead Holdings Berhad	0.4

## RECURRENT RELATED PARTY TRANSACTIONS

Related party	Interested director/ connected person	Nature of transactions	Actual transactions RM Million
Boustead Naval Shipyards Sdn Bhd	Tan Sri Dato' Lodin Wok Kamaruddin	Shipbuilding and shiprepair works provided to Boustead Heavy Industries Corporation Berhad	0.7
	Datuk Azzat Kamaludin		
	LTAT	Provision of renovation works by Boustead Building Materials Sdn Bhd	—
		Provision of forwarding services by Boustead Shipping Agencies Sdn Bhd	1.5
		Purchase of fuel from Boustead Petroleum Marketing Sdn Bhd	3.6
		Provision of advertising services by Boustead Advertising Sdn Bhd	—
		Office rental received by Boustead Realty Sdn Bhd	1.6
		Provision of management services by Boustead Holdings Berhad	—
Idaman Pharma Manufacturing Sdn Bhd	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	Purchase of engineering equipment and chemical from Boustead Engineering Sdn Bhd	0.2
	Tan Sri Dato' Lodin Wok Kamaruddin		

Related party	Interested director/ connected person	Nature of transactions	Actual transactions RM Million
Affin Holdings Berhad Group	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	Professional fees paid by Boustead Holdings Berhad and Boustead Properties Berhad	0.5
	Tan Sri Dato' Lodin Wok Kamaruddin	Office rental for Menara Boustead, Mutiara Damansara and Menara Affin paid to Boustead Realty Sdn Bhd, Boustead Curve Sdn Bhd and Boustead Properties Berhad	13.3
	Datuk Azzat Kamaludin		
	Dato' Ghazali Mohd Ali		
	LTAT		
Jendela Hikmat Sdn Bhd	Tan Sri Dato' Lodin Wok Kamaruddin	Provision of management services by Boustead Construction Sdn Bhd	—
	LTAT		
Irat Hotels and Resorts Sdn Bhd	Tan Sri Dato' Lodin Wok Kamaruddin	Office rental received from The University of Nottingham in Malaysia Sdn Bhd	0.9
	Dato' Ghazali Mohd Ali		
	LTAT	Rental of hotel building paid by Boustead Realty Sdn Bhd	2.4
		Office rental at Menara Boustead paid to Boustead Realty Sdn Bhd	0.1
		Provision of renovation works by Boustead Building Materials Sdn Bhd	24.5
		Provision of project management fees by Boustead Construction Sdn Bhd	—

## RECURRENT RELATED PARTY TRANSACTIONS

Related party	Interested director/ connected person	Nature of transactions	Actual transactions RM Million
Johan Ceramics Berhad	Tan Sri Dato' Lodin Wok Kamaruddin	Sale of ceramic tiles to Boustead Building Materials Sdn Bhd	1.6
	Dato' Ghazali Mohd Ali	Purchase of fuel from Boustead Petroleum Marketing Sdn Bhd	0.2
	LTAT		
Perwira Niaga Malaysia	Tan Sri Dato' Lodin Wok Kamaruddin LTAT	Purchase of fuel from Boustead Petroleum Marketing Sdn Bhd	8.0
Perbadanan Perwira Harta Malaysia	Tan Sri Dato' Lodin Wok Kamaruddin	Provision of construction works from Boustead Building Materials Sdn Bhd	—
	LTAT	Supply and installation of steel roof truss system by UAC Berhad	—
Boustead REIT Managers Sdn Bhd	Tan Sri Dato' Lodin Wok Kamaruddin	Office rental at Menara Boustead paid to Boustead Realty Sdn Bhd	0.2
	LTAT	Provision of renovation works by Boustead Building Materials Sdn Bhd	—

Related party	Interested director/ connected person	Nature of transactions	Actual transactions RM Million
Perimekar	Tan Sri Dato' Lodin Wok Kamaruddin LTAT	Office rental at Menara Boustead paid to Boustead Realty Sdn Bhd	0.1
Arkitek MAA	Dato' Ghazali Mohd Ali	Architectural services to Boustead Weld Court Sdn Bhd, Boustead Weld Quay Sdn Bhd, Boustead Curve Sdn Bhd, Mutiara Rini Sdn Bhd and Boustead Building Materials Sdn Bhd	2.7
Azzat & Izzat	Datuk Azzat Kamaludin	Provision of legal services to Boustead Holdings Berhad Group	1.8

## TOP 30 PROPERTIES OF THE GROUP

Location	Hectares	Description	Tenure	Age of buildings Years	Book value	Year of acquisition/ revaluation
The Curve, No. 6, Jalan PJU 7/3, Mutiara Damansara, Selangor	5.04	Commercial land and building	Freehold	5	401.0	*2009
Grant No. 5314, Semenyih, Selangor	41.20	University campus	Freehold	4	151.6	2003
Mutiara Rini, Kulai, Johor	391.25	Development land	1912 – 2911		143.9	1995
e@Curve, No. 2A, Jalan PJU 7/3, Mutiara Damansara, Selangor	1.57	Commercial land and freehold building		4	132.0	*2009
Menara Affin, 80 Jalan Raja Chulan, Kuala Lumpur	0.34	Office complex	Freehold	11	126.5	*2009
Menara Boustead, 69 Jalan Raja Chulan, Kuala Lumpur	0.43	Office complex	Freehold	24	124.9	1985
Royale Bintang Kuala Lumpur, 17-21 Jalan Bukit Bintang, Kuala Lumpur	0.31	Hotel	Freehold	12	103.9	2003
Royale Bintang Seremban, Lot 20890 and Lot 20745, Bandar Seremban, Daerah Seremban, Negeri Sembilan	2.52	Hotel	Freehold	9	92.7	2008
183 Ampang, Lot 923, Jalan Ampang, Kuala Lumpur	1.23	43 units of luxury condominium	Freehold	1	83.4	*2009
Lot 70, Mutiara Damansara, Mukim Sungai Buluh, Selangor	17.86	Development land	Freehold		75.0	1999
Menara UAC, Jalan PJU 7/3, Mutiara Damansara, Selangor	0.57	Office complex	Freehold	2	74.8	*2009
Menara Boustead Penang, Jalan Sultan Ahmad Shah, Georgetown, Pulau Pinang	4.00	Office complex	Freehold	11	67.6	*2009
Pedai Estate, Kanowit, Sarawak	3,421.6	Oil palm estate	1998 – 2058		60.1	1998
Jih Estate, Kanowit, Sarawak	2,960.1	Oil palm estate & palm oil mill	1998 – 2058		57.3	1998
Loagan Bunut Estate, Miri Sarawak	4,190.0	Oil palm estate & palm oil mill	1991 – 2091	5	48.9	1994
Sungai Lelak Estate, Miri Sarawak	3,734.0	Oil palm estate	1988 – 2088		41.4	1994
Royale Bintang Damansara, No. 6, Jalan PJU 7/3, Mutiara Damansara, Selangor	0.62	Hotel	Freehold	5	39.3	2005

Location	Hectares	Description	Tenure	Age of buildings Years	Book value	Year of acquisition/ revaluation
Bukit Limau Estate, Miri Sarawak	4,827.0	Oil palm estate	1995 – 2094		38.5	1994
Kelimut Estate, Kanowit, Sarawak	2,211.7	Oil palm estate	1998 – 2058		38.5	1998
Lot 719, Lot 723-725, Lot 444-445 and Lot 235 Mukim Georgetown, Daerah Timur Laut, Pulau Pinang	0.48	Hotel under construction	Freehold		38.2	2007
Pajakan Negeri No. 649 Lot No. 3222, Mukim 13, Daerah Timur Laut, Pulau Pinang	20.21	Shipyard	1973 – 2072	38	36.4	2007
Bingin Rupit Estates, Musi Rawas, Sumatera Selatan, Indonesia	6,628	Oil palm estate & palm oil mill	1998 – 2028		33.1	1995
Lot 67329 and Lot 67330, Mutiara Damansara, Mukim Sungai Buluh, Selangor	0.85	Commercial land	Freehold		32.3	2009
HSD 183241 PT 44582, Mutiara Damansara, Mukim Sungai Buluh, Selangor	0.61	Commercial land and building	Freehold	5	31.4	*2009
Ladang Tabung Tentera, Kemaman, Terengganu	1,938.3	Oil palm estate	1982 – 2054		24.1	1995
Wisma Boustead, 71 Jalan Raja Chulan, Kuala Lumpur	0.11	Office complex	Freehold	26	23.5	1984
HSD 183245 PT 44575, Mukim Sungai Buluh, Selangor	0.88	Hotel under construction	Freehold		21.3	1999
Lot 28, Phase NUIA, Nilai Utama Enterprise Park, Nilai, Negeri Sembilan	1.90	Industrial land	Freehold	5	17.3	2001
15, Jalan Eaton, off Jalan Tun Razak, Kuala Lumpur	0.33	Residential bungalow	Freehold	34	17.9	*2009
Lot 1468/65, Jalan Portland, Tasek Industrial Estate, Ipoh, Perak	12.20	Industrial land with office and factory building	1966 – 2065	43	16.7	2007

\* Year of revaluation

Book values are stated in RM Million



## GROUP OIL PALM AGRICULTURAL STATISTICS

	2009	2008	2007	2006	2005
<b>Planted area (hectares)</b>					
Prime mature	<b>62,236</b>	62,634	62,521	56,626	55,301
Young mature	<b>4,634</b>	5,147	7,493	14,370	18,378
Total mature	<b>66,870</b>	67,781	70,014	70,996	73,679
Immature	<b>7,500</b>	6,708	6,158	5,698	4,559
Total planted	<b>74,370</b>	74,489	76,172	76,694	78,238
<b>FFB crop (MT)</b>	<b>1,106,371</b>	1,161,334	1,196,035	1,262,449	1,215,027
<b>FFB yield per hectare (MT/hectare)</b>					
Prime mature	<b>16.7</b>	17.5	17.7	19.8	22.2
Total mature	<b>16.5</b>	17.1	17.1	17.8	16.9
<b>Mill production (MT)</b>					
Palm oil	<b>242,582</b>	257,468	258,624	248,135	237,521
Palm kernel	<b>56,918</b>	61,018	63,091	59,915	58,840
<b>Extraction rates (%)</b>					
Palm oil	<b>20.2</b>	19.9	19.9	20.1	20.4
Palm kernel	<b>4.7</b>	4.7	4.9	4.9	5.1
<b>Oil yield per prime mature hectare (MT/hectare)</b>	<b>3.7</b>	4.1	4.2	4.7	5.2
<b>Average selling prices (RM/MT)</b>					
FFB	<b>433</b>	597	482	266	261
Palm oil	<b>2,170</b>	2,794	2,279	1,464	1,375
Palm kernel	<b>990</b>	1,571	1,338	862	981

## PLANTATION AREA STATEMENT

### AREA STATEMENT

Categories	2009		2008	
	Hectares	% of planted area	Hectares	% of planted area
Oil palm	<b>74,370</b>	<b>100</b>	74,489	99.73
Forestry	–	–	203	0.27
Total planted	<b>74,370</b>	<b>100</b>	74,692	100.00
Plantable reserves	<b>9,834</b>		9,878	
Building sites, roads, unplantable areas, etc.	<b>13,459</b>		13,363	
Total hectares	<b>97,663</b>		97,933	

### AGE PROFILE OF PALMS

Region	Immature < 3 years	Young mature 3 – 6 years	Prime mature		Total planted
			7 – 15 years	16 – 25 years	
Peninsular Malaysia	<b>3,991</b>	<b>3,126</b>	<b>9,456</b>	<b>10,056</b>	<b>26,629</b>
Sabah	<b>3,509</b>	<b>1,503</b>	<b>11,027</b>	<b>7,940</b>	<b>23,979</b>
Sarawak	–	5	<b>18,829</b>	–	<b>18,834</b>
Indonesia	–	–	<b>4,928</b>	–	<b>4,928</b>
Total hectares	<b>7,500</b>	<b>4,634</b>	<b>44,240</b>	<b>17,996</b>	<b>74,370</b>

Oil palm area includes 48,902 hectares leased from Golden Crop Returns Berhad and Al-Hadharah Boustead REIT.

LOCATION OF GROUP PLANTATIONS



## PENINSULAR MALAYSIA

1. Batu Pekaka
2. Kuala Muda
3. Stothard
4. Kedah Oil Palm
5. Bukit Mertajam
6. Malakoff
7. TRP
8. Malaya
9. Lapan Kabu
10. Solandra
11. LTT-Terengganu
12. Sungai Jernih
13. Bebar
14. Balau
15. Bekoh
16. Eldred
17. Kulai Young
18. Chamek
19. Boustead Sedili
20. Telok Sengat

## SABAH &amp; SARAWAK

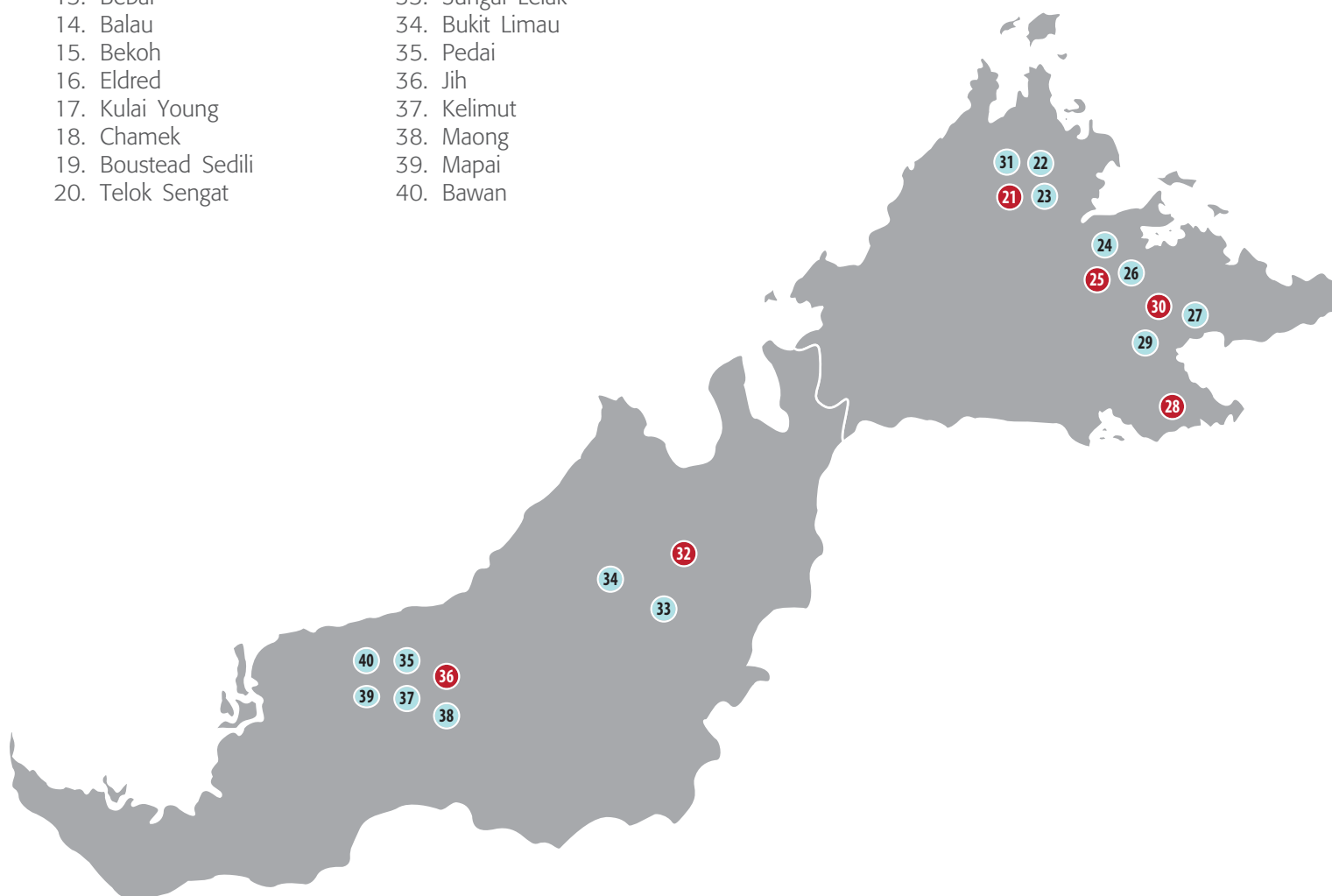
21. Sungai Sungai 1
22. Sungai Sungai 2
23. Kawananan
24. Resort
25. Nak
26. Sutera
27. LTT-Sabah
28. Segaria
29. Sungai Segamaha
30. Bukit Segamaha
31. Lembah Paitan
32. Loagan Bunut
33. Sungai Lelak
34. Bukit Limau
35. Pedai
36. Jih
37. Kelimut
38. Maong
39. Mapai
40. Bawan

## INDONESIA

41. Bingin Rupit

## LEGEND

- Estate
- Estate with Palm Oil Mill



## SHAREHOLDING STATISTICS

### AS AT 29 JANUARY 2010

Size of shareholdings	No. of holders	%	No. of shares	%
Less than 100	272	2.25	9,553	0.00
100 to 1,000	1,889	15.65	1,274,011	0.14
1,001 to 10,000	7,284	60.35	29,977,573	3.22
10,001 to 100,000	2,294	19.01	66,746,583	7.16
100,001 to less than 5% of issued shares	330	2.73	291,176,461	31.24
5% and above of issued shares	1	0.01	542,773,190	58.24
<b>Total</b>	<b>12,070</b>	<b>100.00</b>	<b>931,957,371</b>	<b>100.00</b>

### 30 LARGEST SHAREHOLDERS AS AT 29 JANUARY 2010

No.	Name of shareholders	No. of shares	%
1.	LEMBAGA TABUNG ANGKATAN TENTERA	542,773,190	58.24
2.	SCOTIA NOMINEES (TEMPATAN) SDN BHD <i>PLEGDED SECURITIES ACCOUNT FOR CHE LODIN BIN WOK KAMARUDDIN</i>	21,567,500	2.31
3.	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>ETIQA INSURANCE BERHAD (LIFE PAR FUND)</i>	20,512,820	2.20
4.	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>MAYBAN TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)</i>	16,039,940	1.72
5.	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC SOUTH-EAST ASIA SELECT FUND</i>	10,638,740	1.14
6.	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC GROWTH FUND</i>	9,088,660	0.98
7.	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC EQUITY FUND</i>	6,756,540	0.72
8.	CHINCHOO INVESTMENT SDN BHD	6,389,240	0.69
9.	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR MERRILL LYNCH PIERCE FENNER &amp; SMITH INCORPORATED (FOREIGN)</i>	6,180,029	0.66
10.	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC FAR-EAST SELECT FUND</i>	6,050,380	0.65
11.	YONG SIEW YOON	5,677,056	0.61
12.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR PRUDENTIAL FUND MANAGEMENT BERHAD</i>	5,600,000	0.60
13.	AMANAHRAYA BERHAD <i>KUMPULAN WANG BERSAMA</i>	5,482,400	0.59
14.	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD <i>PHEIM ASSET MANAGEMENT SDN BHD FOR EMPLOYEES PROVIDENT FUND</i>	4,748,800	0.51
15.	CITIGROUP NOMINEES (ASING) SDN BHD <i>CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND</i>	4,738,580	0.51

No. Name of shareholders	No. of shares	%
16. DB (MALAYSIA) NOMINEES (TEMPATAN) SDN BHD <i>ICAPITAL.BIZ BERHAD</i>	4,547,900	0.49
17. HSBC NOMINEES (ASING) SDN BHD <i>TNTC FOR MULTI MANAGER INVESTMENT PROGRAMMES PCC LIMITED PACIFIC BASIN FUND</i>	4,544,500	0.49
18. MALAYSIA NOMINEES (TEMPATAN) SDN BHD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)</i>	4,347,900	0.47
19. CHE LODIN BIN WOK KAMARUDDIN	4,200,000	0.45
20. CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)</i>	4,012,396	0.43
21. MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>MAYBAN TRUSTEES BERHAD FOR PUBLIC AGGRESSIVE GROWTH FUND (N14011940110)</i>	3,759,000	0.40
22. KEY DEVELOPMENT SDN. BERHAD	3,720,700	0.40
23. GAN TENG SIEW REALTY SDN. BERHAD	3,600,940	0.39
24. MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>MAYBAN TRUSTEES BERHAD FOR PUBLIC BALANCED FUND (N14011950210)</i>	3,392,480	0.36
25. HSBC NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (NORGES BK LEND)</i>	3,387,900	0.36
26. AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC INDEX FUND</i>	3,192,560	0.34
27. CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>ING INSURANCE BERHAD (INV-IL PAR)</i>	3,115,980	0.33
28. GEMAS BAHRU ESTATES SDN BHD	3,026,800	0.32
29. MALAYSIA ASSURANCE ALLIANCE BERHAD	2,874,200	0.31
30. BIDOR TAHAN ESTATES SDN BHD	2,803,000	0.30
<b>Total</b>	<b>726,770,131</b>	<b>77.97</b>

## SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct interest		Indirect interest	
	No. of shares	%	No. of shares	%
Lembaga Tabung Angkatan Tentera	542,773,190	58.24	—	—

Class of shares  
Voting rights

Ordinary shares of RM0.50 each  
1 vote per ordinary share

## STATEMENT OF DIRECTORS' INTEREST

IN THE COMPANY AND RELATED CORPORATIONS AS AT 29 JANUARY 2010

Name of Director	No. of shares	Direct %
Ordinary shares of RM0.50 each		
<b>Boustead Holdings Berhad</b>		
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	26,122,599	2.80
Y. Bhg. Datuk Azzat Kamaludin	40,000	—
<b>SUBSIDIARIES</b>		
Ordinary shares of RM1.00 each		
<b>Boustead Heavy Industries Corporation Berhad</b>		
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	2,000,000	0.80
Y. Bhg. Datuk Azzat Kamaludin	495,300	0.21
Y. Bhg. Dato' Ghazali Mohd Ali	75,000	0.03
<b>Boustead Petroleum Sdn Bhd</b>		
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	5,766,465	5.00
Redeemable preference shares of RM1.00 each		
<b>Boustead Petroleum Sdn Bhd</b>		
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	50	5.00
<b>RELATED COMPANIES</b>		
Ordinary shares of RM1.00 each		
<b>Affin Holdings Berhad</b>		
Y. Bhg. Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	91,708	0.01
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	808,714	0.05
Y. Bhg. Datuk Azzat Kamaludin	110,000	0.01
Y. Bhg. Dato' Ghazali Mohd Ali	51,000	—
No. of units – Warrants		
<b>Affin Holdings Berhad</b>		
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	1,500	—

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Eighth Annual General Meeting of Boustead Holdings Berhad will be held at 4th Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur on Monday, 5 April 2010 at 9.30 a.m. for the purpose of transacting the following business:

### ORDINARY BUSINESS

To receive and, if thought fit, adopt the audited financial statements for the year ended 31 December 2009, and the Report of the Directors.

**RESOLUTION 1**

To re-elect Y. Bhg. Datuk Azzat Kamaludin who retires by rotation and, being eligible, offers himself for re-election.

**RESOLUTION 2**

To consider and, if thought fit, pass the following resolutions:-

"THAT pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R) be re-appointed a Director of the Company to hold office until the next Annual General Meeting."

**RESOLUTION 3**

"THAT pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Lt. Gen. Dato' Mohd Yusof Din (R) be re-appointed a Director of the Company to hold office until the next Annual General Meeting."

**RESOLUTION 4**

"THAT pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Dato' (Dr.) Megat Abdul Rahman Megat Ahmad be re-appointed a Director of the Company to hold office until the next Annual General Meeting."

**RESOLUTION 5**

To approve the Directors' fees.

**RESOLUTION 6**

To re-appoint Auditors and to authorise the Directors to determine their remuneration.

**RESOLUTION 7**

### SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions:

#### **Ordinary Resolution – Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965**

**RESOLUTION 8**

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."



## NOTICE OF ANNUAL GENERAL MEETING

### SPECIAL BUSINESS (CONT'D.)

#### Ordinary Resolution – Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions

#### RESOLUTION 9

"THAT, subject to the Companies Act, 1965 (Act), the Memorandum and Articles of Association of the Company and the Listing Requirements of the Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into all transactions involving the Related Parties as specified in Section 2.3.1 of the Circular to Shareholders dated 12 March 2010 provided that such transactions are:-

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations;
- (iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (iv) are not to the detriment of the minority shareholders.

AND THAT such approval shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting (AGM), at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
- (ii) the expiration of the period within the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by a resolution passed by the Shareholders in a General Meeting;

whichever is the earlier.

And further that the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Mandate."

#### Ordinary Resolution – Proposed Additional Shareholders' Mandate For Recurrent Related Party Transactions

#### RESOLUTION 10

"THAT, subject always to the Listing Requirements of the Bursa Malaysia Securities Berhad, the Company and its Subsidiaries shall be mandated to enter into recurrent transactions of a revenue or trading nature with the Related Party as specified in Section 2.3.2 of the Circular to Shareholders dated 12 March 2010 subject further to the following:

- (i) the transactions are in the ordinary course of business and are on terms not more favourable than those generally available to the public and not to the detriment of the minority shareholders;
- (ii) disclosure will be made of a breakdown of the aggregate value of transactions conducted pursuant to the Mandate during the financial year based on the following information in the Company's Annual Report and in the Annual Reports for subsequent financial years that the Mandate continues in force:-
  - (a) the type of the recurrent related party transactions made; and
  - (b) the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company; and

**SPECIAL BUSINESS (CONT'D.)**

- (iii) that such authority shall continue to be in force until
  - (a) the conclusion of the next Annual General Meeting (AGM) of the Company following the General Meeting at which the Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
  - (b) the expiration of the period within which the next AGM after this date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
  - (c) revoked or varied by resolution passed by the shareholders in a General Meeting;

whichever is earlier provided that such transactions are made on an arms' length basis and on normal commercial terms."

**Ordinary Resolution – Proposed Increase in Authorised Capital**

"THAT the authorised share capital of the Company be increased from RM500 million to RM1 billion to be divided into 2 billion ordinary shares of RM0.50 each by the creation of 1 billion new ordinary shares of RM0.50 each."

To transact any other ordinary business of the Company.

By Order of the Board

**SHARIFAH MALEK**

Secretary

Kuala Lumpur  
12 March 2010

**NOTES:**

- (a) Any member entitled to attend and vote may appoint up two (2) proxies, who need not be a member, to attend and vote on his or her behalf. Ordinary shareholders are being sent herewith a Form of Proxy with provision for two-way voting on the foregoing numbered resolutions. The instrument appointing a proxy must be lodged at the Registered Office or Share Registrar's Office not less than forty-eight hours before the time of the Meeting.
- (b) The ordinary resolution proposed under item 8 above, if passed, will give powers to the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in a General Meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting required by law to be held, whichever is earlier.
  - The mandate sought under item 8 above is a renewal of an existing mandate.
  - The proceeds raised from the previous mandate were RM40 million.
  - The proceeds were fully utilised to pare down borrowings as at 31 January 2010.
- (c) The proposed resolution 9 and 10, if passed, will enable the Company and/or its Subsidiaries to enter into recurrent transactions involving the interests of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

Profile of Directors standing for re-election and re-appointment are set out on pages 60 and 61 of the Annual Report; while details of their interest in securities are set out on page 182 of the Annual Report.

**RESOLUTION 11**

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

### 1. DIRECTORS WHO ARE STANDING FOR RE-APPOINTMENT AND RE-ELECTION

a) Directors standing for re-appointment under Section 129 (6) of the Companies Act, 1965

- (i) Y. Bhg. Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)
- (ii) Y. Bhg. Lt. Gen. Dato' Mohd Yusof Din (R)
- (iii) Y. Bhg. Dato' (Dr.) Megat Abdul Rahman Megat Ahmad

b) Director standing for re-election

Y. Bhg. Datuk Azzat Kamaludin

Details of attendance of Board Meetings of Directors seeking re-appointment and re-election are set out on page 71 of the Annual Report.

### 2. DATE, TIME AND PLACE OF THE ANNUAL GENERAL MEETING

The Forty-Eighth Annual General Meeting of Boustead Holdings Berhad will be held as follows:-

Date : 5 April 2010  
Time : 9.30 a.m.  
Place : 4th Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200, Kuala Lumpur

# PROXY FORM

I/We \_\_\_\_\_  
of \_\_\_\_\_

being (a) member(s) of BOUSTEAD HOLDINGS BERHAD hereby appoint the Chairman of the Meeting or (See Note 1)

\_\_\_\_\_ as my/our proxy to attend and vote as indicated hereon on my/  
our behalf at the Annual General Meeting of the Company to be held on 5 April 2010 and at any adjournment thereof.

No.	Resolution	For	Against
1	Adoption of Directors' Report and Audited Financial Statements		
2	Re-election of Y. Bhg. Datuk Azzat Kamaludin		
3	Re-appointment of Y. Bhg. Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)		
4	Re-appointment of Y. Bhg. Lt. Gen. Dato' Mohd Yusof Din (R)		
5	Re-appointment of Y. Bhg. Dato' (Dr.) Megat Abdul Rahman Megat Ahmad		
6	Approval of Directors' fees		
7	Re-appointment of Auditors		
8	Approval for Directors to allot and issue shares		
9	Renewal of Shareholders' Mandate for recurrent related party transactions		
10	Additional Shareholders' Mandate for recurrent related party transactions		
11	Increase of authorised capital		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2010

\_\_\_\_\_  
Signature or common seal of shareholder(s)

\_\_\_\_\_  
Number of shares

## Notes:-

1. If you wish to appoint as a proxy some person other than the Chairman of the Meeting, please insert in block letters the full name and address of the person of your choice and initial the insertion at the same time deleting the words "the Chairman of the Meeting or". A proxy need not be a member of the Company but must attend the Meeting in person to vote. Please indicate with an "X" in the appropriate box how you wish your vote to be cast in respect of each Resolution.
2. In the absence of any specific direction the proxy will vote, or abstain from voting, as he thinks fit.
3. In the case of a Corporation, the proxy should be executed under its Common Seal or under the hand of a duly authorised officer.
4. Article 62. If you have appointed more than one proxy, please specify the proportion of your shares to be represented by each proxy.
5. Article 93. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, shall be deposited at the Share Registrar's office located at 13th Floor, Menara Boustead, 69, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia, not less than 48 hours before the time for holding the Meeting or adjourned Meeting at which the person or persons named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

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Here

**Boustead Management Services Sdn Bhd**  
**13th Floor, Menara Boustead**  
**No. 69 Jalan Raja Chulan**  
**50200 Kuala Lumpur, Malaysia**

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