

# financial statements

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# Directors' Report

The Directors have pleasure in presenting their report and the audited financial statements for the Group and the Company for the financial year ended 31 December 2004.

## PRINCIPAL ACTIVITIES

Boustead Holdings Berhad was incorporated in Malaysia in 1960 as an investment holding company. During the year, the Company was involved in oil palm plantation through the acquisition of oil palm estate and mill from a Subsidiary, Boustead Plantations Berhad. The Group currently comprises more than eighty Subsidiary and Associated Companies, the principal activities of which are given on pages 139 to 142.

There have been no significant changes in the nature of these activities during the financial year, except as disclosed above.

## RESULTS

	Group RM'000	Company RM'000
Profit after taxation	175,960	193,604
Minority interests	(56,800)	—
Profit attributable to shareholders	119,160	193,604

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

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, other than the effects arising from the impairment loss and amortisation of reserve on consolidation referred to in Note 5 to the financial statements.

## DIVIDENDS

Since the end of the previous financial year, the Company paid the following dividends:

- A final dividend of 17.5% per share less tax paid on 11 June 2004, amounting to RM36,176,000 in respect of the previous financial year as proposed in the Directors' Report of that year;
- a first interim dividend of 10.0% per share less tax paid on 8 November 2004, amounting to RM20,799,000 in respect of the financial year under review; and
- a second interim dividend of 10.0% per share less tax paid on 12 January 2005, amounting to RM20,856,000 in respect of the financial year under review.

### **DIVIDENDS (cont'd.)**

The Directors have proposed a final dividend of 12% per share less tax, amounting to RM25,036,000 making the total for the year 32% per share less tax, amounting to RM66,691,000.

These financial statements do not reflect the final dividend which will be accounted for in the shareholders' equity as an appropriation of retained profit in the year ending 31 December 2005.

### **DIRECTORS**

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

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

Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin

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

Tuan Hj. Johari Muhamad Abbas

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

Y. Bhg. Datuk Azzat Kamaludin

### **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, other than those arising from the share options granted under the Boustead Holdings Berhad Employees' Share Option Scheme, and the option granted by the holding corporation, Lembaga Tabung Angkatan Tentera.

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 3 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 33 to the financial statements.

# Directors' Report

## DIRECTORS' INTERESTS

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

	At 1/1/04	Acquired	Sold	At 31/12/04
<b>Shares of RM0.50 each</b>				
<b>Boustead Holdings Berhad</b>				
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	—	3,600,000	—	3,600,000
Tuan Hj. Johari Muhamad Abbas	66,666	—	—	66,666
<b>Shares of RM1.00 each</b>				
<b>Boustead Properties Berhad (formerly known as SCB Developments Berhad)</b>				
Tuan Hj. Johari Muhamad Abbas	26,999	15,501	—	42,500
Y. Bhg. Datuk Azzat Kamaludin	3,000	2,000	—	5,000
<b>Affin Holdings Berhad</b>				
Y. Bhg. Gen. (R) Tan Sri Dato' Mohd Ghazali Hj. Che Mat	91,708	—	—	91,708
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	8,714	—	—	8,714
Tuan Hj. Johari Muhamad Abbas	27,000	—	—	27,000
Y. Bhg. Datuk Azzat Kamaludin	110,000	—	—	110,000
<b>Johan Ceramics Berhad</b>				
Y. Bhg. Dato' (Dr.) Megat Abdul Rahman Megat Ahmad	2,000	—	—	2,000
<b>Number of Units</b>				
<b>Affin Holdings Berhad – Warrants (W1/W3)</b>				
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	1,500	—	—	1,500
Tuan Hj. Johari Muhamad Abbas	8,378	—	—	8,378
Y. Bhg. Datuk Azzat Kamaludin	22,500	—	—	22,500

## DIRECTORS' INTERESTS (cont'd.)

	Options over Ordinary Shares of RM0.50 each			
	At 1/1/04	Granted	Exercised	At 31/12/04
<b>Boustead Holdings Berhad</b>				
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	1,000,000	—	(600,000)	400,000

In addition, Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin was granted a five-year option by Lembaga Tabung Angkatan Tentera (LTAT) to acquire 9,500,000 Boustead Holdings Berhad shares of RM0.50 each from LTAT at RM1.61 per share. The option which expired as at 31 December 2003 was extended for two years and will now expire on 22 November 2005. On 11 May 2004, Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin exercised his option and acquired from LTAT 3,000,000 ordinary shares in the Company at RM1.61 per share.

## ISSUE OF SHARES

During the financial year, the Company's issued and paid up share capital was increased from RM272,873,644 to RM289,770,144 through the issuance of 33,793,000 ordinary shares of RM0.50 for cash at exercise prices of RM0.94, RM0.98 and RM1.50 per ordinary share. The new ordinary shares issued during the financial year rank pari passu with the ordinary shares existing then.

## ISSUE OF DEBT SECURITIES

During the year, the Company implemented a RM350 million financing programme comprising the following:

- RM250 million bank guaranteed serial bonds (Serial Bonds) that comprised 4 series with maturity dates ranging from 4 years to 7 years from the date of issue. The Serial Bonds were issued at nominal value on 9 July 2004.
- RM100 million bank guaranteed redeemable convertible bonds (BGRCB) which will mature in 2011. The BGRCB was issued at nominal value on 19 August 2004.

The proceeds from the above were utilised to part finance the repayment of outstanding bank borrowings. The terms of the Serial Bonds and BGRCB are disclosed in Note 23 to the financial statements.

# Directors' Report

## **EMPLOYEES' SHARE OPTION SCHEME**

The Boustead Holdings Berhad Employees' Share Option Scheme (ESOS) was approved by the shareholders at an Extraordinary General Meeting held on 27 April 2001. This Scheme replaces the previous ESOS that expired on 13 June 2001. The main features of the Scheme are as follows:

- (a) Eligible employees are those who have been confirmed with at least twelve months of continuous service in the Group prior to the date of allocation; or are fulltime executive Directors of the Company who are approved as eligible to participate in the Scheme.
- (b) The option is for a period of five years commencing 23 July 2001.
- (c) The option price of each share shall be at a discount of not more than 10% from the weighted average market price of the shares of the Company as stated in the Daily Official Listing issued by the Bursa Malaysia Securities Berhad for the five market days immediately preceding the date of offer and shall not be less than the par value of the share.
- (d) The total number of shares to be offered and allotted under the Scheme shall not exceed ten percent of the total issued share capital of the Company at any point in time during the existence of the Scheme.
- (e) An option granted under the Scheme shall be capable of being exercised by the grantee by notice in writing to the Company during the period commencing on the dates of offer and expiring on 22 July 2006. The option may be exercised in full or for such lesser number of ordinary shares provided the number shall be in multiples of 1,000 shares.
- (f) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any share issue of any other Company.

### EMPLOYEES' SHARE OPTION SCHEME (cont'd.)

The movement in the options to take up unissued new ordinary shares of RM0.50 each and the option prices at which the employees were entitled to exercise their options during the year ended 31 December 2004 were as follows:

Option Price	At 1/1/04 '000	Granted '000	Exercised '000	At 31/12/04 '000
RM0.94	46,343	—	(31,704)	14,639
RM0.98	3,128	—	(2,084)	1,044
RM1.50	—	9,802	(5)	9,797
	49,471	9,802	(33,793)	25,480

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options to subscribe for less than 100,000 ordinary shares of RM0.50 each. The name of option holders and the number of options granted to them during the year, being 100,000 or more, are set out below:

Name of option holder	At 1/1/04	Granted*	Exercised	At 31/12/04
Cheah Swee Choo	200,000	100,000	(50,000)	250,000
Rodaina Ibrahim	—	100,000	—	100,000

*\*Options granted during the year were priced at RM1.50 per share*

### 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:
- 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
  - 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.

# Directors' Report

## **OTHER STATUTORY INFORMATION (cont'd.)**

- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances 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.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) 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.



**SUBSEQUENT EVENT**

- (i) The Company and its wholly owned Subsidiary, Boustead Mint Sdn Bhd (BMint) had on 4 February 2005 entered into a conditional Share Sale Agreement with BP Asia Pacific Pte Limited to acquire 70% of the issued and paid-up share capital of BP Malaysia Sdn Bhd (BPM) comprising 58,310,000 ordinary shares of RM1.00 each for a cash consideration of USD120 million, subject to adjustments to the working capital of BPM upon completion; and
- (ii) the Company, BMint and Tegas Pertini Sdn Bhd (TPSB) had on 4 February 2005 entered into a conditional agreement for the subscription of new ordinary shares of RM1.00 each at par for cash representing 43% of the enlarged issued and paid-up share capital in BMint by TPSB, pursuant to the Proposed BMint Subscription.

The proposed acquisition of BPM is subject to approvals from the Foreign Investment Committee, the Ministry of Domestic Trade and Consumer Affairs and the shareholders of Boustead Holdings Berhad. If all or any of the approvals set out above are not obtained by 31 December 2005, the Share Sale Agreement shall terminate. The Proposed BMint Subscription would be conditional upon completion of the Share Sale Agreement and the approval of all relevant authorities.

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

Kuala Lumpur  
24 February 2005

**TAN SRI DATO' LODIN WOK KAMARUDDIN**

# Statement by Directors and Statutory Declaration

## STATEMENT BY DIRECTORS

We, GEN. (R) TAN SRI DATO' MOHD GHAZALI HJ. CHE MAT 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 financial statements set out on pages 83 to 142 are drawn up in accordance with the applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the year ended on that date.

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

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

Kuala Lumpur  
24 February 2005

**TAN SRI DATO' LODIN WOK KAMARUDDIN**

## 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 83 to 142 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 24 February 2005.

Before me

**ZAINALABIDIN BIN NAN**  
Commissioner for Oaths  
Kuala Lumpur

**DANIEL EBINESAN**

# Auditors' Report

## TO THE MEMBERS OF BOUSTEAD HOLDINGS BERHAD

We have audited the financial statements set out on pages 83 to 142. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
  - (i) the financial position of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its Subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports thereon of the Subsidiaries of which we have not acted as auditors, as indicated on pages 139 to 142, being financial statements that have been included in the consolidated financial statements.

# Auditors' Report

We are satisfied that the financial statements of the Subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the Subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Companies Act, 1965.

**ERNST & YOUNG**

AF: 0039

Chartered Accountants

Kuala Lumpur

24 February 2005

**CHOONG MEI LING**

No. 1918/09/06(J)

Partner

# Income Statements

For the year ended 31 December 2004

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Revenue</b>	2	<b>1,267,743</b>	1,081,496	<b>48,639</b>	995
Operating cost	3	<b>(1,019,592)</b>	(884,087)	<b>(60,544)</b>	(9,562)
Results from operations		<b>248,151</b>	197,409	<b>(11,905)</b>	(8,567)
Profit on disposal of property to a Subsidiary		—	—	—	21,836
Interest income	4	<b>2,426</b>	1,865	<b>4,445</b>	6,461
Other investment results	5	<b>(36,774)</b>	6,780	<b>380,111</b>	83,613
Finance cost	6	<b>(88,509)</b>	(73,547)	<b>(61,747)</b>	(64,186)
Share of results of Associates		<b>121,460</b>	75,426	—	—
<b>Profit before taxation</b>		<b>246,754</b>	207,933	<b>310,904</b>	39,157
Taxation	7	<b>(70,794)</b>	(59,827)	<b>(117,300)</b>	(5,518)
Profit after taxation		<b>175,960</b>	148,106	<b>193,604</b>	33,639
Minority interests		<b>(56,800)</b>	(35,594)	—	—
<b>Profit attributable to shareholders</b>		<b>119,160</b>	112,512	<b>193,604</b>	33,639
<b>Earnings per share – sen</b>	8				
Basic		<b>20.93</b>	26.04		
Fully diluted		<b>20.28</b>	25.86		
<b>Gross dividends per share – sen</b>	9	<b>16.00</b>	12.50	<b>16.00</b>	12.50

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

# Balance Sheets

For the year ended 31 December 2004

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Non current assets</b>					
Property, plant and equipment	10	1,668,656	1,574,192	64,427	12,580
Investment properties	11	605,022	453,745	—	—
Development properties	12	273,424	329,526	—	—
Subsidiaries	13	—	—	792,111	656,328
Associates	14	999,623	937,225	757,718	757,718
Investments	15	193,759	290,407	153,531	254,668
Deferred tax assets	24	51,171	62,952	—	—
Goodwill on consolidation	16	4,571	4,226	—	—
		<b>3,796,226</b>	3,652,273	<b>1,767,787</b>	1,681,294
<b>Current assets</b>					
Inventories	17	90,114	73,663	1,779	—
Property development in progress	18	117,908	90,779	—	—
Receivables	19	423,557	391,834	213,707	247,612
Deposits, cash and bank balances	20	214,775	132,632	12,524	145
		<b>846,354</b>	688,908	<b>228,010</b>	247,757
<b>Current liabilities</b>					
Borrowings	21	910,273	1,031,233	431,605	657,384
Payables	22	333,178	277,286	169,346	479,090
Taxation		26,654	32,770	—	—
Dividend payable		20,856	—	20,856	—
		<b>1,290,961</b>	1,341,289	<b>621,807</b>	1,136,474
Net current liabilities		<b>(444,607)</b>	(652,381)	<b>(393,797)</b>	(888,717)

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Non current liabilities</b>					
Long term borrowings	23	924,201	634,130	430,000	—
Deferred tax liabilities	24	23,269	29,959	4,330	344
		<b>947,470</b>	664,089	<b>434,330</b>	344
		<b>2,404,149</b>	2,335,803	<b>939,660</b>	792,233
<b>Capital and reserves</b>					
Share capital	25	289,770	272,873	289,770	272,873
Reserves	26	1,510,320	1,470,376	649,890	519,360
Shareholders' equity		<b>1,800,090</b>	1,743,249	<b>939,660</b>	792,233
Minority interests		<b>530,861</b>	464,754	—	—
Reserve on consolidation	27	<b>73,198</b>	127,800	—	—
		<b>2,404,149</b>	2,335,803	<b>939,660</b>	792,233
Net tangible assets per share		<b>RM3.11</b>	RM3.19		

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

# Statements of Changes in Equity

For the year ended 31 December 2004

	Share Capital RM'000	*Share Premium RM'000	*Revaluation Reserve RM'000	*Statutory Reserve RM'000	*Other Reserves RM'000	Retained Profit RM'000	Total RM'000
<b>GROUP – 2004</b>							
At 1 January 2004	272,873	364,269	80,554	66,195	151,359	807,999	1,743,249
Exchange fluctuation	–	–	–	–	(14,797)	–	(14,797)
Changes in group structure	–	–	–	–	–	3,350	3,350
Writeback of deferred tax provision	–	–	2,018	–	–	–	2,018
Dilution in Associates	–	–	–	(2,880)	–	(3,833)	(6,713)
Net gains/(losses) not recognised in the income statement	–	–	2,018	(2,880)	(14,797)	(483)	(16,142)
Issue of ESOS shares (Note 25)	16,897	14,953	–	–	–	–	31,850
Share issue expenses	–	(196)	–	–	–	–	(196)
Transfer during the year	–	–	–	28,934	–	(28,934)	–
Reserve realised during the year	–	–	(655)	–	–	655	–
Net profit for the year	–	–	–	–	–	119,160	119,160
Dividends (Note 9)							
– Final of the previous year	–	–	–	–	–	(36,176)	(36,176)
– Interim of the current year	–	–	–	–	–	(41,655)	(41,655)
At 31 December 2004	289,770	379,026	81,917	92,249	136,562	820,566	1,800,090



	Share Capital RM'000	*Share Premium RM'000	*Revaluation Reserve RM'000	*Statutory Reserve RM'000	*Other Reserves RM'000	Retained Profit RM'000	Total RM'000
<b>GROUP – 2003</b>							
At 1 January 2003	136,435	283,897	84,643	43,198	119,051	766,706	1,433,930
Exchange fluctuation	—	—	—	—	3,072	—	3,072
Equity component of convertible bonds issued by a Subsidiary	—	—	—	—	1,759	—	1,759
Dilution in Associate	—	—	—	—	—	(1,358)	(1,358)
Changes in Group structure	—	—	—	—	27,370	(33,655)	(6,285)
Net gains/(losses) not recognised in the income statement	—	—	—	—	32,201	(35,013)	(2,812)
Issue of shares (Note 25)							
– ESOS	2	4	—	—	—	—	6
– Rights Issue	68,218	150,080	—	—	—	—	218,298
– Bonus Issue	68,218	(68,218)	—	—	—	—	—
Share issue expenses	—	(1,494)	—	—	—	—	(1,494)
Transfer during the year	—	—	—	22,997	107	(23,104)	—
Reserve Realised during the year	—	—	(4,089)	—	—	4,089	—
Net profit for the year	—	—	—	—	—	112,512	112,512
Dividends (Note 9)							
– Final of the previous year	—	—	—	—	—	(9,823)	(9,823)
– Interim of the current year	—	—	—	—	—	(7,368)	(7,368)
At 31 December 2003	272,873	364,269	80,554	66,195	151,359	807,999	1,743,249

# Statements of Changes in Equity

## For the year ended 31 December 2004

	Share Capital RM'000	*Share Premium RM'000	*Revaluation Reserve RM'000	Retained Profit RM'000	Total RM'000
<b>COMPANY – 2004</b>					
At 1 January 2004	272,873	364,269	—	155,091	792,233
Issue of shares (Note 25)	16,897	14,953	—	—	31,850
Share issue expenses	—	(196)	—	—	(196)
Net profit for the year	—	—	—	193,604	193,604
Dividends					
– Final of the previous year	—	—	—	(36,176)	(36,176)
– Interim of the current year	—	—	—	(41,655)	(41,655)
At 31 December 2004	289,770	379,026	—	270,864	939,660
<b>COMPANY – 2003</b>					
At 1 January 2003	136,435	283,897	5,521	133,122	558,975
Issues of shares (Note 25)					
– ESOS	2	4	—	—	6
– Rights Issue	68,218	150,080	—	—	218,298
– Bonus Issue	68,218	(68,218)	—	—	—
Share issue expenses	—	(1,494)	—	—	(1,494)
Transfer during the year	—	—	(5,521)	5,521	—
Net profit for the year	—	—	—	33,639	33,639
Dividends					
– Final of the previous year	—	—	—	(9,823)	(9,823)
– Interim of the current year	—	—	—	(7,368)	(7,368)
At 31 December 2003	272,873	364,269	—	155,091	792,233

\* Denotes non-distributable reserves

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

# Cash Flow Statements

For the year ended 31 December 2004

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Operating Activities</b>				
Cash receipts from customers	1,417,542	1,249,184	45,381	—
Cash paid to suppliers and employees	(1,142,441)	(967,982)	(49,056)	(6,008)
Cash generated from/(used in) operations	275,101	281,202	(3,675)	(6,008)
Income taxes (paid)/refunded	(44,880)	(61,490)	14,471	—
Net cash from operating activities	230,221	219,712	10,796	(6,008)
<b>Investing activities</b>				
Acquisition of Subsidiaries (Note 13)	—	(19,975)	—	—
Additional investment in Subsidiaries and Associates	(2,748)	(325,659)	(134,086)	(340,378)
Investments purchased	(6,001)	(4,873)	(1,597)	(4,873)
Proceeds from disposal of investments	3,883	7,394	3,885	7,394
Property, plant and equipment – purchases	(139,526)	(77,473)	(54,738)	(648)
– disposals	17,615	2,614	169	28
Development of investment property	(112,400)	(41,288)	—	—
Dividends received	25,648	28,738	96,637	46,874
Net cash used in investing activities	(213,529)	(430,522)	(89,730)	(291,603)

# Cash Flow Statements

For the year ended 31 December 2004 (cont'd.)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b>Financing activities</b>				
Issue of shares – by the Company	31,654	216,810	31,654	216,810
– by Subsidiaries to minority interests	38,436	9,030	–	–
Dividends paid – by the Company	(56,975)	(17,191)	(56,975)	(17,191)
– by Subsidiaries to minority interests	(18,629)	(18,311)	–	–
Proceeds from long term loans	864,400	361,461	650,000	–
Repayment of long term loans	(226,772)	(140,179)	(75,000)	–
(Decrease)/increase of revolving credits and bankers' acceptances	(458,242)	(75,838)	(354,158)	69,373
Receipts from group companies	–	–	162,334	307,305
Payments to group companies	–	–	(195,845)	(196,291)
Interest paid	(98,336)	(85,595)	(54,076)	(63,674)
<b>Net cash from financing activities</b>	<b>75,536</b>	250,187	<b>107,934</b>	316,332
<b>Net increase in cash and cash equivalents</b>	<b>92,228</b>	39,377	<b>29,000</b>	18,721
Foreign currency translation difference	189	35	–	–
Cash and cash equivalents at beginning of year	73,575	34,163	(22,993)	(41,714)
<b>Cash and cash equivalents at end of year</b>	<b>165,992</b>	73,575	<b>6,007</b>	(22,993)
Cash and cash equivalents at end of year comprise:				
Deposits, cash and bank balances	214,775	132,632	12,524	145
Overdrafts	(48,783)	(59,057)	(6,517)	(23,138)
<b>Cash and cash equivalents at end of year</b>	<b>165,992</b>	73,575	<b>6,007</b>	(22,993)

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 MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965.

During the current financial year ended 31 December 2004, the Group adopted MASB 32, Property Development Activities for the first time. The adoption of MASB 32 has not given rise to any adjustments to the opening balances of retained profits of the prior and current year or to changes of comparatives.

## (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 owns, directly or indirectly, more than 50% of the equity share capital and has control over its financial and operating policies so as to obtain benefits from its activities. Details of Subsidiaries are given on pages 139 to 142.

The results of Subsidiaries acquired or disposed during the year are included from or to the effective dates of acquisition or disposal respectively, using the acquisition method of accounting. At the date of acquisition, the fair values of the Subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the acquisition cost and these fair values is reflected as goodwill or reserve on consolidation and is systematically amortised on a straight line basis over a period of time not exceeding 20 years during which the benefits are expected to arise. The reserve on consolidation is recognised to the extent of the future losses and expenses that are identified in the acquirer's plan for the acquisition, and is recognised as income in the income statement when the future losses and expenses are recognised.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered. The gain or loss on disposal of Subsidiaries is the difference between net disposal proceeds and the Group's share of the net assets together with any unamortised balance of goodwill/reserve on consolidation and other reserves which were not previously recognised in the consolidated income statement.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquirees.

# Accounting Policies

## **(c) ASSOCIATES**

An Associate is defined as a company, not being a Subsidiary, in which the Group has a long term equity interest (of not less than 20%) and in whose financial and operating policy decisions the Group exercises significant influence.

Investments in Associates are accounted for in the consolidated financial statements using the equity method of accounting. The Group's share of the operating results of Associates is incorporated in the consolidated income statement. For Associates whose balance sheet dates are not coterminous with that of the Company, the operating results for the intervening period are derived from unaudited financial statements. Details of Associates are given on page 142.

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. The Group's interest in Associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as the unamortised balance of goodwill or discount on acquisition, if any, in the consolidated balance sheet.

Goodwill and reserve on consolidation, goodwill or discount on acquisition of Associates are amortised over a period of not exceeding 20 years.

## **(d) INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES**

Investments in Subsidiaries and Associates are stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note (r).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is charged or credited to the income statements.

## **(e) CURRENCY CONVERSION**

All transactions are recorded in Ringgit Malaysia. Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates or, where settlement had not taken place at balance sheet date, at the rate then ruling. All exchange differences are included in the income statements.

**(e) CURRENCY CONVERSION (cont'd.)**

The operations of the foreign Subsidiaries are not an integral part of the operations of the Group. Income statements of the foreign Subsidiaries are translated into Ringgit Malaysia at average rates of exchange for the year and the balance sheets are translated into Ringgit Malaysia at the rates of exchange ruling at the balance sheet date. Exchange differences arising from the restatement at year-end rates of the net investments and the Group's advances to foreign Subsidiaries which in substance, form part of the Group's investment in the foreign Subsidiaries are taken to the exchange fluctuation reserve in the shareholders' equity. On disposal of foreign Subsidiaries, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign Subsidiary are treated as assets and liabilities of the Group and translated at the exchange rate ruling at the date of the transaction.

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

Foreign currency	2004	2003
1 US Dollar	RM3.80	RM3.80
1 Euro	RM5.17	RM4.80
1 Sterling Pound	RM7.32	RM6.75
1,000 Indonesian Rupiah	RM0.41	RM0.45
1 Singapore Dollar	RM2.30	RM2.20

**(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 market value, based on external independent valuation, less subsequent depreciation. All other property, plant and equipment are stated at historical cost less accumulated depreciation.

Freehold land is not amortised. Leasehold land is amortised over the period of the lease which ranges from 29 to 999 years. Plantation development expenditure is not amortised other than those in respect of short term leases held in Indonesia which is amortised over the life of the lease. All other property, plant and equipment are depreciated on a straight line basis over the following estimated useful lives:

Buildings	20 – 50 years
Plant & machinery	5 – 10 years
Furniture & equipment	3 – 10 years
Motor vehicles	5 years

# Accounting Policies

## **(f) PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (cont'd.)**

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are recognised as income or expense in the income statements. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

## **(g) NEW PLANTING AND REPLANTING EXPENDITURE**

The expenditure on new planting and replanting of a different produce crop incurred up to the time of maturity is added to the cost of the land, 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.

## **(h) INVESTMENT PROPERTIES**

Land and buildings including commercial and hotel properties classified as investment properties are stated at valuation and not depreciated. It is the policy of the Group to revalue its investment properties every five years or at such shorter period as may be considered appropriate, based upon the advice of Professional Valuers and Appraisers. Surpluses arising from such valuations are credited to shareholders' equity as revaluation reserve, and any deficit that offset previous surpluses are charged against the revaluation reserve. All other deficits are charged to the income statement. A revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same property previously recognised as an expense.

Upon the disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement and the unutilised portion of the revaluation surplus is taken directly to retained earnings.

## **(i) DEVELOPMENT PROPERTIES**

Development properties are stated at cost less any accumulated impairment losses. The policy for the recognition measurement of impairment losses is in accordance with Note (r). 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.



**(j) REVENUE RECOGNITION**

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.

**(k) 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.

# Accounting Policies

## **(l) 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 makes 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.

## **(m) 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.

## **(n) CASH AND CASH EQUIVALENTS**

For the purposes of the cash flow statements, cash and cash equivalents include deposits, cash and bank balances, overdrafts, and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant amount of risk.

## **(o) 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.

**(p) FINANCIAL INSTRUMENTS**

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. 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) Other non current investments**

Non current investments other than investments in Subsidiaries, Associates and investment properties are stated at cost and allowance is made where, in the opinion of the Directors, there is a permanent diminution in value. Permanent diminution in the value of investment is recognised as an expense in the financial year in which the diminution is identified.

On disposal, the difference between the net disposal proceeds and its carrying value is charged or credited to the income statements.

**(ii) 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.

**(iii) 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.

# Accounting Policies

## **(p) FINANCIAL INSTRUMENTS (cont'd.)**

### **(iv) 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, and 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.

### **(v) Payables and provisions**

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.

### **(vi) 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.

### **(vii) 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 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.

**(p) FINANCIAL INSTRUMENTS (cont'd.)**

**(viii) 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.

The Boustead Holdings Berhad Employees' Share Option Scheme (ESOS) allows the Group's eligible employees to acquire shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

**(q) 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.

**(r) IMPAIRMENT OF ASSETS**

The carrying amounts of the assets of the Group and the Company are reviewed at each balance sheet date to determine whether there is any indication of impairment. Where there is an indication of impairment, the carrying value of such assets are written down immediately to the respective recoverable amounts. The impairment loss is recognised in the income statements immediately, except for impairment on a revalued asset where the impairment loss is charged against the revaluation reserve to the extent of the surplus credited from the previous revaluation of the same asset.

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 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.

# Notes to the Financial Statements

## 1. 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 performance of the Group. 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 Malaysian Ringgit. The Group's policy is to derive the desired interest rate profile through a mix of fixed and floating rate banking facilities and private debt securities.

### Liquidity and cash flow risk

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

### 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 standing through periodic credit review 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.

### 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 15 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.

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

### Fair values (cont'd.)

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.

## 2. REVENUE

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Sale of produce	458,122	373,068	47,732	—
Sale of goods	411,806	426,919	—	—
Sale of development properties	294,390	182,557	—	—
Revenue from agency business	38,490	36,877	—	—
Rental income – Subsidiaries	—	—	663	663
– Associates	14,487	14,868	—	—
– others	3,836	4,344	244	332
Others	46,612	42,863	—	—
	<b>1,267,743</b>	1,081,496	<b>48,639</b>	995

# Notes to the Financial Statements

## 3. OPERATING COST

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Changes in inventories of finished goods and work in progress	(13,719)	22,372	(1,611)	—
Finished goods and work in progress purchases	540,625	423,271	—	—
Raw material and consumables used	222,287	174,131	42,365	—
Staff costs	132,435	129,724	6,270	4,355
Defined contribution plans	19,136	19,228	936	764
Depreciation (Note 10)	40,220	29,983	2,891	578
(Profit)/loss on disposal of property, plant and equipment	(12,118)	2,229	(169)	(25)
Other operating cost	90,726	83,149	9,862	3,890
	<b>1,019,592</b>	884,087	<b>60,544</b>	9,562
Other operating cost include:				
Rent paid	4,322	4,879	780	740
Auditors' remuneration				
– current year	1,019	1,050	68	68
– prior year	45	(60)	4	10
– non audit fees	95	133	95	108
Directors' fees				
– current year	300	230	135	85
– prior year	70	—	50	—
Directors' remuneration				
– emoluments	1,065	938	60	60
– benefits	160	273	14	14
Hire of equipment	271	218	—	—
Bad and doubtful debts				
– Subsidiaries	—	—	7,183	—
– others	5,283	13,222	11	3,000
Research and development	3,109	3,485	—	—
Plantation development expenditure written off	—	4,894	—	—



### 3. OPERATING COST (cont'd.)

The number of persons employed by the Group and the Company, including the executive Director, at the end of the year were 11,451 (2003: 11,538) and 102 (2003: 104) respectively.

The remuneration paid to Directors during the year analysed into bands of RM50,000 are as follows:

	Number of Directors	
	Non-executive	Executive
Up to RM50,000	2	
From RM50,001 to RM100,000	2	
From RM200,001 to RM250,000	1	
From RM1,050,001 to RM1,100,000		1

### 4. INTEREST INCOME

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Interest income – Subsidiaries	–	–	4,297	6,255
– Associates	987	558	136	188
– others	1,439	1,307	12	18
	2,426	1,865	4,445	6,461

# Notes to the Financial Statements

## 5. OTHER INVESTMENT RESULTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Gross dividends from quoted shares in Malaysia:				
– Subsidiaries	–	–	20,593	20,593
– Associates	–	–	11,333	10,924
– others	1,831	1,776	1,802	1,776
Gross dividends from unquoted shares in Malaysia:				
– Subsidiaries	–	–	421,968	30,901
– Associates	–	–	15,627	21,177
– others	838	130	838	–
Profit/(loss) on sale of investments	1,234	(758)	1,151	(758)
Gain on disposal of Associate	1,364	–	–	–
Loss on disposal of Subsidiary	–	–	(2,691)	–
Surplus on members' voluntary liquidation of Subsidiaries	–	–	6,080	–
Amortisation of goodwill on consolidation	(3,709)	(3,618)	–	–
Amortisation of reserve on consolidation	61,781	9,250	–	–
Impairment loss – Associate and Subsidiaries	(113)	–	(1,590)	(1,000)
– other investments	(100,000)	–	(100,000)	–
Reversal of impairment loss – Subsidiaries	–	–	5,000	–
	<b>(36,774)</b>	6,780	<b>380,111</b>	83,613
<b>6. FINANCE COST</b>				
Interest expense – Subsidiaries	–	–	14,940	25,089
– others	88,509	73,547	46,807	39,097
	<b>88,509</b>	73,547	<b>61,747</b>	64,186

## 7. TAXATION

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Tax expense for the year:				
Malaysian income tax	<b>36,932</b>	56,138	<b>113,314</b>	5,724
Deferred tax expense relating to origination and reversal of temporary differences	<b>7,090</b>	3,380	<b>4,011</b>	—
Share of Associates' tax	<b>32,088</b>	7,301	—	—
	<b>76,110</b>	66,819	<b>117,325</b>	5,724
(Over)/under provision in prior years:				
Current	<b>(3,330)</b>	(7,514)	—	—
Deferred	<b>1,889</b>	(76)	<b>(25)</b>	(206)
Associates	<b>(3,875)</b>	598	—	—
	<b>70,794</b>	59,827	<b>117,300</b>	5,518

Domestic income tax is calculated at the Malaysian statutory rate of 28% (2003: 28%) of the estimated assessable profit for the year.

# Notes to the Financial Statements

## 7. 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 the Company is as follows:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Profit before taxation	246,754	207,933	310,904	39,157
Taxation at Malaysian statutory rate of 28% (2003: 28%)	69,091	58,221	87,053	10,964
Income not subject to tax	(26,041)	(4,830)	(2,728)	(9,108)
Expenses not deductible for tax purposes	43,602	14,788	29,533	2,442
Tax incentives	(5,128)	(10,024)	—	—
Deferred tax assets not recognised during the year	28,585	29,450	—	1,426
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(21,174)	(180)	(255)	—
Utilisation of previously unrecognised tax losses by an Associate	(10,677)	(19,869)	—	—
Others	(2,148)	(737)	3,722	—
	76,110	66,819	117,325	5,724
Over provision in prior years	(5,316)	(6,992)	(25)	(206)
Tax expense for the year	70,794	59,827	117,300	5,518

## 8. EARNINGS PER SHARE

### Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2004	2003
Net profit for the year (RM'000)	119,160	112,512
Weighted average number of ordinary shares in issue ('000)	569,216	432,045
Basic earnings per share (sen)	20.93	26.04

### Diluted earnings per share

For the purpose of calculating diluted earnings per share, the net profit for the year and the weighted average number of ordinary shares in issue during the year have been adjusted for dilutive effects of all potential ordinary shares in respect of the Company's bank guaranteed redeemable convertible bonds and the share options granted to eligible employees.

	Group	
	2004	2003
<b>RM'000</b>		
Net profit for the year (RM'000)	119,160	112,512
After-tax effects of interest on bank guaranteed redeemable convertible bonds	1,744	—
Adjusted net profit for the year	120,904	112,512
<b>'000</b>		
Weighted average number of ordinary shares in issue	569,216	432,045
Effects of dilution:		
Share options	7,968	2,954
Bank guaranteed redeemable convertible bonds	18,967	—
Adjusted weighted average number of ordinary shares in issue and issuable	596,151	434,999
Diluted earnings per share (sen)	20.28	25.86

# Notes to the Financial Statements

## 9. DIVIDENDS

	Amount		Gross Dividend per ordinary share	
	2004 RM'000	2003 RM'000	2004 Sen	2003 Sen
Interim:				
First interim of 10% (2003: 7.5%) less tax paid on 8 November 2004	<b>20,799</b>	7,368	<b>5.00</b>	3.75
Second interim of 10% less tax paid on 12 January 2005	<b>20,856</b>	—	<b>5.00</b>	—
Proposed final:	<b>41,655</b>	7,368	<b>10.00</b>	3.75
12% (2003: 17.5%) less tax payable on 25 May 2005	<b>25,036</b>	36,176	<b>6.00</b>	8.75
	<b>66,691</b>	43,544	<b>16.00</b>	12.50

The Directors will propose at the forthcoming Annual General Meeting to be held on 25 March 2005, a final dividend of 12% per share less tax, amounting to RM25,036,000. These financial statements do not reflect the final dividend which will be accounted for in the shareholders' equity as an appropriation of retained profit in the year ending 31 December 2005 when approved by shareholders.

# Notes to the Financial Statements

## 10. PROPERTY, PLANT AND EQUIPMENT

	Freehold Property RM'000	Long Leasehold Property RM'000	Short Leasehold Property RM'000	Plant and Equipment RM'000	Total RM'000
<b>GROUP</b>					
<b>At cost or valuation</b>					
At beginning of year	397,977	938,514	228,626	282,078	1,847,195
Additions	22,204	20,381	17,336	98,059	157,980
Disposals	(4,443)	(10)	(720)	(9,512)	(14,685)
Reclassification	—	(4,318)	—	4,318	—
Exchange adjustment	—	—	(19,264)	(319)	(19,583)
At end of year	415,738	954,567	225,978	374,624	1,970,907
<b>Accumulated depreciation</b>					
At beginning of year	15,299	58,420	16,881	182,403	273,003
Charge for the year	1,134	6,454	9,595	23,037	40,220
Disposals	(801)	(5)	(200)	(8,178)	(9,184)
Exchange adjustment	—	—	(1,605)	(183)	(1,788)
At end of year	15,632	64,869	24,671	197,079	302,251
<b>Net book value at 31 December 2004</b>	<b>400,106</b>	<b>889,698</b>	<b>201,307</b>	<b>177,545</b>	<b>1,668,656</b>
Net book value at 31 December 2003	382,678	880,094	211,745	99,675	1,574,192
Depreciation for 2003	1,264	6,393	3,007	20,183	30,847

# Notes to the Financial Statements

## 10. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

	Freehold Property RM'000	Long Leasehold Property RM'000	Short Leasehold Property RM'000	Plant and Equipment RM'000	Total RM'000
<b>COMPANY</b>					
<b>At cost</b>					
At beginning of year	4,835	4,394	6,676	6,280	22,185
Acquisition from a subsidiary	39,189	—	—	13,864	53,053
Additions	—	—	—	1,685	1,685
Disposals	—	—	—	(620)	(620)
At end of year	44,024	4,394	6,676	21,209	76,303
<b>Accumulated depreciation</b>					
At beginning of year	1,004	1,094	2,069	5,438	9,605
Charge for the year	1,991	50	147	703	2,891
Disposals	—	—	—	(620)	(620)
At end of year	2,995	1,144	2,216	5,521	11,876
<b>Net book value at 31 December 2004</b>	<b>41,029</b>	<b>3,250</b>	<b>4,460</b>	<b>15,688</b>	<b>64,427</b>
Net book value at 31 December 2003	3,831	3,300	4,607	842	12,580
Depreciation for 2003	59	44	150	325	578



10. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<i>Analysis of Net Book Value of Properties:</i>				
Freehold property – land	368,469	361,968	32,749	823
– building	31,637	20,710	8,280	3,008
	400,106	382,678	41,029	3,831
Long leasehold property – land	812,894	808,137	1,637	1,644
– building	76,804	71,957	1,613	1,656
	889,698	880,094	3,250	3,300
Short leasehold property – land	177,080	188,920	340	357
– building	24,227	22,825	4,120	4,250
	201,307	211,745	4,460	4,607
	1,491,111	1,474,517	48,739	11,738

# Notes to the Financial Statements

## 10. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
<b><i>Analysis of Cost or Valuation:</i></b>				
Cost	<b>1,711,655</b>	1,587,943	<b>76,303</b>	22,185
Valuation – 1992	<b>200,515</b>	200,515	–	–
– 1993	<b>58,737</b>	58,737	–	–
	<b>1,970,907</b>	1,847,195	<b>76,303</b>	22,185

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:

	Group	
	2004 RM'000	2003 RM'000
Freehold property	<b>50,232</b>	52,482
Long leasehold property	<b>110,379</b>	110,704
Short leasehold property	<b>474</b>	936
	<b>161,085</b>	164,122

## 10. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

Additions to the Group's leasehold properties during the year include the capitalisation of the following:

	Group	
	2004 RM'000	2003 RM'000
Borrowing costs – interest	1,771	5,070
– exchange difference	4,285	(2,709)
Depreciation	–	864
	<b>6,056</b>	3,225

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

## 11. INVESTMENT PROPERTIES

	Group	
	2004 RM'000	2003 RM'000
Freehold land and buildings:		
At cost	348,022	196,745
At 2001 valuation	257,000	257,000
	<b>605,022</b>	453,745

The properties stated at valuation are based on independent professional valuations carried out on an open market basis.

# Notes to the Financial Statements

## 12. DEVELOPMENT PROPERTIES

	Group	
	2004 RM'000	2003 RM'000
At 1 January:		
Freehold land, at cost	105,982	155,006
Long leasehold land, at cost	27,232	27,585
Development cost	196,312	197,533
	<b>329,526</b>	380,124
Development cost incurred during the year	25,981	40,692
Transfer (to)/from property development in progress:		
Freehold land	(33,871)	(55,348)
Long leasehold land	(2,309)	(353)
Development cost	(45,903)	(41,913)
Reclassification of land cost	—	6,324
	<b>(82,083)</b>	(91,290)
At 31 December	<b>273,424</b>	329,526

Development properties comprise land banks which are in the process of being prepared for development but are not expected to be launched for sale in the next twelve months. Development cost includes interest capitalised during the year of RM9,180,000 (2003: RM5,741,000).

### 13. SUBSIDIARIES

	Company	
	2004 RM'000	2003 RM'000
Shares quoted in Malaysia, at cost	265,475	159,078
Unquoted shares, at cost less amounts written off	526,636	497,250
	<b>792,111</b>	656,328
Market value of quoted shares	<b>529,127</b>	437,488

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

	Group	
	2004 RM'000	2003 RM'000
Net assets acquired:		
Property, plant and equipment	—	(41,335)
Investment property	—	(110,000)
Current assets	—	(6,830)
Current liabilities	—	37,268
Goodwill on consolidation	—	(3,369)
Reserve on consolidation	—	1,406
Minority interest	—	1,304
Total purchase price	—	(121,556)
Settlement of shareholders' advances	—	(7,677)
Settlement via issue of shares	—	104,000
Cash and cash equivalents acquired	—	5,258
Cash outflow on acquisition	—	(19,975)

# Notes to the Financial Statements

## 14. ASSOCIATES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Shares quoted in Malaysia, at cost	595,190	595,190	595,190	595,190
Warrants quoted in Malaysia, at cost	51,827	51,827	51,827	51,827
Unquoted shares, at cost less amounts written off	121,425	121,549	110,701	110,701
	768,442	768,566	757,718	757,718
Share of post acquisition reserves less amortisation of goodwill	231,181	168,659	—	—
	999,623	937,225	757,718	757,718
Market value:				
Quoted shares	594,210	422,739	594,210	422,739
Quoted warrants	40,610	58,545	40,610	58,545
	634,820	481,284	634,820	481,284
Share of net tangible assets	725,013	651,436		
Share of intangible assets	236,444	244,475		
Goodwill on acquisition	961,457	895,911		
Goodwill amortised	101,962	101,962		
	(63,796)	(60,648)		
	999,623	937,225		

## 15. INVESTMENTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Shares quoted in Malaysia, at cost	<b>281,828</b>	282,965	<b>250,219</b>	251,356
Unquoted shares, at cost less amounts written off	<b>4,631</b>	4,642	<b>4,512</b>	4,512
Unquoted bonds, at cost	<b>8,500</b>	4,000	—	—
	<b>294,959</b>	291,607	<b>254,731</b>	255,868
Less: allowance for diminution in value	<b>(101,200)</b>	(1,200)	<b>(101,200)</b>	(1,200)
	<b>193,759</b>	290,407	<b>153,531</b>	254,668
Market value of quoted shares	<b>41,608</b>	214,176	<b>41,608</b>	214,176

The Directors are of the opinion that the shortfall between the carrying value and the market valuation of the quoted investments is not permanent, and as such these investments are stated at carrying value.

# Notes to the Financial Statements

## 16. GOODWILL ON CONSOLIDATION

	Group	
	2004 RM'000	2003 RM'000
At beginning of year	4,226	—
Arising from:		
– additional investment in a Subsidiary	907	1,327
– acquisition of Subsidiaries (Note 13)	—	3,369
Amortisation for the year	(562)	(470)
At end of year	4,571	4,226

## 17. INVENTORIES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
At cost:				
Raw materials and work in progress	3,612	3,746	—	—
Goods for resale	48,446	43,259	—	—
Estate produce	9,256	2,200	1,611	—
Completed properties	10,711	7,848	—	—
Consumable stores	12,935	10,370	168	—
	84,960	67,423	1,779	—
At net realisable value:				
Goods for resale	5,154	6,240	—	—
	90,114	73,663	1,779	—



## 18. PROPERTY DEVELOPMENT IN PROGRESS

	Group	
	2004 RM'000	2003 RM'000
At 1 January:		
Freehold land, at cost	153,590	104,566
Long leasehold land, at cost	14,876	14,523
Development cost	612,044	446,586
	<b>780,510</b>	565,675
Development cost incurred during the year	121,040	127,096
Cost recognised in income statement:		
At 1 January	(689,731)	(601,107)
Recognised during the year	(170,695)	(88,623)
	<b>(860,426)</b>	(689,730)
Transfer from/(to) development properties:		
Freehold land	33,871	55,348
Long leasehold land	2,309	353
Development cost	45,903	41,913
Reclassification of land cost	—	(6,324)
	<b>82,083</b>	91,290
Transfer to inventories	(5,299)	(3,552)
	<b>76,784</b>	87,738
At 31 December	<b>117,908</b>	90,779
Interest cost capitalised during the year	4,508	9,555

# Notes to the Financial Statements

## 19. RECEIVABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade receivables	<b>304,023</b>	308,586	<b>2,360</b>	—
Less: provision for doubtful debts	<b>(49,380)</b>	(61,949)	—	—
	<b>254,643</b>	246,637	<b>2,360</b>	—
Other receivables	<b>88,243</b>	78,326	<b>21,007</b>	13,363
Dividends receivable	<b>225</b>	1,737	<b>9,357</b>	29,511
Income tax recoverable	<b>62,430</b>	57,268	<b>59,947</b>	56,985
Amounts due from Subsidiaries	—	—	<b>118,796</b>	143,178
Amounts due from Associates	<b>16,848</b>	6,988	<b>2,170</b>	4,336
Amounts due from related companies	<b>1,168</b>	846	<b>70</b>	214
Amount due from holding corporation	—	32	—	25
	<b>423,557</b>	391,834	<b>213,707</b>	247,612

Other receivables of the Group and the Company are stated net of provision for doubtful debts of RM18,833,000 (2003: RM16,303,000) and RM9,500,000 (2003: RM9,500,000) respectively.

Included in other receivables of the Group and the Company are net amounts which have been outstanding in excess of 12 months amounting to RM10,605,000. In assessing the extent of irrecoverable amounts, the Directors have given due consideration to all pertinent information relating to the ability of the debtors to settle the amounts owing. Notwithstanding the overdue nature of these debts, the Directors have assessed the receivables less provision for irrecoverable amounts as stated in the financial statements to be fully recoverable.

The Group's normal trade credit terms range from payment in advance to 90 days. Other credit terms are assessed and approved on a case by case basis. Amounts due from Subsidiaries and Associates are unsecured, bear interest at a weighted average rate of 6.0% (2003: 5.2%) per annum and have no fixed terms of repayment. Amounts due from related companies are trade balances which are unsecured and interest free, with repayment in accordance with normal trading terms.

## 20. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deposits with financial institutions	59,310	11,372	—	—
Cash held under Housing Development Accounts	58,833	35,352	—	—
Cash and bank balances	96,632	85,908	12,524	145
	<b>214,775</b>	132,632	<b>12,524</b>	145

The deposits are on call, and carry a weighted average interest rate of 2.7% (2003: 2.8%) per annum.

## 21. BORROWINGS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Overdrafts	48,783	59,057	6,517	23,138
Bankers' acceptances	40,788	34,030	5,088	9,246
Revolving credits	217,000	682,000	200,000	550,000
Short term loans (Note 23)	603,702	256,146	220,000	75,000
	<b>910,273</b>	1,031,233	<b>431,605</b>	657,384

Borrowings other than the short term loans repayable within twelve months bear interest at weighted average rate of 4.8% (2003: 4.8%) per annum. The terms for short term loans are disclosed in Note 23.

# Notes to the Financial Statements

## 22. PAYABLES

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade payables	158,207	146,749	309	—
Other payables	156,911	113,746	14,169	10,947
Amounts due to Subsidiaries	—	—	148,216	465,056
Amounts due to Associates	9,530	10,109	3,038	3,087
Amounts due to related companies	4,923	6,682	—	—
Amount due to holding corporation	3,607	—	3,614	—
	<b>333,178</b>	277,286	<b>169,346</b>	479,090

Amounts due to Subsidiaries are unsecured, bear interest at a weighted average rate of 4.2% (2003: 6.7%) per annum and have no fixed terms of repayment. Amounts due to the Associates and related companies are trade balances which are unsecured and interest free with repayment in accordance with normal trading terms. The amount due to holding corporation is unsecured and interest free.

The normal trade credit terms granted to the Group range from 30 to 90 days.

## 23. LONG TERM BORROWINGS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Term loans	859,534	517,350	300,000	75,000
Commercial papers	—	30,000	—	—
Islamic bonds	190,000	190,000	—	—
Redeemable convertible bonds	78,369	77,004	—	—
Medium term notes	50,000	50,000	—	—
Bank guaranteed serial bonds	250,000	—	250,000	—
Bank guaranteed redeemable convertible bonds	100,000	—	100,000	—
Block discounting loans	—	25,922	—	—
	<b>1,527,903</b>	890,276	<b>650,000</b>	75,000
Less: repayable in 1 year (Note 21)	<b>(603,702)</b>	(256,146)	<b>(220,000)</b>	(75,000)
	<b>924,201</b>	634,130	<b>430,000</b>	—
Analysis by maturity:				
– within 1 year	603,702	256,146	220,000	75,000
– from 1 year to 2 years	204,239	190,386	20,000	—
– from 2 years to 5 years	489,962	437,794	180,000	—
– more than 5 years	230,000	5,950	230,000	—
	<b>1,527,903</b>	890,276	<b>650,000</b>	75,000

# Notes to the Financial Statements

## **23. LONG TERM BORROWINGS (cont'd.)**

The medium term notes were issued to refinance the development of the Group's plantations, and form part of the RM100 million Commercial Papers/Medium Term Notes Programme which was approved by the Securities Commission on 21 October 2001. The medium term notes which bear interest at 6.3% (2003: 6.3%) per annum are repayable in 2005 and 2006.

The Islamic Bonds (IBs) and Redeemable Convertible Bonds (RCBs) bear interest at a weighted average rate of 6.19% (2003: 6.19%) per annum and are denominated in Ringgit Malaysia.

The Commercial Papers (CPs), IBs and RCBs were issued by a Subsidiary, Boustead Properties Berhad (B Prop). Progress billings from sales of the Mutiara Damansara and Mutiara Rini projects are assigned to Escrow Accounts, Profit Service Account and Principal Service Reserve Account for the repayment of the principal and interest of the CPs, IBs and RCBs.

The CPs are negotiable promissory notes issued under the Syariah principles of Murabahah (cost-plus) and Bai Al-Dayn (debt trading), in denominations of RM1 million with an issue size of up to RM30 million nominal value and tenure of 1,2,3,6 or 9 months at the Issuer's option. As the CPs are non-interest bearing, the selling price of the CPs are made up of the purchase price and an agreed profit margin.

The IBs are negotiable promissory notes issued under the Syariah principles of Bai Bithaman Ajil, comprising Primary Notes with non-detachable Secondary Notes. Under an asset purchase agreement, the Primary Subscribers purchase assets from B Prop at the purchase price and subsequently resell these assets to B Prop under an asset sale agreement at an agreed selling price. The IBs are issued in four series where the selling price is equivalent to the purchase price and profit portion. Primary note is in RM1 million denominations and are attached to the appropriate number of secondary notes. All IBs redeemed are cancelled immediately and may not be reissued or resold.

The RCBs, issued on a conventional basis, have a nominal value of RM80 million in denominations of RM1 million, with a tenure of 5 years from the issue date. The RCBs may be converted at the option of the holder, at the conversion price of RM4.90 per share into a maximum of 16,326,530 new B Prop shares at any time after issuance to the maturity date. Following B Prop's recent Rights and Bonus Issues, the conversion price was revised to RM4.13 on 4 February 2005. B Prop may redeem all but not part of the RCBs at any time on or after the expiry of 2 1/2 years from the issue date at an accreted value which is subject to a 130% trigger (30% above the conversion price). At maturity, the RCBs shall be redeemed at approximately 127% of the issue price. The RCBs carry a coupon rate of 4% per annum which is payable semi-annually in arrears with the first payment due on 7 January 2004.

### **23. LONG TERM BORROWINGS (cont'd.)**

The bank guaranteed serial bonds (Serial Bonds) were issued by the Company at nominal value of RM250 million on 9 July 2004. The Serial bonds were issued in four series with tenures ranging from 4 years to 7 years, and bear interest at annual interest rates ranging from 5.2% to 5.9% which is payable semi-annually in arrears. The Serial Bonds have been accorded a rating of AAA (bg) by Rating Agency of Malaysia.

The bank guaranteed redeemable convertible bonds (BGRCB) were issued by the Company at nominal value of RM100 million on 19 August 2004. The BGRCB has a tenure of 7 years, and carries a coupon of 4.5% per annum which is payable semi-annually in arrears. The BGRCB has been accorded a rating of AAA/s by Rating Agency of Malaysia.

The BGRCB may be converted into shares (Boustead Shares) of Boustead Holdings Berhad, at the option of the holder, based on a conversion price of RM1.95 per share into a maximum of 51,282,051 new Boustead Shares at any time commencing from the issue date to the maturity date. The Company may redeem all but not part of the BGRCB at any time on or after the expiry of 3 years from the issue date at an accreted value, subject to the market price of the existing Boustead Shares traded on Bursa Malaysia being at least 130% of the conversion price. At maturity, the BGRCB that remains outstanding shall be redeemed at 120% of the nominal value.

The new Boustead Shares to be allotted and issued upon conversion of the BGRCB will rank pari passu in all respects with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to its conversion.

The Serial Bonds and BGRCB are unsecured and bear interest at a weighted average rate of 6.85% per annum, while the other borrowings are also unsecured and bear interest at a weighted average rate of 5.5% (2003: 7.2%) per annum, and include a loan of RM48 million which is denominated in US Dollar. All other borrowings are denominated in Ringgit Malaysia.

# Notes to the Financial Statements

## 24. DEFERRED TAXATION

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
At 1 January	32,993	37,615	(344)	(550)
Recognised in the income statement	(8,979)	(3,304)	(3,986)	206
Credited/(charged) to equity	2,018	(684)	—	—
Credited/(charged) to minority interest	1,870	(634)	—	—
At 31 December 2004	27,902	32,993	(4,330)	(344)
Presented after appropriate offsetting as follows:				
Deferred tax assets	51,171	62,952	—	—
Deferred tax liabilities	(23,269)	(29,959)	(4,330)	(344)
	27,902	32,993	(4,330)	(344)

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

	Revaluation Surplus RM'000	Capital Allowances RM'000	Others RM'000	Total RM'000
<b>Deferred tax liabilities of the Group:</b>				
At 1 January 2004	(9,237)	(19,392)	(1,330)	(29,959)
Recognised in the income statement	(409)	3,293	(82)	2,802
Credited to equity	2,018	—	—	2,018
Credited to minority interest	1,870	—	—	1,870
At 31 December 2004	(5,758)	(16,099)	(1,412)	(23,269)



## 24. DEFERRED TAXATION (cont'd.)

	Tax Losses RM'000	Capital Allowances RM'000	Total RM'000
<b>Deferred tax assets of the Group:</b>			
At 1 January 2004	42,357	20,595	62,952
Recognised in the income statement	3,410	(15,191)	(11,781)
At 31 December 2004	45,767	5,404	51,171

Deferred tax assets have not been recognised in respect of the following:

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Unused tax losses	121,823	112,079	1,291	1,546
Unabsorbed capital allowances and agricultural allowances	74,025	76,358	—	—
Unabsorbed investment tax allowances	16,549	16,549	—	—
	212,397	204,986	1,291	1,546

The unused tax losses, unabsorbed investment tax allowances and unabsorbed capital allowances are available indefinitely for offset against future taxable profits of the Subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of these items because it is not probable that they may be used to offset taxable profits of other companies in the Group and they have arisen in companies that have a recent history of losses.

# Notes to the Financial Statements

## 25. SHARE CAPITAL

	2004		2003	
	'000	RM'000	'000	RM'000
Authorised:				
Ordinary shares of RM0.50 each	1,000,000	500,000	1,000,000	500,000
Issued and fully paid ordinary shares of RM0.50 each:				
At beginning of year	545,746	272,873	272,871	136,435
Rights issue for cash at RM1.60 per share	—	—	136,436	68,218
Bonus issue by capitalisation of share premium	—	—	136,436	68,218
Issued for cash pursuant to ESOS	33,793	16,897	3	2
At end of year	579,539	289,770	545,746	272,873

As at 31 December 2004, options to subscribe for 25,480,000 new ordinary shares of RM0.50 each pursuant to the ESOS of the Company remained unexercised.

Details of share options exercised during the year and the fair value, at exercise date, of ordinary shares issued are as follows:

Exercise date	Exercise price RM	Fair value of ordinary shares RM	Number of share options '000	Proceeds received RM'000
<b>2004</b>				
January to February	0.94 to 0.98	1.47 to 1.67	652	617
March to May	0.94 to 0.98	1.74 to 1.90	28,421	26,770
June to August	0.94 to 0.98	1.55 to 1.61	948	895
September to December	0.94 to 1.50	1.65 to 1.75	3,772	3,568
			33,793	31,850
Less par value of ordinary shares				(16,897)
Share premium				14,953

## 26. RESERVES

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

The Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 and the balance in the tax exempt income account to frank the payment of dividends out of its entire retained profit as at 31 December 2004.

## 27. RESERVE ON CONSOLIDATION

	Group	
	2004 RM'000	2003 RM'000
At beginning of year	127,800	6,428
Arising from:		
– additional investment in a Subsidiary	7,179	129,216
– acquisition of Subsidiaries (Note 13)	–	1,406
Amortisation for the year	(61,781)	(9,250)
At end of year	73,198	127,800

# Notes to the Financial Statements

## 28. SEGMENTAL INFORMATION

	Plantation RM'000	Property Development RM'000	Property Investment RM'000	Finance & Investment RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>2004</b>								
<b>Revenue</b>								
Group total sales	473,929	282,669	52,116	7,511	377,870	91,203	(17,555)	1,267,743
Inter-segment sales	—	—	(3,302)	—	(14,253)	—	17,555	—
External sales	473,929	282,669	48,814	7,511	363,617	91,203	—	1,267,743
<b>Results</b>								
Segment result								
– external	122,294	96,125	26,028	3,881	4,044	(4,221)	—	248,151
Interest expense	(41,486)	—	(29,084)	(41,640)	(5,273)	(1,658)	30,632	(88,509)
Interest income	15,579	844	15,179	203	550	703	(30,632)	2,426
Other investment results	3,705	—	95	(40,564)	(10)	—	—	(36,774)
Share of results of Associates	617	—	114	90,646	3,179	26,904	—	121,460
Profit before tax	100,709	96,969	12,332	12,526	2,490	21,728	—	246,754
Taxation								(70,794)
Profit after taxation								175,960
Minority interests								(56,800)
Profit attributable to shareholders								119,160

## 28. SEGMENTAL INFORMATION (cont'd.)

	Plantation RM'000	Property Development RM'000	Property Investment RM'000	Finance & Investment RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>2004</b>								
<b>Other information</b>								
Segment assets	1,690,896	602,533	700,472	226,466	136,948	172,041		3,529,356
Associates	6,291	—	47,030	797,621	8,397	140,284		999,623
Unallocated corporate assets								113,601
Total assets								4,642,580
Segment liabilities	1,021,762	11,917	267,653	576,999	155,181	154,996		2,188,508
Unallocated corporate liabilities								49,923
Total liabilities								2,238,431
Capital Expenditure	64,234	852	189,376	29	963	58,359		313,813
Depreciation	33,215	498	1,598	132	793	3,984		40,220
Other non-cash expenses	3,910	—	31	99,873	631	1,285		105,730

# Notes to the Financial Statements

## 28. SEGMENTAL INFORMATION (cont'd.)

	Plantation RM'000	Property Development RM'000	Property Investment RM'000	Finance & Investment RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>2003</b>								
<b>Revenue</b>								
Group total sales	386,248	267,914	37,825	9,474	395,750	89,157	(104,872)	1,081,496
Inter-segment sales	—	(86,665)	(4,152)	—	(14,055)	—	104,872	—
External sales	386,248	181,249	33,673	9,474	381,695	89,157	—	1,081,496
<b>Results</b>								
Segment result – external	109,724	85,933	12,227	(5,592)	3,083	(7,966)	—	197,409
Interest Expense	(26,924)	(1,350)	(16,680)	(69,726)	(7,588)	(2,561)	51,282	(73,547)
Interest income	30,962	337	12,773	6,673	1,249	1,153	(51,282)	1,865
Other investment results	—	—	—	6,732	—	48	—	6,780
Share of results of Associates	1,346	—	663	45,504	3,614	24,299	—	75,426
Profit/(loss) before tax	115,108	84,920	8,983	(16,409)	358	14,973	—	207,933
Taxation								(59,827)
Profit after taxation								148,106
Minority interests								(35,594)
Net profit attributable to shareholders								112,512

## 28. SEGMENTAL INFORMATION (cont'd.)

	Plantation RM'000	Property Development RM'000	Property Investment RM'000	Finance & Investment RM'000	Trading RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>2003</b>								
<b>Other information</b>								
Segment assets	1,633,614	581,424	513,099	316,118	128,222	111,259		3,283,736
Associates	5,884	—	47,019	746,519	6,828	130,975		937,225
Unallocated corporate assets								120,220
Total assets								4,341,181
Segment liabilities	903,041	62,521	56,204	651,552	140,381	128,950		1,942,649
Unallocated corporate liabilities								62,729
Total liabilities								2,005,378
Capital Expenditure	49,528	298	64,151	673	1,794	11,817		128,261
Depreciation	21,768	413	2,316	749	285	4,452		29,983
Other non-cash expenses	8,164	—	(62)	4,877	4,540	391		17,910

# Notes to the Financial Statements

## 29. INTEREST IN JOINT VENTURE PLANTATION

The Group has a 50% interest in Kuala Muda Estate, which is being held at a book value of RM22,284,000 (2003: RM22,284,000). 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 balance sheet and income statement:

	Group	
	2004 RM'000	2003 RM'000
Property, plant and equipment	14,731	14,335
Current assets	3,734	8,097
Current liabilities	(2,120)	(5,796)
Net assets	16,345	16,636
Revenue	3,873	2,428
Operating cost	(4,143)	(5,383)
Loss before taxation	(270)	(2,955)
Capital commitment	9	503

There are no other capital commitments or contingencies relating to the Group's interest in the joint venture.



### 30. COMMITMENTS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Acquisition of investment in Subsidiaries	364,000	1,722	50,000	1,722
Subscription to a Subsidiary's Rights Issue	—	—	—	109,000
Capital expenditure contracted	166,000	265,000	—	—
Capital expenditure authorised but not contracted	86,000	90,000	11,500	6,600
	616,000	356,722	61,500	117,322

### 31. CONTINGENT ASSET

A Subsidiary has lodged appeals against the valuations adopted by the Government on the compulsory acquisitions of 1,996 hectares of estate land. The disputes on the quantum of any additional compensation have not been settled and the potential benefit if any, has not been included in these financial statements.

### 32. CONTINGENT LIABILITIES

- (i) There is a pending claim against a Subsidiary for goods sold, delivered and invoiced together with costs and interest. The Subsidiary had denied the claim and filed a counterclaim together with further cost and interests. The Directors, in consultation with legal counsel, are of the opinion that the claim is without merit and no provision is required.
- (ii) Pursuant to a claim initiated by the Company against a debtor for the recovery of debts, a counterclaim was subsequently filed by the debtor seeking specific damages for a sum of RM50 million, cost and interest, and that several agreements and debentures entered into previously be declared null and void. The Directors, in consultation with legal counsel, are of the opinion that the counterclaim is without merit and has no likelihood of success.

# Notes to the Financial Statements

## 33. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Purchase of goods from Kao (Malaysia) Sdn Bhd, an Associate	17,149	16,436	—	—
Purchase of goods from Johan Ceramics Berhad, a subsidiary of LTAT	13,833	19,625	—	—
Purchase of goods from UAC Berhad, an Associate	24,443	24,670	—	—
Agricultural research and advisory services paid to Applied Agricultural Resources Sdn Bhd, an Associate	3,059	2,925	—	—
Insurance premium paid to Royal & Sun Alliance Insurance (M) Berhad, an Associate	5,226	4,742	180	58
Insurance commission received from Royal & Sun Alliance Insurance (M) Berhad, an Associate	1,080	1,280	—	—
Stockist commission received from Riche Monde Sdn Bhd, an Associate	2,523	2,759	—	—
Sale of development property to UMW Toyota Motor Sdn Bhd, a subsidiary of UMW Holdings Berhad in which our Director, Lt. Gen (R) Dato' Yusof Din is a director	10,924	—	—	—
Sale of development property to UAC Berhad, an Associate	—	9,575	—	—
Purchase of estate property from Boustead Plantations Berhad, a Subsidiary	—	—	53,053	—
Sale of freehold residential property to Boustead Weld Court Sdn Bhd, a Subsidiary	—	—	—	26,000
Professional fees paid to MAA Arkitek in which a Subsidiary's director, Dato' Ghazali Mohd Ali is a member	4,207	3,336	—	—

### 33. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd.)

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Professional fees paid to Azzat & Izzat, a legal firm in which our Director, Datuk Azzat Kamaludin is a member	249	491	80	33
Professional fees paid to Affin Merchant Bank, a subsidiary of LTAT	226	2,940	46	1,218
Professional fees paid to Affin Bank, a subsidiary of LTAT	400	—	400	—

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.

During the year, Y. Bhg. Gen (R) Tan Sri Dato' Mohd Ghazali Hj. Che Mat acquired a residential property amounting to RM439,000 in accordance with the terms approved by shareholders at the previous Annual General Meeting.

Pursuant to a supplementary agreement between a Subsidiary and two of its directors 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 (2003: 7,256) hectares of the leasehold plantation land as at 31 December 2004. Balances at year end with these directors are as follows:

	Group	
	2004 RM'000	2003 RM'000
Deposit paid	3,200	3,200
Retention sum and balance due	(2,212)	(2,212)

During the year, the Company has a controlling related party relationship with its direct and indirect Subsidiaries and the Associates as disclosed in the financial statements. The Company also has a related party relationship with its holding corporation, Lembaga Tabung Angkatan Tentera (LTAT) and the subsidiaries and direct/indirect associated companies of LTAT.

# Notes to the Financial Statements

## **34. HOLDING COMPANY**

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

## **35. SUBSEQUENT EVENT**

- (i) The Company and its wholly owned Subsidiary, Boustead Mint Sdn Bhd (BMint) had on 4 February 2005 entered into a conditional Share Sale Agreement with BP Asia Pacific Pte Limited to acquire 70% of the issued and paid-up share capital of BP Malaysia Sdn Bhd (BPM) comprising 58,310,000 ordinary shares of RM1.00 each for a cash consideration of USD120 million, subject to adjustments to the working capital of BPM upon completion; and
- (ii) the Company, BMint and Tegas Pertini Sdn Bhd (TPSB) had on 4 February 2005 entered into a conditional agreement for the subscription of new ordinary shares of RM1.00 each at par for cash representing 43% of the enlarged issued and paid-up share capital in BMint by TPSB, pursuant to the Proposed BMint Subscription.

The proposed acquisition of BPM is subject to approvals from the Foreign Investment Committee, the Ministry of Domestic Trade and Consumer Affairs and the shareholders of Boustead Holdings Berhad. If all or any of the approvals set out above are not obtained by 31 December 2005, the Share Sale Agreement shall terminate. The Proposed BMint Subscription would be conditional upon completion of the Share Sale Agreement and the approval of all relevant authorities.

## **36. COMPARATIVES**

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year.

## **37. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS**

These financial statements were authorised for issue by the Board of Directors on 24 February 2005.

# Boustead Group

Name of Company*	Principal Activities	Paid-Up Capital	Group Interest %	
			2004	2003
<b>As at 31 December 2004</b>				
<b>SUBSIDIARIES</b>				
Boustead Plantations Berhad ( <i>formerly known as Kuala Sidim Berhad</i> )	Investment holdings, rubber & oil palm plantations	RM124,521,383	<b>100</b>	100
Boustead Properties Berhad ( <i>formerly known as SCB Developments Berhad</i> )	Investment holdings, oil palm plantations & property investments	RM255,199,031	<b>56</b>	52
Boustead Rimba Nilai Sdn Bhd ( <i>formerly known as Rimba Nilai Sdn Bhd</i> )	Oil palm plantations	RM100,000,000	<b>100</b>	100
Boustead Kanowit Oil Mill Sdn Bhd	Processing of palm oil	RM30,000,000	<b>100</b>	100
Bounty Crop Sdn Bhd	Investment holding	RM30,000,000	<b>100</b>	100
Boustead Segaria Sdn Bhd ( <i>formerly known as Resort Corporation (Sabah) Sdn Bhd</i> )	Oil palm plantations	RM18,000,520	<b>100</b>	100
Boustead Emastulin Sdn Bhd	Oil palm plantations & automobile dealership	RM17,000,000	<b>100</b>	100
Boustead Credit Sdn Bhd	Hire purchase & lease financing	RM15,000,000	<b>100</b>	100
Boustead Eldred Sdn Bhd	Oil palm plantations	RM15,000,000	<b>100</b>	100
Boustead Engineering Sdn Bhd	Engineering equipment & chemicals distributor	RM8,000,000	<b>100</b>	100
Boustead Trunkline Sdn Bhd ( <i>formerly known as Trunkline Plantations Sdn Bhd</i> )	Oil palm plantations	RM7,000,000	<b>100</b>	100
Boustead Sutera Sdn Bhd ( <i>formerly known as Boustead Sales &amp; Services Sdn Bhd</i> )	Oil palm plantations	RM4,250,000	<b>100</b>	100
Boustead Global Trade Network Sdn Bhd	Consumer goods distributor	RM3,000,000	<b>100</b>	100
Boustead Gradient Sdn Bhd	Oil palm & coconut plantations	RM3,000,000	<b>100</b>	100
Boustead Building Materials Sdn Bhd ( <i>formerly known as Boustead Educom Sdn Bhd</i> )	Building products distributor	RM2,850,000	<b>100</b>	95
Boustead Weld Quay Sdn Bhd	Property investment	RM2,000,000	<b>100</b>	100
Boustead Emasewa Sdn Bhd	Car rental	RM1,625,159	<b>100</b>	100
Boustead Travel Services Sdn Bhd	Travel agent	RM1,500,000	<b>100</b>	100
Boustead Mint Sdn Bhd	Dormant	RM1,500,000	<b>100</b>	100
Boustead Estates Agency Sdn Bhd	Plantation management	RM1,050,000	<b>100</b>	100

# Boustead Group

Name of Company*	Principal Activities	Paid-Up Capital	Group Interest %	
			2004	2003
<b>As at 31 December 2004</b>				
<b>SUBSIDIARIES (cont'd.)</b>				
Boustead Management Services Sdn Bhd	Management services	RM1,000,000	<b>100</b>	100
Boustead Information Technology Sdn Bhd	Computer service & systems design	RM1,000,000	<b>100</b>	100
Boustead Construction Sdn Bhd	Project management	RM1,000,000	<b>100</b>	100
Boustead Advisory and Consultancy Services Sdn Bhd	Plantation management	RM500,002	<b>100</b>	100
Boustead Shipping Agencies Sdn Bhd	Shipping agent	RM200,000	<b>100</b>	100
Boustead Solandra Sdn Bhd ( <i>formerly known as Solandra Sdn Bhd</i> )	Oil palm & teak plantations	RM200,000	<b>100</b>	100
Boustead Electronic Commerce Sdn Bhd	Ceased operation	RM100,000	<b>100</b>	100
AB Shipping Sdn Bhd	Shipbroker	RM45,000	<b>100</b>	100
Bestari Marine Sdn Bhd	Marine surveys & consultancy	RM35,000	<b>100</b>	100
Boustead Sedili Sdn Bhd ( <i>formerly known as Modernmax Sdn Bhd</i> )	Oil palm plantations	RM2	<b>100</b>	100
Boustead Trading Sdn Bhd***	Dormant	B\$1,000,000	<b>100</b>	100
Malakoff Management Services Pte Ltd#	Management services	S\$100,000	<b>100</b>	100
AB Shipping Pte Ltd#	Shipping agent	S\$100,000	<b>100</b>	100
Boustead Silasuka Sdn Bhd	Oil palm plantations	RM10,000,000	<b>98</b>	98
Boustead Sungai Manar Sdn Bhd	Oil palm plantations	RM4,500,000	<b>89</b>	89
Malaysian Welding Industries Sdn Bhd	Investment holding	RM2,500,000	<b>75</b>	75
Boustead Heah Joo Seang Sdn Bhd	Oil palm plantations	RM9,184,000	<b>70</b>	70
Boustead Sissons Paints Sdn Bhd	Paint manufacturer	RM6,750,000	<b>70</b>	70
Boustead Shipping Agencies (B) Sdn Bhd***	Shipping agent	B\$100,000	<b>70</b>	70
Cargo Freight Shipping Sdn Bhd	Shipping agent	RM186,000	<b>70</b>	70
PT Dendymarker Indahlestari+**	Oil palm plantations	Rp45,000,000,000	<b>65</b>	65
Boustead Pelita Kanowit Sdn Bhd	Oil palm plantations	RM34,560,000	<b>60</b>	60
Boustead Pelita Tinjar Sdn Bhd ( <i>formerly known as Loagan Bunut Plantations Sdn Bhd</i> )	Oil palm & teak plantations	RM48,000,000	<b>60</b>	60

Name of Company*	Principal Activities	Paid-Up Capital	Group Interest %	
			2004	2003
<b>As at 31 December 2004</b>				
<b>SUBSIDIARIES (cont'd.)</b>				
The University of Nottingham in Malaysia Sdn Bhd	Operation of a university	RM88,960,000	<b>65</b>	62
Boustead Realty Sdn Bhd (formerly known as Boustead Johan Edaran Sdn Bhd)	Property investments	RM100,000,000	<b>56</b>	95
Boustead Weld Court Sdn Bhd	Property investments	RM20,000,000	<b>56</b>	52
U.K. Realty Sdn Bhd	Ceased operations	RM40,000,000	<b>56</b>	52
Mutiara Rini Sdn Bhd	Property developer	RM50,000,000	<b>56</b>	52
Boustead Curve Sdn Bhd (formerly known as Promenade Realty Sdn Bhd)	Property investment	RM50,000,000	<b>56</b>	52
Boustead Hotels & Resorts Sdn Bhd	Hotel operations	RM75,000,000	<b>56</b>	52
Boustead Linear Corporations Sdn Bhd (formerly known as Mutiara Rini Linear DCP Sdn Bhd)	Manufacture of chilled water	RM12,000,000	<b>34</b>	52
Minat Warisan Sdn Bhd	Investment holding	RM13,300,000	<b>55</b>	55
PT Anam Koto+**	Oil palm plantations	Rp14,000,000,000	<b>52</b>	52
Boustead-Anwarsyukur Estate Agency Sdn Bhd	Plantation management	RM500,000	<b>51</b>	51
Jernih Rezeki Sdn Bhd	Property developer	RM5,000,000	<b>51</b>	51
Adskill Sdn Bhd**	Training services	RM200,000	<b>51</b>	51
PT Boustead Indonesia Management Consultancy Services+**	Plantation management	Rp1,836,800,000	<b>51</b>	—
Boustead Oil Bulking Sdn Bhd	Bulking of edible oil	RM7,000,000	<b>51</b>	51
Boustead Sissons Paints China Sdn Bhd	Investment holding	RM2,200,000	<b>42</b>	42
Sissons Paints Co Ltd Shaoxing@**	Paint manufacturer	RMB8,693,329	<b>42</b>	42
Akademi Pendidikan Pemandu (M) Sdn Bhd	Property development	RM5,000,000	<b>43</b>	39
Sungai Jernih Plantations Sdn Bhd	Ceased operations	RM98,901,610	<b>100</b>	100
Perwira Plantations Sdn Bhd	Ceased operations	RM57,120,000	<b>100</b>	100
Syarikat Kemajuan Bumidaya (Sabah) Sdn Bhd	Ceased operations <sup>a</sup>	RM1,346,408	<b>100</b>	100
Gradient Holdings Sdn Bhd	Ceased operations <sup>a</sup>	RM10,000,000	<b>100</b>	100
Syarikat Hing Lee Plantations Sdn Bhd	Ceased operations <sup>a</sup>	RM15,000,000	<b>100</b>	100
Yaw Lim Plantations Sdn Bhd	Ceased operations <sup>a</sup>	RM6,000,000	<b>100</b>	100
Segamaha Development Sdn Bhd	Ceased operations <sup>a</sup>	RM40,000,000	<b>100</b>	100

# Boustead Group

Name of Company*	Principal Activities	Paid-Up Capital	Group Interest %	
			2004	2003
<b>As at 31 December 2004</b>				
<b>SUBSIDIARIES (cont'd.)</b>				
Progress Castings (1982) Sdn Bhd	Ceased operations <sup>a</sup>	RM2,000,000	<b>100</b>	100
Holiday Bath Sdn Bhd	Ceased operations <sup>a</sup>	RM1,750,000	<b>100</b>	100
Kedah Oil Palms Berhad	Ceased operations <sup>a</sup>	RM1,000,000	<b>100</b>	100
Ladang Segaria Sdn Bhd	Ceased operations <sup>a</sup>	RM13,400,000	<b>100</b>	100
Luboh Anak Batu Estates Sdn Bhd	Ceased operations <sup>a</sup>	RM1,950,000	<b>56</b>	52
<b>ASSOCIATES</b>				
Pavilion Entertainment Centre (M) Sdn Bhd	Property development	RM3,000,000	<b>50</b>	50
Drew Ameroid (Malaysia) Sdn Bhd	Industrial chemicals distributor	RM20,000	<b>50</b>	50
BTL Sdn Bhd	Hydrographic survey	RM30,000	<b>50</b>	50
Asia Smart Cards Centre (M) Sdn Bhd	Smart card personalisation	RM100,000	<b>50</b>	50
Wah Seong Boustead Co Ltd <sup>^</sup>	Consumer & building products distributor	Kyat2,760,000	<b>50</b>	50
Riche Monde Sdn Bhd	Wine & spirits distributor	RM5,600,000	<b>50</b>	50
Applied Agricultural Resources Sdn Bhd (formerly known as Applied Agricultural Research Sdn Bhd)	Agricultural research & advisory services	RM750,000	<b>50</b>	38
Kao (Malaysia) Sdn Bhd	Toiletries, household products distributor	RM16,000,000	<b>45</b>	45
Boustead Bulking Sdn Bhd	Bulking of edible oil	RM1,000,000	<b>43</b>	43
P&O Nedlloyd M.A. Sdn Bhd	Shipping agent	RM50,000	<b>40</b>	40
UAC Berhad	Fibre cement products manufacturer	RM73,244,000	<b>39</b>	40
Royal & Sun Alliance Insurance (M) Berhad	General insurance	RM107,267,790	<b>35</b>	35
K'Line Kinkai (Malaysia) Sdn Bhd	Shipping agent	RM500,000	<b>30</b>	30
Damansara Entertainment Centre Sdn Bhd	Property investment	RM17,000,000	<b>26</b>	26
Affin Holdings Berhad	Financial services group	RM1,035,720,646	<b>25</b>	26
Cadbury Confectionery Malaysia Sdn Bhd	Chocolate & sugar confectionery manufacturer	RM8,185,000	<b>25</b>	25

\* Incorporated in Malaysia unless otherwise indicated

\*\* Subsidiaries not audited by Ernst & Young Global

\*\*\* Incorporated in Brunei

# Incorporated in Singapore

+ Incorporated in Indonesia

^ Incorporated in Myanmar

@ Incorporated in China

& commenced members' voluntary liquidation in 2004



## Recurrent Related Party Transactions

At the Annual General Meeting held on 2 April 2004, 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 4.1.5 of Practice Note No. 12/2001 of the Bursa Malaysia Securities Berhad Listing Requirements, the details of recurrent related party transactions conducted during the financial year ended 31 December 2004 pursuant to the Shareholders' Mandate are disclosed as follows:

Related Party	Interested Director/ Connected Person	Nature of Transactions	Value of Transactions RM'000
Boustead Building Materials Sdn Bhd	Gen. (R) Tan Sri Dato' Mohd Ghazali Hj. Che Mat	Management services provided by Boustead Holdings Berhad	87
		Sales of paints by Boustead Sissons Paints Sdn Bhd	12,660
Boustead Sissons Paints Sdn Bhd	Gen. (R) Tan Sri Dato' Mohd Ghazali Hj. Che Mat	Management services provided by Boustead Holdings Berhad	216
		Purchase of paints by Boustead Building Materials Sdn Bhd	12,660
		Provision of warehousing services by Boustead Global Trade Network Sdn Bhd	439
		Provision of computer services by Boustead Information Technology Sdn Bhd	192

## Recurrent Related Party Transactions

Related Party	Interested Director/ Connected Person	Nature of Transactions	Value of Transactions RM'000
Boustead Properties Berhad Group	Gen. (R) Tan Sri Dato' Mohd Ghazali Hj. Che Mat	Sale of fertilisers by Boustead Engineering Sdn Bhd	<b>5,188</b>
	Tan Sri Dato' Lodin Wok Kamaruddin	Advertising services provided by Boustead Advertising Sdn Bhd	<b>184</b>
	Hj. Johari Muhamad Abbas Datuk Azzat Kamaludin	Construction works by Boustead Construction Sdn Bhd	<b>207</b>
		General and plantation management services by Boustead Holdings Berhad and Boustead Estates Agency Sdn Bhd	<b>1,106</b>
		Office rental paid by Boustead Holdings Berhad Group	<b>3,342</b>
		Property management services provided to Boustead Holdings Berhad	<b>148</b>
		Provision of renovation works by Boustead Building Materials Sdn Bhd	<b>738</b>

Related Party	Interested Director/ Connected Person	Nature of Transactions	Value of Transactions RM'000
		Provision of computer services by Boustead Information Technology Sdn Bhd	51
		Purchase of fresh fruit bunches by Boustead Plantations Berhad and Boustead Heah Joo Seang Sdn Bhd	11,932
Boustead Heah Joo Seang Sdn Bhd	Gen. (R) Tan Sri Dato' Mohd Ghazali Hj. Che Mat Tan Sri Dato' Lodin Wok Kamaruddin Hj. Johari Muhamad Abbas	General and plantation management services provided by Boustead Estates Agency Sdn Bhd	1,130
		Sale of fresh fruit bunches by Boustead Properties Berhad	11,932
		Sale of engineering equipment and chemicals by Boustead Engineering Sdn Bhd	24
The University of Nottingham in Malaysia Sdn Bhd	Gen. (R) Tan Sri Dato' Mohd Ghazali Hj. Che Mat Tan Sri Dato' Lodin Wok Kamaruddin	General and project management services by Boustead Holdings Berhad and Boustead Construction Sdn Bhd	772

## Recurrent Related Party Transactions

Related Party	Interested Director/ Connected Person	Nature of Transactions	Value of Transactions RM'000
Affin Holdings Berhad Group	Gen. (R) Tan Sri Dato' Mohd Ghazali Hj. Che Mat Tan Sri Dato' Lodin Wok Kamaruddin Hj. Johari Muhamad Abbas Datuk Azzat Kamaludin	Office rental for Menara Boustead and Menara Affin paid to Boustead Realty Sdn Bhd and Boustead Properties Berhad	11,744
		Professional fees paid to Affin Holdings Berhad Group	626
Damansara Entertainment Centre Sdn Bhd	Hj. Johari Muhamad Abbas	Management services provided by Boustead Construction Sdn Bhd	167
UAC Berhad	Gen. (R) Tan Sri Dato' Mohd Ghazali Hj. Che Mat Tan Sri Dato' Lodin Wok Kamaruddin Dato' (Dr.) Megat Abdul Rahman Megat Ahmad	Office rental for Menara Boustead paid to Boustead Realty Sdn Bhd	390
		Sale of trading goods to Boustead Building Materials Sdn Bhd	24,443
Irat Hotel & Resorts Sdn Bhd	Dato' Ghazali Mohd Ali	Office rental for Menara Boustead paid to Boustead Realty Sdn Bhd	50

Related Party	Interested Director/ Connected Person	Nature of Transactions	Value of Transactions RM'000
Johan Ceramics Berhad	Tan Sri Dato' Lodin Wok Kamaruddin Dato' (Dr.) Megat Abdul Rahman Megat Ahmad	Sale of trading goods to Boustead Building Materials Sdn Bhd	13,833
Perbadanan Hal Ehwal Bekas Angkatan Tentera	Tan Sri Dato' Lodin Wok Kamaruddin	Training provided by Adskill Sdn Bhd	—
Arkitek MAA	Dato' Ghazali Mohd Ali <i>(a director of Boustead Properties Berhad and member of the firm)</i>	Architectural services to Mutiara Rini Sdn Bhd and Boustead Curve Sdn Bhd	4,207
Azzat & Izzat	Datuk Azzat Kamaludin	Provision of legal services to Boustead Holdings Berhad Group	249

# Portfolio Harta Kumpulan

Location	Hectares	Description	Age of Tenure	Book Buildings	Value
<b>At 31 December 2004</b>				<b>Years</b>	<b>RM Million</b>
71 Jalan Raja Chulan, Kuala Lumpur	0.11	Kompleks Pejabat	Milik Bebas	21	21.0
69 Jalan Raja Chulan, Kuala Lumpur	0.43	Kompleks Pejabat	Milik Bebas	19	128.0
80 Jalan Raja Chulan, Kuala Lumpur	0.34	Kompleks Pejabat	Milik Bebas	6	108.0
183 Jalan Ampang, Kuala Lumpur	1.23	Rumah Banglo	Milik Bebas	24	6.4
16 Jalan Bukit Tunku, Kuala Lumpur	0.34	Rumah Banglo	Milik Bebas	50	1.8
24 Pesiaran Bukit Tunku, Kuala Lumpur	0.28	Rumah Banglo	Milik Bebas	43	1.7
6 Jalan Girdle, Kuala Lumpur	0.32	Rumah Banglo	Milik Bebas	41	1.0
PT 5915 Batu 4½, Jalan Genting Kelang, Kuala Lumpur	3.10	Tanah Pembangunan	1997 – 2096		14.3
2 Jalan Penchala, Petaling Jaya, Selangor	0.41	Industrial land & building	1957 – 2056		1.2
15 Jalan Gudang, Shah Alam, Selangor	0.40	Industrial land & building	1970 – 2069	9	2.3
11 Jalan Ragum, Shah Alam, Selangor	1.21	Industrial land & building	1987 – 2086	17	5.8
Balau Estate, Semenyih, Selangor	501	Ladang sawit	Milik Bebas		10.6
Lots 723 & 724, Section 8, Petaling Jaya, Selangor	0.17	Industrial land & building	1970 – 2069	19	3.7
Lot P.T.1 Petaling Jaya, Selangor	0.93	Industrial land & buildings	1959 – 2058	26	4.6
Lot 9, Section 7, Pulau Indah Industrial Park, Port Kelang	1.88	Industrial land	1995 – 2094		2.9
TRP Estate, Trong, Perak	1,411	Ladang sawit	Milik Bebas		32.0
Malaya Estate, Selama, Perak	923	Ladang sawit	Freehold		14.7
1 Weld Quay, Georgetown, Penang	0.05	Commercial land & building	Freehold	9	0.4

Location	Hectares	Description	Age of Tenure	Book Buildings	Value
<b>At 31 December 2004</b>				<b>Years</b>	<b>RM Million</b>
1A Weld Quay, Penang (Lot 723, 724, 725)	0.26	Industrial land & buildings	Milik Bebas	20	2.7
No 2 Weld Quay, Penang	0.18	Vacant land	Milik Bebas		4.1
1033 Jalan Chain Ferry, Prai	0.71	Industrial land & building	Milik Bebas	30	2.9
Lots 86 to 88 & 1227, Mukim 15, Bukit Mertajam, Penang	1.9	Tanah Pembangunan	Milik Bebas		1.8
Malakoff Estate, Tasek Glugor, Penang	1,411	Ladang sawit	Milik Bebas		31.8
Lot 90, Semambu Industrial Estate, Pahang	0.41	Industrial land	1975 – 2041	5	2.6
Lots 22 & 25, Section 1, Bandar Indera Mahkota, Pahang	0.59	Industrial land & building	1996 – 2062	5	3.9
Batu Pekaka Estate, Kuala Ketil, Kedah	688	Ladang sawit	Milik Bebas		12.3
Luboh Anak Batu Estate, Kuala Ketil, Kedah	285	Ladang sawit	Milik Bebas		6.4
Stothard Estate, Kuala Ketil, Kedah	983	Ladang sawit	Milik Bebas		18.5
Bukit Mertajam Estate, Kulim, Kedah	2,166	Ladang sawit	Milik Bebas		31.6
Kedah Oil Palm Estate, Kulim, Kedah	245	Ladang sawit	Milik Bebas		4.8
Kuala Muda Estate, Sungei Petani, Kedah (Half Interest)	776	Ladang sawit	Milik Bebas		16.3
Lepan Kabu Estate, Kuala Krai, Kelantan	2,040	Rubber & oil palm estate	Milik Bebas		28.8
21 Jalan Padu, Tampoi Industrial Estate, Johor Bahru	0.61	Industrial land & building	1975 – 2035	29	1.6
Bekoh Estate, Tangkak, Johor	1,227	Ladang sawit	Milik Bebas		23.1

## Portfolio Harta Kumpulan

Location	Hectares	Description	Age of Tenure	Book Buildings	Value
<b>At 31 December 2004</b>				<b>Years</b>	<b>RM Million</b>
Chamek Estate, Paloh, Johor	835	Ladang sawit	Milik Bebas		15.0
Kulai Young Estate, Kulai, Johor	1,022	Ladang sawit	Milik Bebas		18.3
Mutiara Rini, Kulai, Johor	461.8	Development land	1912 – 2911		10.6
Eldred Estate, Bekoh, Johor	1,830	Ladang sawit	Milik Bebas		31.0
17-21 Jalan Bukit Bintang	0.31	Hotel	Milik Bebas	7	110.0
HSDN 144348 PT 40037, Mutiara Damansara, Mukim Sungai Buluh, Selangor	5.66	Commercial land & building	Milik Bebas		238.0
HSDN 183241 PT 44582, Mutiara Damansara, Mukim Sungai Buluh, Selangor	0.61	Tanah Komersil	Milik Bebas		5.2
Telok Sengat Estate, Kota Tinggi, Johor	3,717	Ladang sawit	Milik Bebas		32.5
Lot 22, Sedco Industrial Estate, Kota Kinabalu, Sabah	0.50	Industrial land & building	1975 – 2034	26	1.8
Km 1.4 Jalan Leila, Sandakan, Sabah	0.35	Industrial land & building	1889 – 2888	22	2.1
Ladang Segaria, Semporna, Sabah	4,746	Ladang sawit	1965 – 2072		53.3
Sungai-Sungai/Kawananan, Sugut, Sabah	7,256	Ladang sawit	1997 – 2098		80.4
Sungai Segamaha, Lahad Datu, Sabah	3,245	Ladang sawit	1979 – 2077		48.5
Bukit Segamaha, Lahad Datu, Sabah	2,415	Ladang sawit	1979 – 2077		24.7
Resort Estate, Sandakan, Sabah	1,135	Ladang sawit	1973 – 2071		11.3
Nak Estate, Sandakan, Sabah	1,386	Ladang sawit	1963 – 2075		15.7
Pulau Bai Estate, Sandakan, Sabah	326	Ladang Kelapa	1883 – 2881		7.2



Location	Hectares	Description	Age of Tenure	Book Buildings	Value
<b>At 31 December 2004</b>				<b>Years</b>	<b>RM Million</b>
Lot 1331, Jalan Perdana, Kuching, Sarawak	0.54	Industrial land & building	1967 – 2027	10	2.6
Sutera Estate, Sandakan, Sabah	2,306	Ladang sawit	1888 – 2888		24.8
Ladang Silasuka, Lahad Datu, Sabah	518	Ladang sawit	1973 – 2071		5.8
Solandra Estate, Kemaman, Terengganu	430	Ladang Sawit & teak	1984 – 2054	4.9	
Ladang Sungai Manar, Lahad Datu, Sabah	982	Ladang Sawit	1965 – 2080		12.3
Lots 1441 & 1442, Section 66, Kuching, Sarawak	0.25	Industrial land & building	1981 – 2046	16	0.3
Loagan Bunut Estate, Miri, Sarawak	4,190	Ladang Sawit	1991 – 2091		51.9
Sungai Lelak Estate, Miri, Sarawak	3,734	Ladang Sawit	1988 – 2088		46.0
Ladang Bebar, Pekan, Pahang	2,388	Ladang Sawit	1984 – 2083		46.8
Ladang Sungai Jernih, Pekan, Pahang	2,746	Ladang Sawit	1981 – 2091		56.7
Ladang Tabung Tentera, Kemaman, Terengganu	1,956	Ladang Sawit	1982 – 2054		24.4
Ladang Tabung Tentera, Lahad Datu, Sabah	2,023	Ladang Sawit	1979 – 2077		32.7
Bukit Limau Estate, Miri, Sarawak	4,827	Oil palm & teak estate	1995 – 2094		42.8
Kelimum Estate, Kanowit, Sarawak	2,211	Ladang Sawit	1998 – 2058		36.7
Maong Estate, Kanowit, Sarawak	1,275	Ladang Sawit	1998 – 2058		20.9
Mapai Estate, Kanowit, Sarawak	2,721	Ladang Sawit	1998 – 2058		36.7
Jih Estate, Kanowit, Sarawak	2,948	Ladang Sawit	1998 – 2058		54.3

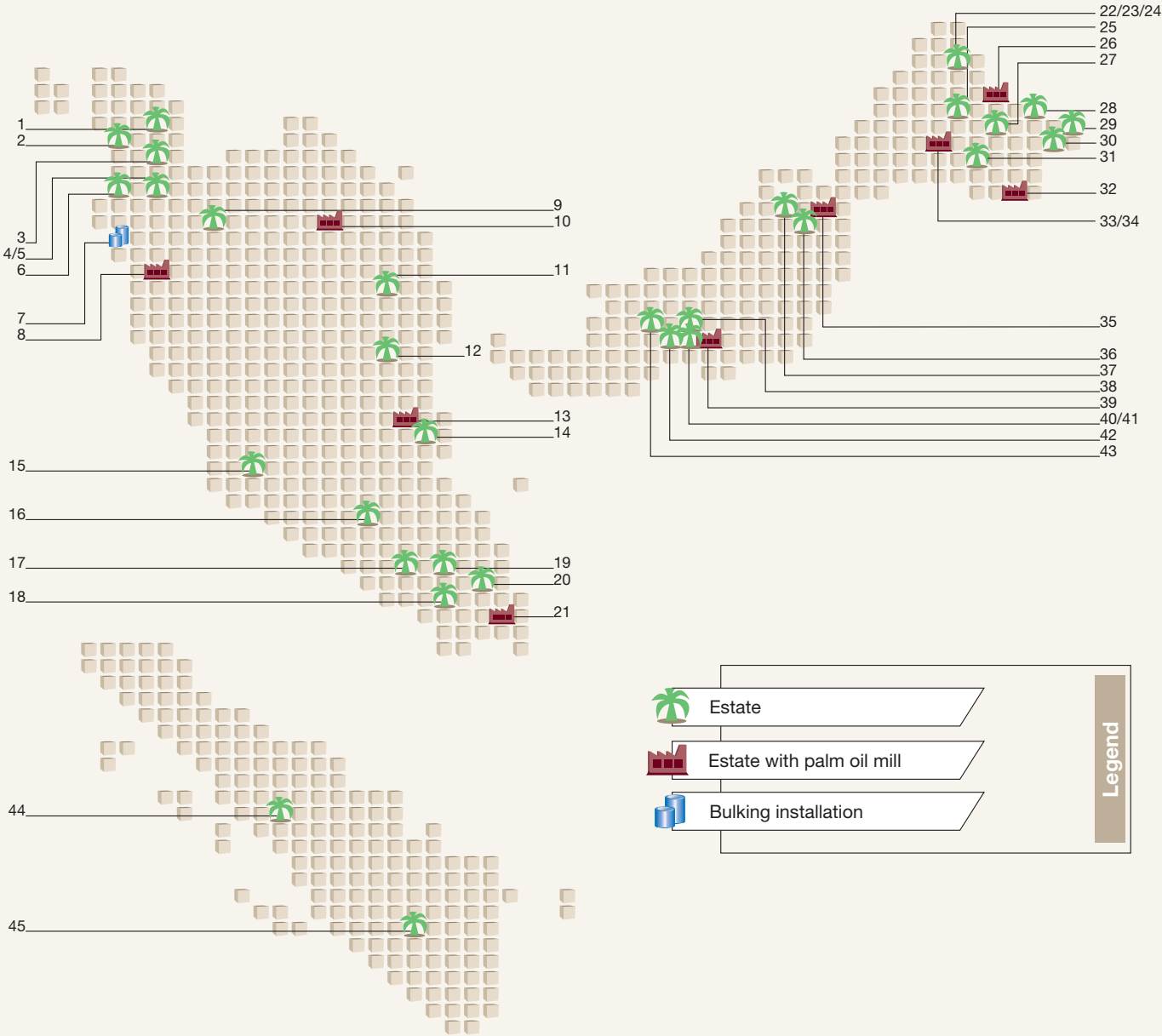
## Portfolio Harta Kumpulan

Location	Hectares	Description	Age of Tenure	Book Buildings	Value
				Years	
<b>At 31 December 2004</b>					
Pedai Estate, Kanowit, Sarawak	3,421	Ladang Sawit	1998 – 2058		57.1
Bawan Estate, Kanowit, Sarawak	1,832	Ladang Sawit	1998 – 2058		32.4
AKO Estate, Muara Kiawi, Sumatra, Indonesia	4,789	Ladang Sawit	1999 – 2029		56.4
Bingin Rupit Estates, Musi Rawas, Sumatra, Indonesia	17,791	Ladang Sawit	1998 – 2028		126.4
Lot 70, Mutiara Damansara, Mukim Sungai Buloh, Selangor	42.13	Tanah Pembangunan	Milik Bebas		72.1
Lot 1385, Bandar Selayang, Gombak	0.64	Industrial land & building	Milik Bebas	5	4.6
26, Jalan Tun Sambanthan 3, Brickfields	0.02	Bangunan Pejabat	Milik Bebas	21	1.5
Lot 265, Bandar Butterworth	0.15	Vacant land	Milik Bebas		1.1
Lot 26, Phase NUIA, Nilai Utama Enterprise Park	1.93	Tanah Industri	Milik Bebas		16.8
Grant No. 5314, Semenyih, Selangor	41.2	Kampus Universiti dalam Pembinaan	Freehold		23.3
Ulu Sedili	995	Ladang Sawit	2004 – 2093		7.1
Trunkline	2,730	Ladang Sawit	2001 – 2099		38.9

# Group Oil Palm Agricultural Statistics

For Year Ended 31 December	2004	2003	2002	2001	2000
<b>Planted hectares</b>					
Prime mature	<b>38,975</b>	38,728	40,663	38,074	36,681
Young mature	<b>33,013</b>	28,164	16,934	11,856	8,662
Mature	<b>71,988</b>	66,892	57,597	49,930	45,343
Immature	<b>8,219</b>	13,126	21,245	28,316	32,743
Total planted	<b>80,207</b>	80,018	78,842	78,246	78,086
<b>FFB crop (MT)</b>	<b>1,149,176</b>	1,089,079	979,804	948,372	887,478
<b>FFB yield per prime mature hectare (MT)</b>	<b>22.9</b>	23.0	22.0	22.8	23.1
<b>Mill production (MT)</b>					
Palm oil	<b>213,368</b>	179,182	158,276	160,234	156,374
Palm kernel	<b>52,928</b>	45,785	40,490	41,370	41,051
<b>Extraction rates (%)</b>					
Palm oil	<b>19.9</b>	19.8	20.3	19.8	19.3
Palm kernel	<b>4.9</b>	5.1	5.2	5.1	5.1
<b>Oil yield per hectare (MT)</b>	<b>5.2</b>	5.3	5.0	5.1	5.0
<b>Average selling prices (RM per MT)</b>					
FFB	<b>308</b>	272	229	142	167
Palm oil	<b>1,616</b>	1,504	1,287	852	997
Palm kernel	<b>1,036</b>	713	645	418	660

# Location of Group Plantation Properties



## PENINSULAR MALAYSIA

1 Batu Pekaka	2 Kuala Muda	3 Stothard
4 Kedah Oil Palm	5 Bukit Mertajam	6 Malakoff
7 Bulking Installation	8 TRP	9 Malaya
10 Lapan Kabu	11 Solandra	12 LTT-Terenganu
13 Sungai Jernih	14 Bebar	15 Balau
16 Bekoh	17 Eldred	18 Kulai Young
19 Chamek	20 Sedili	21 Telok Sengat

## SABAH & SARAWAK

22 Sungai Sungai 1	23 Sungai Sungai 2	24 Kawananan
25 Resort	26 Nak	27 Sutera
28 Pulau Bai	29 Silasuka	30 Sungai Manar
31 LTT-Sabah	32 Segaria	33 Sungai Segamaha
34 Bukit Segamaha	35 Loagan Bunut	36 Sungai Lelak
37 Bukit Limau	38 Pedai	39 Jih
40 Kelimut	41 Maong	42 Mapai
43 Bawan		

## INDONESIA

44 Anam Koto	45 Bingin Rupit 1-3
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## Age Profile of Palms

Region	Immature	Young Mature	Prime Mature			Total Planted
	< 3 years	3-6 years	7-15 years	16-25 years	> 25 years	
(Hectares)						
Peninsular Malaysia	2,847	3,786	9,214	9,729	17	25,593
Sabah	2,219	7,057	11,155	3,886	233	24,550
Sarawak	1,239	14,417	3,382	–	–	19,038
Indonesia	1,914	7,753	1,359	–	–	11,026
<b>Total</b>	<b>8,219</b>	<b>33,013</b>	<b>25,110</b>	<b>13,615</b>	<b>250</b>	<b>80,207</b>

# Shareholding Statistics

## Analysis of shareholdings as at 31 January 2005

Size of shareholdings	No. of holders	%	No. of shares	%
1 – 999	439	5.39	112,109	0.02
1,000 – 10,000	5,678	69.68	22,139,493	3.82
10,001 – 100,000	1,839	22.57	53,910,860	9.30
100,001 – less than 5% of issued shares	192	2.35	99,851,765	17.22
5% and above of issued shares	1	0.01	403,649,062	69.64
Total	8,149	100	579,663,289	100

## List of top 30 shareholders as at 31 January 2005

	No. of shares	%
1. Lembaga Tabung Angkatan Tentera	403,649,062	69.64
2. Eng Hueng Fook Henry	6,734,000	1.16
3. Hock Lok Siew Realty Sdn Bhd	4,329,333	0.75
4. HSBC Nominees (Tempatan) Sdn Bhd <i>(Nomura Asset Mgmt Sg For Employees Provident Fund)</i>	4,071,100	0.70
5. Yong Siew Yoon	4,055,040	0.70
6. Chinchoo Investment Sdn Berhad	3,806,600	0.66
7. Scotia Nominees (Tempatan) Sdn Bhd <i>(Pledged Securities Account For Che Lodin Bin Wok Kamaruddin)</i>	3,000,000	0.52
8. Cartaban Nominees (Tempatan) Sdn Bhd <i>(Amanah SSCM Nominees (Tempatan) Sdn Bhd For Employees Provident Fund Board) (JF404)</i>	2,500,000	0.43
9. Citicorp Nominees (Asing) Sdn Bhd <i>(CTCL for Invesco Perpetual International Equity Fund)</i>	2,474,000	0.43
10. Gan Teng Siew Realty Sdn Berhad	2,452,000	0.42
11. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>(Amanah Saham Wawasan 2020)</i>	2,419,000	0.42
12. Permodalan Nasional Berhad	2,414,666	0.42
13. Key Development Sdn Berhad	2,300,500	0.40
14. HSBC Nominees (Tempatan) Sdn Bhd <i>(HSBC (M) Trustee Bhd For OSK-UOB Emerging Opportunity Unit Trust) (4611)</i>	2,276,100	0.39

**List of top 30 shareholders as at 31 January 2005 (cont'd.)**

	No. of shares	%
15. Loo Geok Eng	2,116,000	0.37
16. Pertubuhan Keselamatan Sosial	2,000,000	0.35
17. Asia Life (M) Berhad <i>(As Beneficial Owner) (PF)</i>	1,997,333	0.34
18. Universiti Malaya	1,861,333	0.32
19. Citicorp Nominees (Asing) Sdn Bhd <i>(CBNY For DFA Emerging Markets Fund)</i>	1,782,900	0.31
20. Loo Geok Eng	1,592,000	0.27
21. Malaysia Nominees (Tempatan) Sendirian Berhad <i>(Amanah SSCM Asset Management Berhad for Amanah Smallcap Fund Berhad) (JM730)</i>	1,156,000	0.20
22. HDM Nominees (Tempatan) Sdn Bhd <i>(UOB Kay Hian Pte Ltd for Chin Kiam Hsung)</i>	1,143,700	0.20
23. Rengo Malay Estate Sendirian Berhad	949,000	0.16
24. HSBC Nominees (Asing) Sdn Bhd <i>(Skylight Assets Limited)</i>	930,000	0.16
25. Lee Chin Hong	888,000	0.15
26. United Investment Co Sdn Bhd	844,800	0.15
27. Citicorp Nominees (Asing) Sdn Bhd <i>(CBNY for DFA Emerging Markets Small Cap Series)</i>	831,300	0.14
28. Amanah Raya Nominees (Tempatan) Sdn Bhd <i>(AUTB Progress Fund)</i>	820,000	0.14
29. Manulife Insurance (Malaysia) Berhad	818,000	0.14
30. Ablington Holdings Sdn Bhd	740,000	0.13
	466,951,767	80.56

**Shareholders with holdings of 5% and above as at 31 January 2005**

Lembaga Tabung Angkatan Tentera	403,649,062	69.64
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**Class of shares**  
**Voting rights**

RM0.50 ordinary shares  
1 vote per share

NOTICE IS HEREBY GIVEN that the FORTY-THIRD ANNUAL GENERAL MEETING OF BOUSTEAD HOLDINGS BERHAD will be held at 4th Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur on Friday, 25 March 2005 at 10.30 a.m. for the purpose of transacting the following business:

# Notice of Annual General Meeting

## ORDINARY BUSINESS

To receive and, if thought fit, adopt the audited financial statements for the year ended 31 December 2004, and the Report of the Directors.

To declare a final dividend of 12% less tax to be paid on 25 May 2005.

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

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

“THAT pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Gen. (R) Tan Sri Dato’ Mohd Ghazali Hj. Che Mat who is over 70 years of age be reappointed a Director of the Company to hold office until the next Annual General Meeting.”

“THAT pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Lt. Gen. (R) Dato’ Mohd Yusof Din who is over 70 years of age be reappointed a Director of the Company to hold office until the next Annual General Meeting.”

“THAT pursuant to Section 129(6) of the Companies Act, 1965, Tuan Hj. Johari Muhamad Abbas who is over 70 years of age be reappointed a Director of the Company to hold office until the next Annual General Meeting.”

## Resolution Number

1

2

3

4

5

6



## **ORDINARY BUSINESS (cont'd.)**

To approve Directors' Fees.

**7**

To reappoint Auditors and to authorise the Directors to determine their remuneration.

**8**

## **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.

**9**

“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.”

**Resolution  
Number**

# Notice of Annual General Meeting

## Resolution Number

### **SPECIAL BUSINESS (cont'd.)**

Ordinary Resolution – Approval to Transact with Directors Pursuant to Section 132E of the Companies Act, 1965.

“THAT pursuant to Section 132E of the Companies Act, 1965 (Act), authority be and is hereby given to the Company or its Subsidiaries to enter into arrangements or transactions with the Directors of the Company or its holding corporation or its related corporations or any person connected with such Directors (within the meaning of Section 122A of the Act) whereby the Company or its Subsidiaries may dispose to such Directors or connected persons non-cash assets of the requisite value AND THAT such transactions are carried out on terms set out below.

10

#### *Terms:*

The following graduated discount for the purchase of units/land at any housing projects developed by the Boustead Group be given to all Directors of Boustead Holdings Berhad and Boustead Properties Berhad:

- (i) for units/land valued above RM500,000 – 20% discount (inclusive of 7% discount given to Bumiputra purchasers);
- (ii) for units/land below RM500,000 – 17% discount (inclusive of 7% discount given to Bumiputra purchasers);

on condition that the Board member has served at least 2 years, that the discount is not more than RM250,000 and the property must not be disposed within 5 years of purchase.

The Board member is entitled to the same benefit for the purchase of a second unit provided it is made five years after the first purchase.

AND THAT such authority shall continue to be in force until:

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

whichever is the earlier.”

## **SPECIAL BUSINESS (cont'd.)**

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

“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 3 March 2005 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 which 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.”

**Resolution  
Number**

**11**

# Notice of Annual General Meeting

## **SPECIAL BUSINESS (cont'd.)**

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

“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 3 March 2005 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

**Resolution  
Number**

**12**

- (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 a 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.”

To transact any other ordinary business of the Company.

Kuala Lumpur  
3 March 2005

By Order of the Board  
SHARIFAH MALEK  
Secretary

#### **FINAL DIVIDEND AND BOOKS CLOSURE**

If approved, the above dividend will be paid to shareholders on 25 May 2005.

NOTICE IS HEREBY GIVEN that the Transfer Register and Register of Members of the Company will be closed on 27 April 2005 for the determination of shareholders' entitlements to the said dividend.

# Notice of Annual General Meeting

## Note:-

- (a) Any member entitled to attend and vote may appoint a Proxy, who need not be a member, to attend and vote on his or her behalf. A corporation being a member of the Company may appoint one of its officers or any other person as its Proxy. 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 not less than forty-eight hours before the time of the Meeting.
- (b) The ordinary resolution proposed under item 9 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 interests 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.
- (c) Section 132E of the Companies Act, 1965, prohibits a company or its subsidiaries from entering into any arrangements or transactions with its directors or persons connected with such directors in respect of the acquisition from or disposal to such directors or connected persons any non-cash assets of the 'requisite value' without prior approval of the company in a General Meeting. According to the Act, a non-cash asset is considered to be of the 'requisite value' if, at the time of the arrangements or transactions, its value is greater than two hundred and fifty thousand ringgit or 10% of the Company's net assets, subject to a minimum of ten thousand ringgit. The ordinary resolution 10 if passed, will authorise the Company and each of its Subsidiaries to dispose to its Directors or connected persons, non-cash assets which may fall within the definition of 'requisite value'. The Board member is required to serve 2 years before he is entitled to the graduated discount. The Board member is entitled to the same benefit for the purchase of a second unit provided it is made five years after the first purchase.
- (d) The proposed resolutions 11 and 12, 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.

# Statement Accompanying the Notice of Annual General Meeting

## DETAILS OF BOARD MEETINGS

A total of four Board Meetings were held during the financial year ended 31 December 2004, details of which are as follows:

Date	Time	Place
8 March 2004	12.40 p.m to 2.00 p.m	28th Floor Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur
24 May 2004	11.30 a.m to 12.30 p.m	28th Floor Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur
9 August 2004	12.35 p.m to 1.35 p.m	Mutiara Damansara Sales Office, Persiaran Surian, Mutiara Damansara, 47800 Petaling Jaya, Selangor
8 November 2004	1.15 p.m to 3.30 p.m	28th Floor Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur

## ATTENDANCE OF THE DIRECTORS STANDING FOR REAPPOINTMENT, ELECTION OR RE-ELECTION

Y. Bhg. Gen. (R) Tan Sri Dato' Mohd Ghazali Hj. Che Mat, Y. Bhg. Lt. Gen. (R) Dato' Mohd Yusof Din, Tuan Hj. Johari Muhammad Abbas and Y. Bhg. Datuk Azzat Kamaludin attended all the Board Meetings that were held during the year.

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# 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 and on my/our behalf at the Annual General Meeting of the Company to be held on 25 March 2005 and at any adjournment thereof.

Resolution	For	Against
No. 1 Adoption of Directors' Report and Financial Statements		
No. 2 Approval of Dividend		
No. 3 Re-election of Y. Bhg. Datuk Azzat Kamaludin		
No. 4 Re-election of Y. Bhg. Gen. (R) Tan Sri Dato' Mohd Ghazali Hj. Che Mat		
No. 5 Re-election of Y. Bhg. Lt. Gen. (R) Dato' Mohd Yusof Din		
No. 6 Re-election of Tuan Hj. Johari Muhamad Abbas		
No. 7 Approval of Directors' fees		
No. 8 Re-appointment of Auditors		
No. 9 Approval for Directors to allot and issue shares		
No. 10 Authority to transact with Directors		
No. 11 Renewal of Shareholders' Mandate for Recurrent Related Party Transactions		
No. 12 Additional Shareholders' Mandate for Recurrent Related Party Transactions		

No. of Shares \_\_\_\_\_

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2005 \_\_\_\_\_

Signature

#### 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 some officer duly authorised in writing in that behalf.
4. If you have appointed more than one proxy, please specify the proportion of your shares to be represented by each proxy.
5. Article 73. 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 registered office of the Company located at 28th 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.

FOLD HERE

FOLD HERE

STAMP

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