



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

BOUSTEAD HOLDINGS BERHAD 3871-H

Annual Report 2010

BOUSTEAD HOLDINGS BERHAD 3871-H

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*A Tradition of
Excellence*

Annual Report 2010

ABOUT US

BOUSTEAD HOLDINGS BERHAD IS ONE OF MALAYSIA'S LARGEST DIVERSIFIED CONGLOMERATES. ESTABLISHED IN 1828, THE GROUP HAS GROWN FROM STRENGTH TO STRENGTH AND IS TODAY A DYNAMIC ORGANISATION WITH A COMPREHENSIVE RANGE OF BUSINESS INTERESTS SPANNING SIX PRIMARY SECTORS OF THE MALAYSIAN ECONOMY: PLANTATION, HEAVY INDUSTRIES, PROPERTY, FINANCE & INVESTMENT, TRADING AND MANUFACTURING & SERVICES.

WITH MORE THAN 13,000 EMPLOYEES IN OVER 100 SUBSIDIARIES AND ASSOCIATES, THE GROUP, WHOSE MAJOR SHAREHOLDER IS LEMBAGA TABUNG ANGKATAN TENTERA, HAS TOTAL ASSETS IN EXCESS OF RM9 BILLION AND HAS BEEN LISTED ON BURSA MALAYSIA SINCE 1961. ITS MARKET CAPITALISATION WAS IN EXCESS OF RM5 BILLION AT THE CLOSE OF THE FINANCIAL YEAR. ITS SHAREHOLDER FUNDS STAND AT RM4 BILLION. PROUD OF ITS TRADITION OF EXCELLENCE AND GROWTH FOR OVER 180 YEARS, BOUSTEAD CONTINUES TO STRIVE FOR EXCELLENCE TO BECOME THE PREFERRED CHOICE FOR CUSTOMERS, SHAREHOLDERS AND EMPLOYEES.



PLANTATION DIVISION

This Division is primarily involved in the planting of oil palm and processing of crude palm oil. It is also at the forefront of groundbreaking research in oil palm tissue culture and genetics.



HEAVY INDUSTRIES DIVISION

With its main thrust in the marine sector, involving both commercial and naval vessels, this Division's operations include shipbuilding, fabrication of offshore structures as well as restoration and maintenance of vessels and defence related products.



PROPERTY DIVISION

The Group's increasingly popular residential, commercial and hotel projects reflect its active participation in the property sector.



A TRADITION OF EXCELLENCE

The cover features a house in the style of magnificent Minangkabau architecture which has existed for more than 350 years. The Minangkabau architecture is recognisable by its distinctive buffalo horn shaped roofs, symbolising strength and courage in overcoming challenges. These are clear characteristics that the Boustead Group has been adhering to over the last 180 years, more so in the last two decades. The soaring buffalo horn roof also reflects Boustead's proud heritage of continually pursuing excellence. Hence, this year's cover aptly encapsulates Boustead's motto: "A tradition of strength and stability, a vision of growth and excellence".

► OUR CORE BUSINESS



FINANCE & INVESTMENT DIVISION

The Group actively invests in the financial services sector via its many segments including commercial, investment and Islamic banking as well as insurance.



TRADING DIVISION

Besides owning Malaysia's only other national retail petroleum network, this Division also engages in warehousing, building materials, engineering and fast-moving consumer goods.



MANUFACTURING & SERVICES DIVISION

The Group's investments in top tier Malaysian brands cover a wide spectrum of sectors including building materials, paints, confectionary, pharmaceuticals, travel, shipping and education.



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1991 – 1995

This period marked the entry of Lembaga Tabung Angkatan Tentera resulting in the Fund acquiring a controlling stake in Boustead Holdings Berhad. The Group also acquired a 30% stake in Affin Holdings Berhad.



MILESTONES

2006 – 2010

Continuing with the Group's aggressive restructuring and acquisition trail, Boustead successfully relisted its marine business which became Boustead Heavy Industries Corporation Berhad while Boustead Naval Shipyard delivered on its contractual obligations. During this period, the Group conceptualised and floated Malaysia's first and only Islamic Plantation REIT known as the Al-Hadharah Boustead REIT. It also delisted Boustead Plantations Berhad and Boustead Properties Berhad and increased its stake in UAC Berhad. The proposed acquisition of Pharmaniaga Berhad commenced during this period.





1996 – 2000

The Group's involvement in property development began with Mutiara Rini followed by Mutiara Damansara which were actively launched and promoted during this period.

2001 – 2005

Significant developments took place with the opening of the University of Nottingham's first branch campus outside the United Kingdom. BP Malaysia was acquired which then became known as BH Petrol, followed by PSC-Naval Dockyard Sdn Bhd and PSC Industries Berhad.





Growth

*Our ability to seek business opportunities and
strengthen profitability sets us apart.*

Chairman's Statement



Dear Shareholder,

It is indeed heartening that our efforts to rise above global challenges and yet remain competitive have produced noteworthy results. Your Group has delivered a strong performance and is pleased to report a profit before tax of RM726 million.

I am glad to present you with our Annual Report for the year ended 31 December 2010.

ECONOMIC LANDSCAPE

The year saw the Malaysian Government setting in place the necessary measures in order to start the national transformation programme. The journey to economic transformation takes into account the New Economic Model in our efforts to become a developed and competitive economy.

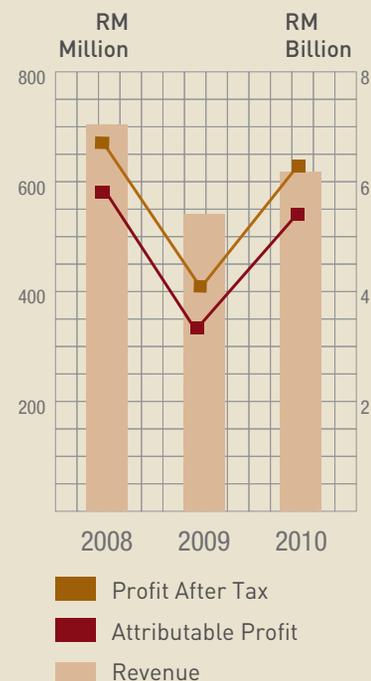
The first half of the year for the global economy proved to have endured the worst of the recession. The second half of the year remained lacklustre, given weak global trading coupled with a struggling Eurozone with its sovereign debt. As a result, Asia was put in a formidable leading position, as we experienced growth due to robust domestic demand.

The slowdown in the global economy was expected to have impacted growth in Asia but this was met by resilient emerging economies that were able to withstand economic pressure and still achieve a healthy level of growth against the odds. Fortunately in Malaysia, the effects were buffered by strong domestic demand that eventually led to all key sectors performing well.

FINANCIAL PERFORMANCE

The Group has exceeded expectations, in line with its objective to surpass the previous year's performance. All Divisions have raised the bar in terms of performance and this has set the tone for earnings growth in the future.

We closed the year with a profit after tax of RM625 million compared with RM418 million in the previous year. Earnings per share improved to 58 sen (2009: 47 sen) while net assets per share was RM4.50 (2009: RM4.20). Shareholders' funds stood at RM4.2 billion for the year ended 31 December 2010 compared with RM3.8 billion in the previous year.



Chairman's Statement



DIVIDEND

Shareholder value is of paramount importance to the Group and this is clearly reflected in our commitment to deliver good payouts. For the financial year, the Group's dividend payout net of tax was 39 sen per share representing a 7.3% yield based on the closing price for the financial year. To date, dividends totalling 27 sen have been paid. The remaining 12 sen will be payable on 31 March 2011.

HUMAN CAPITAL

The Group is a strong believer of human talent development and is committed to the growth potential of its staff. The professional and personal excellence of our talent pool is indeed a priority for us, as we strongly believe that the engine of performance of an organisation is primarily driven by its people.

Professional development is a key focus of the Group as we strive to provide our employees with opportunities to better themselves

academically in the hope that they will be able to transfer essential academic experiences to their profession, thus creating more value for the Group as well as the individual.

OUTLOOK

We believe that our current strategies have produced the intended results and it is our hope that we will be able to enhance profitability in the coming financial year.

We also hope to contribute towards the growth of the economy in line with the Malaysian Government's Economic Transformation Program and the encompassing National Key Economic Areas.

ACKNOWLEDGEMENT

Our performance this year would not have been possible if not for the unrelenting dedication and hard work of our employees and management team who have made a significant difference to the Group. I would also like to extend my gratitude to the Board of Directors for their commitment and wisdom that proved fundamental in steering the organisation towards success.

It is crucial that a Group of our nature and size has a strong and supportive majority shareholder who will not only provide direction but more importantly be part of our journey to achieve our goals. On this note, our gratitude to Lembaga Tabung Angkatan Tentera for their unwavering support during the year.

To our other shareholders, my sincere gratitude for your firm belief in us and to all our financiers, business partners, consultants and relevant approving authorities, my heartfelt thanks for working alongside with us in order to reach common objectives.

A handwritten signature in black ink, consisting of a stylized 'G' followed by 'H. J. Che Mat' and a long horizontal line extending to the right.

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

Chairman
7 March 2011

Chief Executive's Review



Dear Shareholder,

It has been an excellent year for the Group as we surpassed expectations. Our constant drive for excellence and unwavering commitment to the means rather than the end has indeed brought to fruition the objectives and strategies that were set in place across all Divisions.



A TRACK RECORD OF
EXCELLENCE

PROFIT BEFORE TAX

RM726_{mil}

TOTAL ASSETS

RM9_{bil}

REVENUE

RM6.2_{bil}

HUMAN CAPITAL

13,804_{employees}

In the face of a recovering economic landscape that only served to reinforce our strength as a diversified Group, the Divisions remain focused on several areas of importance, namely:

- To raise the bar in delivering products and services that are of international standards.
- To always keep a keen focus on strengthening shareholder value, as demonstrated by our commitment of consistent dividend payouts.
- To maximise our earnings track record be it organically or inorganically.
- To grow our talent pool and improve our organisational structure.

With these strategies in place, we are confident that the Group will be a key contributor to the Malaysian economy via its varied businesses.

FINANCIAL PERFORMANCE

It gives me pleasure to report that for the year under review, we have registered significant profits, be it before or after tax. The profits achieved this year are the second highest recorded in our history. To reinforce this point, profit before tax grew by 45% and profit after tax was up by 49% on a year-on-year basis.

We recorded a profit before tax of RM726 million (2009: RM502 million) on the back of turnover of RM6.2 billion (2009: RM5.4 billion). Improving our turnover is imperative as this would have a knock-on effect on our bottom line, more so as we manage our operating cost efficiently. Our investment portfolio and key business operations spread across pertinent sectors of the Malaysian economy indeed provide investors and shareholders with the opportunity of benefiting from multiple sources of earnings which are consolidated at Group level. Like Malaysia, our diversity is our strength and clearly we are an ideal representation of 1Malaysia.

Chief Executive's Review

The key performance indicators for Government Linked Companies were also achieved as reflected in the following table:

KPI	Actual	Target
Return on Equity	13%	10%
Return on Asset	9%	7%
Dividend	39 sen	18 sen

Of significant importance is the fact that during the financial year we delivered strongly on enhancing shareholder value. Several primary factors stood out:

- There has been consistent payout of dividends for every quarter of the financial year.
- Our total dividend payout ratios over the last three financial years have been on an increasing trend which mirror our commitment in providing more value to our shareholders.

Financial Year	Dividend Payout Ratio
2010	68%
2009	54%
2008	25%

- Our dividend yield on a year-on-year basis has also improved on the back of capital appreciation of our share price.

Reflecting on these significant facts, the dividend of 39 sen over last year's dividend of 22 sen should be a compelling factor for potential investors and our current discerning shareholders to appreciate the fact that the Boustead

Group will not waver from its commitment of continuing with this track record.

Over the years, we have improved on our dividend yields and payout ratios without having to commit to a future payout ratio. I am glad to report commencing financial year 2011, we will be introducing a Dividend Policy.

The new minimum payout ratio of 70% of our audited consolidated net profit in each calendar year takes into account appropriate adjustments for non cash flow items such as our share of profits retained by our associated companies and unrealised income which may arise from fair value adjustments. Details of this policy are available on page 217 of this Report.

As an investment holding company, it is crucial that shareholders benefit from our wide spectrum of investments. This would be a defensive mechanism against any particular sector of business that may be affected due to the vagaries of the market and economic conditions. Having sources of income from multiple business streams has given us the opportunity to consolidate earnings at Group level and by virtue of that, deliver handsome dividends consistently.

Our gearing ratio of 0.75 times, has seen a further improvement from the previous financial year of 0.78 times. As with any conglomerate of our nature, a healthy level of debt against equity and shareholder funds is justified and necessary in order for us to develop new business opportunities.

In line with disclosure requirements, the Group has adopted the Financial Reporting Standard (FRS) 139 Financial Instruments: Recognition and Measurement that requires the Group to consider the designation of financial assets and financial liabilities as well as the recognition of various derivative instruments. We have also complied with various other FRS practices and being ever mindful of the fact that the financial reporting landscape is constantly evolving, we will need to rise to the challenge in order to provide more transparent reporting and disclosure for the benefit of our shareholders.

Our Divisions have made us proud this year and it is testament to the fact that at Group level we are constantly pursuing excellence to ensure that the respective bottom line of each Division remains healthy.

The Plantation Division has led in delivering results for this year, due primarily to crude palm oil prices. Market conditions have been favourable and compounded with thinning stock levels and adverse weather conditions, the Group's interest in the plantation sector has indeed been a solid pillar of contribution over the many years and in particular this year.

Our Finance & Investment Division outperformed its previous year registering impressive growth in profits. This was attributed to increased earnings across all business segments of Affin Holdings Berhad. The nature of this financial services group allows us to participate in the banking and finance sector of Malaysia via our equity in the Affin Group and clearly this sector has performed well during the year under review. The Division also made a significant contribution to the Group's bottom line as a result of the disposal of BH Insurance. We registered handsome gains with a positive cash flow in excess of RM360 million while realising a net profit of RM75 million in our books. With this disposal, our investment in the general insurance segment via the Affin Group has grown.



Chief Executive's Review

The Heavy Industries Division's performance has been commendable as it continued to maintain consistency in the wake of a struggling industry that suffered due to market conditions. The Division's achievement in having delivered six patrol vessels is commendable.

We have stamped a credible and successful mark in the property scene in Malaysia with two significant signature developments to our credit. Mutiara Damansara in particular enjoys strong appreciation levels and the launch of our condominiums during the year was successfully taken up.

the Curve has been a success with millions of patrons visiting this suburban lifestyle mall during the year. Of importance is the fact that our tenant mix is evolving to attract only strong and established brands. Our Royale chain of hotels have done very well too with improved occupancy rates in light of increased tourist arrivals and improved domestic tourism.

It is encouraging to note that the Trading and Manufacturing & Services Divisions have performed well, with most brands and businesses under these Divisions performing satisfactorily accompanied by a few that have outperformed our expectations. Of significant mention would be Boustead Petroleum Marketing Sdn Bhd and Idaman Pharma Manufacturing Sdn Bhd.

CORPORATE INITIATIVES

We are in a strong position as organic growth is picking up pace on an accelerated momentum. We are also focusing on inorganic growth as we must provide our shareholders with the prospect of benefiting from new business opportunities.

The Group has aggressively executed its expansion and acquisition objectives in its quest to deliver results in the financial years ahead. Our view is to expand and develop our key strengths in the ever changing face of competition and market dynamics.

During the year, a series of strategic acquisitions were undertaken including a 51% stake in Atlas Hall Sdn Bhd, a company involved in the oil and gas sector. We are in the process of acquiring MHS Aviation Berhad for a cash consideration of RM100 million. This company is a leading provider of helicopter transport services, emergency medical services as well as search and rescue for Malaysia's oil and gas industry.

The highlight for the year is the proposed acquisition of Malaysia's largest pharmaceutical group, Pharmaniaga Berhad. This acquisition will be in excess of RM530 million and places us on a stronger footing to further build our pharmaceutical business.





To undertake these acquisitions, the Group completed a bank guaranteed medium term notes programme for RM1 billion which was assigned a long term rating of AAA. Of this RM1 billion, RM600 million has already been earmarked to fund our acquisitions and to pare down borrowings while the remaining RM400 million will be our war chest to acquire new businesses, be it organically or inorganically.

OUTLOOK

Boustead has always maintained a prudent management philosophy and we will not overexpose our balance sheet to unnecessary and imprudent acquisitions. On this premise, we have on the drawing board several potential key prospects that should materialise in the coming financial year which will be in line with our ongoing business strategy.

Chief Executive's Review



Organically, we look forward to the Heavy Industries Division commencing construction on the six new patrol vessels. The prospects in the commercial marine sector hold much potential particularly as we undertake the completion of the Fast Interceptor Crafts.

We are confident commodity prices will hold strong and even surpass current levels. However, we are cautious that weather conditions and labour shortages will have an impact on productivity and yields. In the coming financial year, we expect to gain from the disposal of two plantation assets which will benefit our balance sheet in terms of reduction in gearing and freeing up our cash flow.

The Government in its Economic Transformation Programme has identified the Greater Kuala Lumpur and Klang Valley as a National Key Economic Area and is hoping to increase Kuala Lumpur's attractiveness and connectivity to rival international standards.

Given the Group's track record in the property sector, it would be an obvious progression that we vie for the opportunity to add value to key available land bank in the Klang Valley where we hope to extend our success of Mutiara Damansara and our other developments. The appreciation in value of our investment properties is a reflection of our stable of prime properties. The Division acquired a sea front parcel of land in Cherating, Kuantan that will be developed into a 90-room resort as part of our Royale chain of hotels.

The Finance & Investment Division will seek to build on the upside of the Affin Group's domestic performance as well as its foray into the region by virtue of its acquisition of Bank Ina in Indonesia. Measures have been taken to improve the state of its non-performing loans as a means of fortifying its position in the local banking landscape.

We expect to see more exciting developments in this Division as it has already set the momentum in order to build on organic growth that will be instrumental in moving this financial services group to the next level.

Boustead has always been focused on improving its systems and structure as we need to look ahead with an eye on improving shareholder value.

For the new financial year, the Group's business activities in the varied sectors of the Malaysian economy will be restructured as we are confident this will bring greater alignment of our core activities. These Divisions are:

- Plantation
- Heavy Industries
- Property
- Finance & Investment
- Pharmaceutical
- Manufacturing & Trading

It is my sincere hope that as a shareholder and investor in Boustead Holdings Berhad, you have a renewed sense of optimism that your Group is aiming high to deliver shareholder value.

We have elaborated on the highlights of each Division during the year in the following pages and we hope you will find our efforts and endeavours noteworthy. The Boustead vision of growth and excellence will be our guiding principle in moving to greater heights and even greater achievements.



**TAN SRI DATO' LODIN WOK
KAMARUDDIN**

Deputy Chairman/Group Managing
Director
7 March 2011



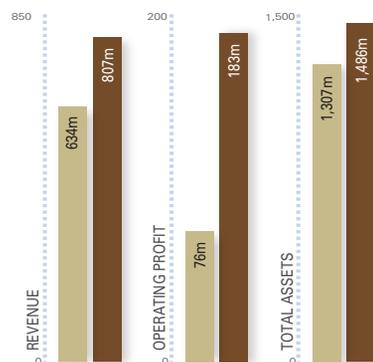
profit
RM183_{mil}
compared with RM76 million a year ago



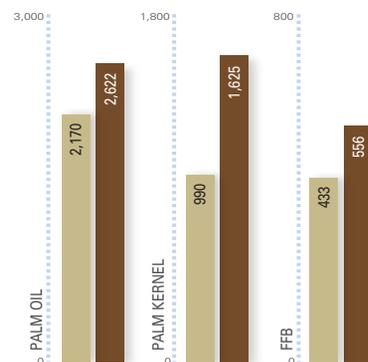
PLANTATION DIVISION

It has been an exceptionally good year for this Division as we have performed far better compared with the previous financial year. The Division recorded a stronger profit of RM183 million reflecting a 141% increase over last year. Clearly, the driving force in delivering enhanced profitability to the Division's bottom line was healthy commodity prices. We registered an average net CPO price of RM2,622 per metric tonne (MT), a 21% increase compared with RM2,170 per MT in 2009. Palm kernel price rose sharply to RM1,625 per MT in 2010 from RM990 a year ago.

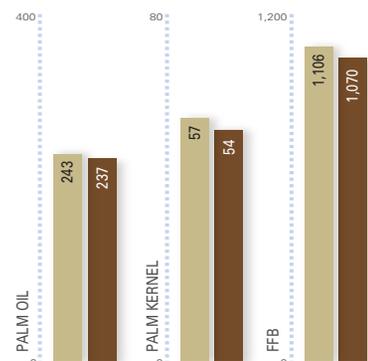
FINANCIAL HIGHLIGHTS
(RM' MILLION)



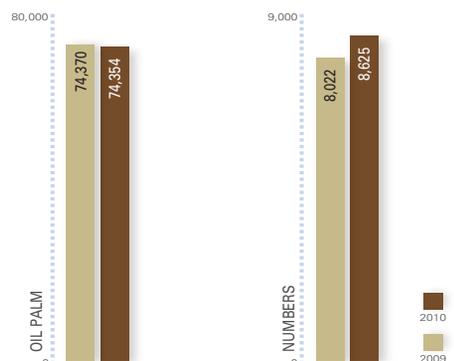
AVERAGE PRICES (RM per MT)



PRODUCTION ('000 MT)



PLANTED AREA (Ha) EMPLOYEES



Plantation Division

MARKET REVIEW

As you would recall, 2009 ended with dampening CPO prices. However, this financial year started positively as CPO prices kicked off at RM2,675 per MT. With the uncertain world economy, prices had dropped steadily to RM2,390 by July. Conversely, due to a surging uptrend driven by the diminishing threat of an American economic double-dip recession and buoyed by the growth of Asia and Latin America, CPO prices rallied to RM2,740 in September. The rally gathered momentum as prices ended the year at RM3,750, a strong 57% increase from the July low.

One of the key factors that had an impact on prices was extreme weather patterns. El Nino brought an adverse dry weather phenomenon which caused a decline in production in the second quarter of the financial year. Close on its heel was La Nina which brought about higher-than-normal rainfall which disrupted harvesting and fruit evacuation.

These back-to-back transition on weather conditions resulted in a drastic drop in output which then had an immediate effect on CPO prices. Another factor which impacted prices was the acute labour shortage suffered by the sector.

ESTATES AND MILLS

The Group's total land bank was 97,648 hectares (ha) of which 74,354 ha were under oil palm cultivation and the remainder unplanted. A total of 16,390 ha are presently held under the Al-Hadharah Boustead REIT, whilst 28,928

ha are held by Golden Crop Returns Berhad, a special purpose vehicle for the Asset Backed Securitisation programme undertaken a few years ago. The remaining hectareage are held directly by the Division.

Total mature and immature areas were 67,631 ha and 6,723 ha respectively. The prime mature area of 61,323 ha saw a marginal reduction of 913 ha from the previous year's 62,236 ha. Fresh fruit bunches (FFB) production for the year was 1,070,455 MT compared with last year's production of 1,106,371 MT.

Both the El Nino and La Nina weather conditions had impacted yield patterns and consequently caused a setback to FFB production. Additionally, production was also affected by the shortfall of harvesters particularly in the tall palm areas in Sabah. FFB production cost was RM238 per MT compared with RM239 per MT last year.

Committed to raising the bar, our ongoing precision farming technique, which is the BAARMIS Map Management System using GIS/GPS technology, has improved management of field upkeep and yield gaps.

In mitigating labour shortage issues, we have continued with ongoing efforts towards mechanisation of field upkeep and crop harvesting. The introduction of Cantas mechanical harvesting tool developed by the Malaysian Palm Oil Board which is utilised in some of our estates has demonstrated that it is capable of reducing harvester requirements and increasing labour productivity especially in medium height oil palms of up to 4.5 metres.





1



2



3



4

- 1. Rimba Nilai mill in Sabah
- 2. Selecting the best fruits
- 3. & 4. Nurseries at estates

Plantation Division

In meeting market demand for certified sustainable palm oil, we are in the process of obtaining Roundtable on Sustainable Palm Oil (RSPO) certification. Our commitment towards the RSPO is further elaborated in the Corporate Social Responsibility (CSR) section of this Report.

Our 11 mills with a total milling capacity of 415 MT per hour, processed a throughput of 1,156,000 MT of FFB (2009: 1,203,000 MT). Extraction rates have improved in line with our Continuous Crop Quality Improvement Programme and through the upgrading of machinery as well as the installation of key standby machinery in the mills. To further improve milling performance and energy efficiency, four mills have been installed with new boilers and turbines. This has resulted in our average oil extraction rates improving to 20.5% compared with last year's 20.2%. Our kernel extraction rate of 4.7% was consistent with last year's achievement.

During the year, the Group Engineering Department also provided external consultancy services to two client mills for the upgrading of sterilising stations with indexer systems. The Telok Sengat Mill is also undergoing the second phase of upgrading and is expected to be completed in 2011.



RESEARCH AND DEVELOPMENT

We are committed towards oil palm research and development (R&D) through our associate company, Applied Agricultural Resources Sdn Bhd (AAR).

Our commercial planting of clonal oil palms using AA Vitroa I (tissue cultured ramets) mixed with AA Hybrida I materials as well as selected compact AA Hybrida I materials for higher density planting at 160 palms per ha, are efforts made towards achieving significant improvements in both FFB crop and oil yield per hectare.

These initiatives have the potential to produce an estimated 22% oil yield advantage or more compared with seed planting materials from the previous generation of AAR planting materials. Due to such strong research results, a new seed production unit in Sabah was set up to produce semi-clonal AA Hybrida I seed planting materials with an eventual capacity of five million seeds.

Apart from receiving ISO 9001:2008 certification for the AAR tissue culture laboratory, we are also pleased that the AAR-UNMC Biotechnology Centre was awarded Outstanding Internship Employer by INTI University College for providing excellent training to students during their internship.

OUTLOOK

Boustead will pursue mechanisation of the estate operations to reduce labour requirements and enhance productivity. With this in mind, we are looking into the introduction of crawler-type farm tractors to evacuate FFB particularly from peat areas. We will also consider extending utilisation of the Cantas mechanical harvesting tool to all estates in 2011 when further refinements to this tool are completed.

We expect edible oil prices to climb as growth in worldwide supply fails to keep pace with the rise in demand, more so with weather patterns hurting crops. This scenario will help Malaysia take advantage of higher demand for edible oil from China and India. Low stocks and increased demand may again push palm oil to the 2008 record of above RM4,000. We also expect crude oil prices to temporarily exceed \$100 per barrel in 2011 which will also benefit palm oil as a biodiesel feed stock.

Prospects for CPO should remain stable, although there is potential for the price to rise in line with rising crude oil prices. We believe that the increase in the Indonesian export tax in order to ensure domestic cooking oil supplies, has made Malaysian CPO attractive and competitive to the global market. One risk would be the possibility of a large sovereign default in Europe which could create an unexpected shift to risk aversion and have a knock-on effect on commodity prices.

Moreover, adverse weather situations have affected competing soy oil output from Argentina and corn oil in the USA, which in turn places palm oil in an advantageous market position. While we expect prices to normalise in the second half of 2011, we still expect prices to be relatively well supported and volatility to be high as stocks are low.





profit
RM146_{mil}
compared with RM145 million a year ago

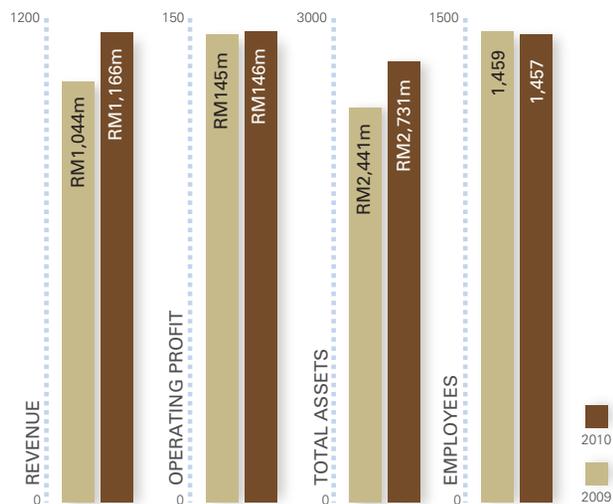


HEAVY INDUSTRIES DIVISION

The Division was impacted by a struggling maritime sector as a result of dampened demand due to the global economic climate.

Nonetheless, it registered a profit of RM146 million (2009: RM145 million). The key business drivers were Boustead Naval Shipyard Sdn Bhd which generated a profit contribution of RM104 million against the previous year's RM106 million, while Boustead Heavy Industries Corporation Berhad excluding its associate company, delivered a profit contribution of RM73 million, compared with RM64 million in the previous financial year.

FINANCIAL HIGHLIGHTS



Heavy Industries Division



- 1. *Chulan 1, the new chemical tanker at Jerejak yard*
- 2. *KD TUN ABDUL RAZAK*
- 3. *Ship repair activities at Langkawi yard*
- 4. *Fast Interceptor Craft*

The Division is primarily involved in shipbuilding and fabrication of offshore structures, as well as repair and maintenance of vessels and defence related products.

SHIPBUILDING – NAVAL

This segment of our business has indeed had a fruitful year, and with the delivery of the final patrol vessel KD SELANGOR, we have made significant progress as all six patrol vessels (PV) have now been completed and handed over to the Royal Malaysian Navy (RMN).

The vast knowledge gained from the construction of the first six PVs has placed us in a strong position, both in Malaysia and in the region. With the Letter of Intent from the Ministry of Defence, we look forward to plan, design, and kick-off the construction of the second generation of PVs. We welcome the challenge that the second generation PVs, being full combatant ships, will require more advanced and complex weapon systems. Further to this, the level of local content is expected to be higher compared with the first batch and we look forward to driving the transfer of technology (ToT), in line with the Government's aspirations under the New Economic Model which calls for industries to move up the value chain.



SHIPBUILDING – COMMERCIAL

At the Jerejak yard, Pulau Pinang, two chemical tankers were successfully completed and have concluded sea trial tests. Being double-hulled, these tankers can sail into most international ports, thus increasing the value of the vessels on a longer term basis. The second project is the construction of two Anchor Handling Tug Supply (AHTS) vessels. Both AHTS are scheduled to be handed over to our client in 2011. Additionally, we are in the midst of constructing two accommodation crane barges.

In our ongoing partnership with Yonca-Onuk Savunma Sanayii A.S., the Division secured a contract to construct ten units of Fast Interceptor Crafts (FIC). The construction of these units are underway and this partnership is a further opportunity to strengthen our ToT prospects between Turkey and Malaysia.

Heavy Industries Division

MAINTENANCE AND SUPPORT SERVICES

In order to meet the demand for quality support services in the maritime sector, the Division provides integrated solutions in ship repair and maintenance, including In-Service Support (ISS), refit, supply of spares, and warranty management for naval ships. We are dedicated to the efficient delivery of the ISS and the targeted technical availability of submarines. At the Lumut yard, we are pleased to report that the RM704 million Service Life Extension project for the RMN has commenced. In Kota Kinabalu, the ISS programme for submarines has also begun, valued at approximately RM1.3 billion which will stretch until 2015. The crucial element of this part of our business is the valuable ToT experience which we will gain from our French partner DCNS S.A.

Contributing to the expansion of our business opportunities, a strategic partnership was formed with MTU Services (Malaysia) Sdn Bhd. The joint venture company will capitalise on its competitive advantage while offering services in maintenance and overhaul of diesel engines and diesel generators.

WEAPONRY & ELECTRONICS

Our weaponry and electronics business has also delivered positively during the year, with numerous ongoing maintenance projects. Our workshops in Lumut, Kuantan, and Kota Kinabalu provide a full range of services for the varied needs of our clientele. We acquired a 51% stake in Contraves Advanced Devices Sdn Bhd, a company with a 25-year track record in the manufacturing of electronic

products. This initiative is expected to support the growth of our high-tech products in Malaysia and open a window of opportunity for export potential.

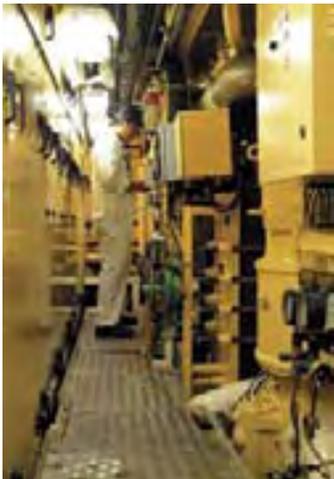
OIL & GAS FABRICATION

The Division is encouraged by the Government's execution of the ETP as it upholds the growth of new resources and stimulates domestic exploration activities in the oil and gas sector. This sector holds much potential as it will be a cornerstone to drive Malaysia's GDP in the coming years. Numerous projects have been earmarked for long-term contribution to the nation's economic growth. We remain confident given our track record and capabilities that there will be new opportunities for us in this area.

OUTLOOK

The Group is well positioned in the maritime sector, premised by our technological know-how and our track record. We are eager to commence work on the new PVs, and our Jerejak yard is moving forward with new projects. In addition, the construction of six units of FIC will be commencing in our Langkawi yard by our joint venture company BYO Marine Sdn Bhd.

As one of the primary solution providers in the nation for the maintenance of navy vessels, this should enable us to tap more business opportunities. Internally, business processes are constantly being improved through benchmarking our practices against those of other industry players.





1. *Forward view of a patrol vessel*
2. *KD HANG TUAH undergoing its refit*
3. *Commissioning ceremony of KD SELANGOR*
4. *Construction of accommodation barge in progress at the Jerejak yard*



profit
RM139_{mil}
compared with RM106 million a year ago

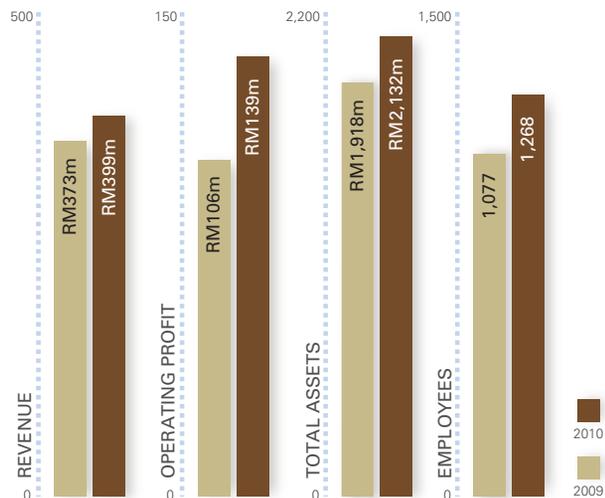


PROPERTY DIVISION

The Malaysian property sector performed well in 2010 with most players, including the Group's Property Division, launching higher end properties in light of improved economic conditions in the region.

The Property Division's performance in 2010 improved, registering a profit of RM139 million compared with RM106 million last year.

FINANCIAL HIGHLIGHTS



Property Division

PROPERTY DEVELOPMENT

Our townships in Mutiara Damansara, Selangor and Taman Mutiara Rini, Johor continue to draw purchasers with every launch and registered a profit of RM57 million for the year.

In Mutiara Damansara, the launch of 311 units of condominiums at *Surian Residences* was the highlight for the year. This high-end development is strategically located with easy access to major highways and just minutes away from shopping, dining and entertainment outlets. Take-up was swift with 85% of the units sold on the day of the launch. Remaining units are Bumiputra allocated and are expected to be fully taken up before the completion of the condominiums in early 2013. The Mutiara Damansara township received an award from the Malaysian Institute of Planners in December 2010 for Planning Services.

Down south in Johor, Taman Mutiara Rini continues to be a favourite amongst Johoreans working in Singapore and the matured township has also attracted several hypermarket and fast food retailers to its commercial precinct. Double storey terrace houses are in good demand and the Division launched 581 units of landed properties in 2010.



In the Klang Valley, we are confident that Mutiara Hills in Semenyih, which is adjacent to The University of Nottingham Malaysia Campus, will attract discerning investors and home owners once the landed residential units are launched in 2012. Already, the 33 homestead lots launched last year are receiving positive response from the market.

PROPERTY INVESTMENT

Our investment properties, which comprise office buildings in the Golden Triangle of Kuala Lumpur, shopping malls, high-end condominiums, warehouses and landed residential properties have appreciated in value and are mostly fully occupied. Value enhancement activities such as regular refurbishments, upgrades in finishings and physical extension work coupled with maintaining high levels of service and efficiency of these properties have kept our investment properties in good demand.

As we enter our seventh year of operations at the Curve, we see it evolving with an improved tenant mix. Stronger retail and food and beverage players have taken over the locations of weaker retailers with each renewal of tenancy. An increasing number of international brands are now found at the Curve and amongst these are Bumbu Desa, an Indonesian restaurant, Rockport, an American shoe retailer and Cache Cache, a French fashion retailer.



1. *Super link houses at Mutiara Damansara*
2. *Mutiara Hills in Semenyih*
3. *Mutiara Rini Johor*
4. *The launch of Surian Residences*

Property Division



- 1. The link bridge connecting Surian Tower and e@Curve*
- 2. Fashion Week at the Curve*
- 3. New Year countdown at the Curve*
- 4. Celebrating festivals at the Curve*

Shopper traffic to the Curve has improved and was in the region of 22 million in 2010, despite the opening of several new shopping centres in the Klang Valley. Our annual events such as the CIMB Malaysian Open Squash Finals, BH Petrol Orange Run, Fashion Week and The New Year Countdown Street Party are much anticipated events, and are organised with corporate social responsibility content within these events.

The re-branding of e@Curve with a strong emphasis on entertainment is ongoing and connectivity to the Curve and Surian Tower has been enhanced with the completion of the two covered link bridges. Restaurants and kiosks will be located on these link bridges creating seamless shopping opportunities from Surian Tower to the Curve, with e@Curve being the centre point of the Mutiara Damansara Commercial Centre.

During the year, the Group acquired the remaining equity in Boustead Linear Corporation Sdn Bhd from the Linear Group and renamed the company, Boustead DCP Sdn Bhd. This fully owned subsidiary supplies chilled water for air conditioning to the Curve, e@Curve, Royale Bintang Curve Hotel and the soon to be completed Curve NX car park building.

HOTEL

Our hotels' performance in 2010 improved with higher occupancies and average room rates boosted by improved economic conditions regionally. Tourist arrivals in Malaysia in 2010 increased to 25 million, an estimated 8% increase from 2009.

The 4-star Royale Bintang Kuala Lumpur located in Jalan Bukit Bintang, Royale Bintang Curve located at the Curve in Mutiara Damansara and the Royale Bintang Resort and Spa in Seremban are well patronised and located in key tourist areas.

Under construction and expected to be completed in 2011 is the 300-room 4-star Royale Bintang Damansara Hotel located between Surian Tower and e@Curve in Mutiara Damansara. This hotel is expected to take up the excess demand for hotel rooms which the present Royale Bintang Curve is not able to cater for.

The 5-star 400-room Royale Chulan Hotel located in the tourist belt of downtown Kuala Lumpur, which is managed by the Division, recorded improved occupancies and played host venue to the First Ladies Summit, Miss Malaysia/ Universe pageant and the Prime Minister's Innovation Awards ceremony. Its L'Heritage Restaurant won the Restaurant for Best Fine Dining for 2010/2011 from Chaine des Rotisseurs (International Gastronomic Society).



Property Division

Our 4-star Royale Bintang Penang, located at Weld Quay is targeted for completion by 2013 and will feature a heritage façade.

The acquisition of a 7-acre sea front parcel of land in Cherating Kuantan, next to the Club Med Resort was completed during the year. The property was acquired together with a 4-room villa and will be developed into a 90-room resort hotel under the Royale brand.

OUTLOOK

We look forward to the completion in 2011 of Curve NX and the Royale Bintang Damansara Hotel, both of which are located in Mutiara Damansara.

The Curve NX will increase the number of car parks in the Mutiara Damansara Commercial Centre by another 700 bays and at the same time house KidZania, a 80,000 sq. ft. indoor children's theme park on the fifth and sixth floors. It will also house McDonalds' new Drive-Thru restaurant on the ground level.

The Royale Bintang Damansara Hotel when open at the end of 2011 will have a 1,000 seating capacity conference hall and an indoor ice-skating rink.

We welcome the Government's initiative to improve connectivity in the form of a mass rapid transportation system, which we believe will benefit Mutiara Damansara and increase shopper traffic to this part of the Klang Valley. The property sector will be a key area of focus with plans for a Greater KL/Klang Valley region, and regional connectivity via this transportation system.

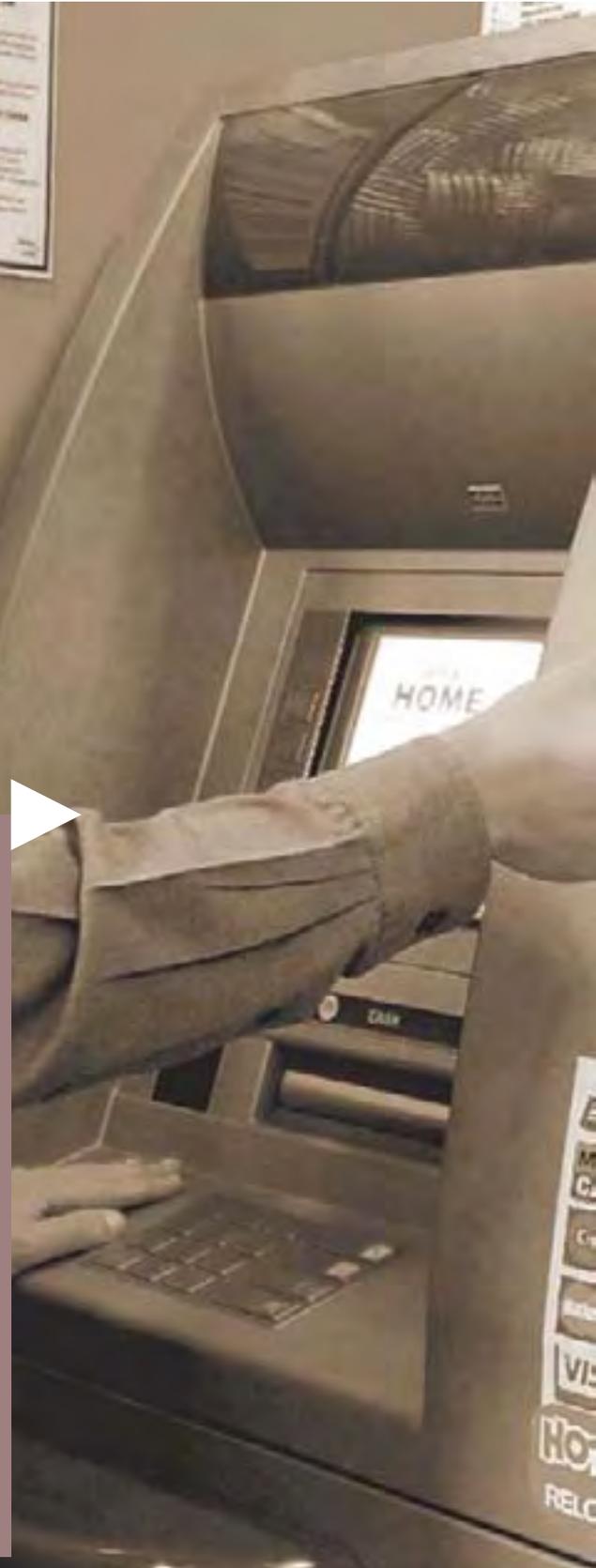
We are constantly on the lookout for strategic land bank and look forward to participating in the Government's development plans to transform the Greater Kuala Lumpur and Klang Valley into a world class metropolis.

The Government has commenced initiatives in the form of stamp duty exemptions and down payment guarantees to ensure that all Malaysians can afford to own a home by 2020. This will augur well for our future launches.





1. *Royale Bintang Villa Cherating, Pahang*
2. *L'Heritage Restaurant at Royale Chulan Kuala Lumpur*
3. *Curve NX under construction*
4. *Link bridge from the Curve to e@Curve*



profit
RM138_{mil}
compared with RM95 million a year ago

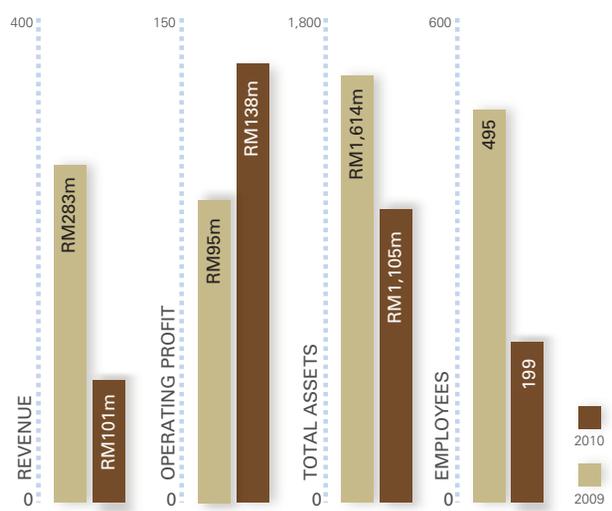


FINANCE & INVESTMENT DIVISION

This Division delivered double-digit growth registering a profit of RM138 million, a 45% increase over last year's RM95 million. The key contributing factors were Affin Holdings Berhad's improved earnings and the successful disposal of BH Insurance.

Affin Holdings Berhad's (Affin Group) contribution to the Group was an impressive 19% rise amounting to RM96 million compared with RM81 million in 2009. This financial services group performed well registering a profit before tax of RM638 million, a notable increase of 28% over the previous financial year.

FINANCIAL HIGHLIGHTS



Finance & Investment Division



- 1. Sealing the deal, at the MTN Programme signing ceremony
- 2. Signing ceremony for Islamic Term Financing Facility
- 3. Personal banking
- 4. Affin Bank at Bursa Malaysia's KL Rat Race

Affin Bank Berhad delivered a profit before tax of RM522 million outpacing its profit of RM425 million a year ago. The Bank's positive results were due to a decline in loan provisions and impairment charges coupled with growth in operating income. This was underpinned by continued expansion in net interest, Islamic banking and non-interest income. These improvements were also due to increases in the overnight policy rate.

The Bank experienced strong loan growth of 17.7% exceeding the sector's average by 5.6%. Key areas were the hire purchase segment, residential and non-residential mortgages as well as working capital loans. Importantly, to complement this strong loan growth, asset quality continued to improve with a gross impaired loan ratio of 3.6%. The core capital ratio and risk-weighted capital ratio were 12.1% and 12.4% respectively. Notably, deposits saw a healthy 19% growth beating the sector's average by 13.2%. The Bank introduced innovative products such as AffinFDPLUS² and the very successful savings campaign known as O.M.G. (Oh My Gosh!).

Affin Islamic Bank Berhad registered a reduced profit. Nevertheless, prospects remain positive with the increase in branch network and its venture into Indonesia.

Affin Investment Bank Berhad (AIBB) registered an impressive 35% increase in profit before tax of RM87 million, compared with RM64 million last year. Net income was also higher at RM181 million, compared with RM159 million recorded a year earlier. Positive contribution from brokerage fee, investment and interest income resulted in the 14% improvement. Net impaired loan ratio was well below industry average at 1.44% and loan loss coverage was a respectable 103.2%.

AIBB created history with the inaugural Danajamin Nasional Berhad guaranteed private debt securities issue. It also launched an electronic cross border trading platform thereby enabling access to trade and invest in major markets globally. Its subsidiary, Affin Fund Management Berhad, successfully launched a new fund, Affin Tactical Fund, with an asset size of RM200 million that brought the total number of unit trust funds managed to eight.

Finance & Investment Division

AXA AFFIN Life Insurance Berhad ended the year on a strong note by recording a gross premium of RM271 million, a notable 52% increase compared with last year's RM178 million. Gross new premiums improved by 53% to RM247 million. During the year the agency force grew by 184% while Bancassurance, another distribution platform, posted strong results with an impressive 83% growth in new business premiums.

AXA AFFIN General Insurance Berhad (AAGIB) marked a significant milestone during the year by successfully merging with BH Insurance (Malaysia) Berhad. Resulting from this merger, AAGIB's distribution network has expanded nationwide.

The agency force now consists of nearly 3,000 agents and 20 offices spread across Malaysia and the combined turnover of the enlarged entity places AAGIB as one of the leading general insurers in the country. For the financial year, this business posted a profit before tax of RM43 million on the back of a gross written revenue of RM593 million.

As a result of stringent loan processing, **Boustead Credit Sdn Bhd** saw a decline in turnover which resulted in a lower profit.



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1. *YABhg Datin Paduka Seri Rosmah Mansor witnessing the launch of AXA AFFIN My Child Safety Programme*
2. *Affin Bank supports Malaysian Banking Summit 2010*
3. *MOU between Banca Takaful Berhad and Affin Islamic Bank Berhad*
4. *Affin Investment Bank celebrated its 40th Anniversary*



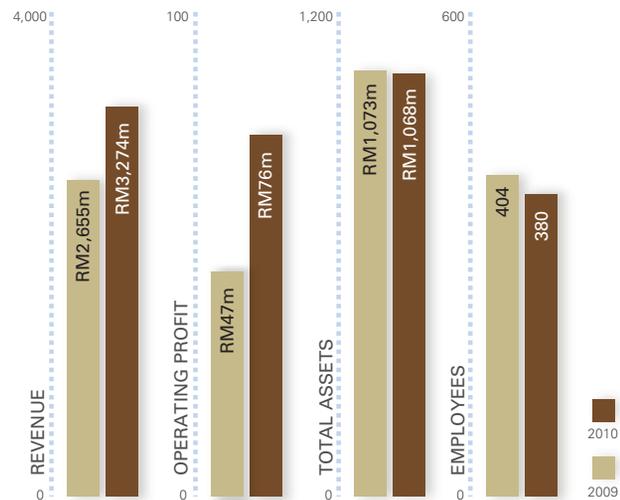
profit
RM76_{mil}
compared with RM47 million a year ago



TRADING DIVISION

The diversified nature of the Boustead Group has strong value propositions for investors given that it opens channels of growth from multiple economic segments. To demonstrate this point, the year saw a jump in profit of RM76 million for the Trading Division, marking a notable increase from last year's RM47 million. All the operating units in the Division performed well, with Boustead Petroleum Marketing Sdn Bhd leading the way.

FINANCIAL HIGHLIGHTS



Trading Division

Boustead Petroleum Marketing Sdn Bhd (BH Petrol) recorded a profit of RM87 million, an increase of over 30% compared with the prior year. Key contributing factors included an increase in sales volume and improving margins due to robust management of operating cost along with improved operational efficiencies.

The brand made significant headway in its market segment with a focus on product leadership due to the launch of Infiniti Advanced2x 95 and 97, which is an enhancement of RON95 and RON97 fuels. These fuels offer superior performance as a result of the new double dose of additives. A new state-of-the-art service station was launched in Johor along the North South Highway to cater to increasing traffic volume along this busy expressway. As Malaysia's only other home grown retail petroleum network, we are reinforcing our presence and expanding our retail network via strategic and effective marketing initiatives.

Boustead Engineering Sdn Bhd reported a good year with the completion of its final work on the inline-screening baggage handling system at the Low Cost Carrier Terminal. However, due to stiff competition and a contraction in spending by customers, its chemical segment suffered a drop in sales accompanied by a drop in revenue for its engineering products.



Kao (Malaysia) Sdn Bhd performed well even with cautious consumers who were more prudent with their everyday personal care purchases. A series of new products were introduced in order to maintain our market position and in many categories, the brand was able to sustain a strong position. The year under review saw the company making a commendable contribution to the Group's bottom line as profits were doubled compared with last year.

Boustead Global Trade Network Sdn Bhd has reviewed its business strategies and operations and will begin closure of its warehousing and logistics operations in the new financial year. The company will now focus on the insurance agency business.

Boustead Building Materials Sdn Bhd posted a higher profit compared with the previous year due to increased revenue from projects and improved turnover from the trade of building materials. Several projects will continue to operate in the next financial year hence ensuring a steady growth in revenue.

Drew Ameroid (Malaysia) Sdn Bhd performed well, registering a growth in turnover of 13% with a healthy gross profit contribution as well. The company is geared for growth and better profitability by leveraging on its edge in latest technology while providing high quality services and products.



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1. *Royale Bintang Damansara under construction*
2. *The launching of BH Petrol's Infiniti Advanced2x 95 and 97*
3. *Earthworks by Boustead Building Materials at a construction project*
4. *BH Petrol state-of-the-art Pagoh Selatan service station*



profit
RM44_{mil}
compared with RM32 million a year ago



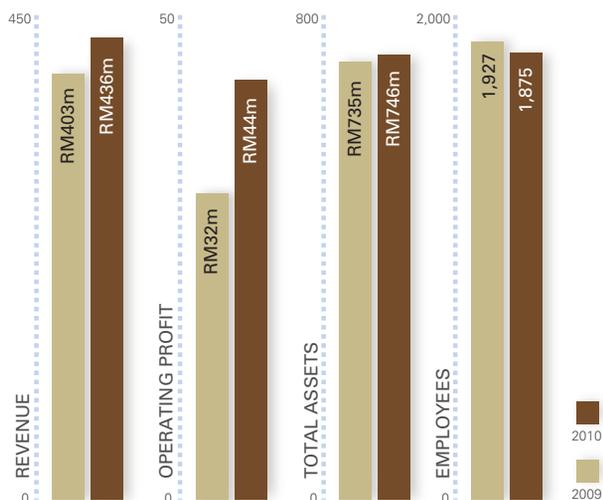
MANUFACTURING & SERVICES DIVISION

During the year under review, the Division made a positive contribution to the Group's bottom line delivering a profit of RM44 million compared with RM32 million in 2009.

MANUFACTURING

Market dynamics dictated a challenging scenario for **UAC Berhad (UAC)** with the rise in material costs and tightening domestic demand. Despite these conditions, UAC delivered a profit of RM21 million (2009: RM23 million). The result was due largely to demand for its range of building products from the export market. Net rental income from Menara UAC and income from its investment in quoted securities also contributed to the bottom line.

FINANCIAL HIGHLIGHTS



Manufacturing & Services Division



- 1. A lab at Idaman Pharma Manufacturing
- 2. Staff of Boustead Sissons Paints with the Works Minister
- 3. UCO Plank
- 4. UCO SolidWall System

UAC leveraged on its pole position in the sector by bagging the *BrandLaureate Award* for Best Brands in Product Branding in cellulose fibre cement manufacturing. Other achievements include the key Type III Environmental Product Declaration in accordance with ISO 14025 and the Green Label for its range of products.

The successful marketing of the UCO SolidWall System has gained traction as more projects, both domestic and overseas, utilise this system. On the R&D front, the company focused on products and systems enhancements as well as new product development.

Idaman Pharma Manufacturing Sdn Bhd had a strong growth in revenue of RM93 million against last year's RM73 million. The increase was primarily due to the revision of the tender pricing which was effective in June. The production of penicillin for the local market at its fully operational second plant in Sri Iskandar, Perak, was also a major contributor. Other factors included the company's enhanced productivity, customer service and supply chain management. This resulted in a significantly improved profit of RM21 million compared with last year's profit of RM3 million.



Boustead Sissons Paints Sdn Bhd had a lacklustre year particularly in the decorative paint market as a result of a slowdown in the building and construction sector. Operating margins were impacted by the increase in raw material costs.

It was a trying year for **Cadbury Confectionary Malaysia Sdn Bhd** as the company weathered the impact of the economic challenge from the previous financial year. Its resilience was proven by changing its marketing strategy for its core Cadbury Dairy Milk brand. This strategy generated more sales despite flat demand.

During the year, Kraft Foods acquired the Cadbury Group in a global takeover. We expect this to boost opportunities for Cadbury Malaysia to penetrate deeper into the local market by leveraging on Kraft Foods' operation in Malaysia.

SERVICES

Boustead Travel Services Sdn Bhd achieved a commendable performance driven by its corporate ticketing unit followed by its outbound tours and incentive travel. Operating out of three locations, the company is one of the few travel agencies in Malaysia with ISO 9001:2000 certification. It remained a leading travel agent in the country winning awards offered by many major airlines during the year under review.

Manufacturing & Services Division

The increase in palm oil exports have assisted in boosting shipping and logistic activities, resulting in improved performance by **Boustead Shipping Agencies Sdn Bhd**. The positive environment in the liner agency business enabled the company to enjoy a steady volume of bookings for freight forwarding.

Asia Smart Cards Centre Sdn Bhd commissioned a new system that will contribute to speedier delivery of personalised services to its clients. It also introduced to the market personalisation of debit cards.

As Malaysia's premier tertiary institution, the **University of Nottingham in Malaysia Sdn Bhd** has grown its student population to 3,790 from 3,500 last year. To cater to the growing demand in the arts and sciences, two new Schools were established: the School of Economics and the School of Politics, History & International Relations.

Research activities grew with all faculties attracting externally-funded projects. Of particular note are the 'Crops for the Future' research programme which will see significant funding from the Malaysian Government and the Malaysia-European Union Link which is funded by the European Union.

The University also enhanced its infrastructure with the completion of new academic offices as well as new science laboratories. Additional developments are in the pipe line, including a Student Services Centre with catering capabilities projected for early 2011 and a sports facility utilising the latest all-weather surface which will be ideal for football and hockey.



The University of Nottingham Malaysia Campus

1. 10th year anniversary celebration

2. Fully equipped lab

3. Computer centre



Resilience

*In the face of economic challenges both domestic or foreign,
the Group is committed to weather the storm and deliver results.*

CORPORATE SOCIAL RESPONSIBILITY

The Boustead Group recognises its responsibility not only to maximise shareholder value but also to contribute positively towards the advancement of human capital, the community, the environment and educational development. Our consistency and determination in sustaining our varied outreach programmes is a clear reflection of our desire to contribute to the betterment of Malaysians from all walks of life.

HUMAN CAPITAL

The Group is aware that human capital is the driving force behind our success and ensuring a diverse pool of talent is a priority for us. We recognise that highly trained employees are the backbone of a diverse and large conglomerate of our nature. The development of our employees is an essential part of our growth plan, more so given the thinning talent pool in Malaysia.

We have put into place a personal development and skills training programme aimed at enhancing our employees' professional growth as well as expanding our talent base. For the year under review a series of training initiatives were executed and completed. These included efforts to improve soft and technical skills for employees in the areas of information technology, senior management development and other

programmes. This conscious effort to strengthen Group-wide skills set is part of a policy that was implemented in the previous financial year with a view to ensure that executive level employees and clerical staff complete a minimum of 40 and 20 hours of training per year respectively.

Committed to raising the bar, the Group has extended a dedicated practical training internship programme for general management and accountancy.

Camaraderie and teamwork are crucial elements to ensure Boustead remains a vibrant and close-knit community, more so as we are on a growth path. To this end, we held various departmental and company outings and teambuilding initiatives, which were followed through with organised social and sporting events via Kelab Sukan Boustead.



While the Group appreciates that the professional development of our employees is vital to our growth, it is of equal importance to ensure their well-being and quality of life. We have taken various measures to safeguard the welfare of our employees. For resident employees of our plantations, we channelled funds towards the construction and maintenance of residential quarters and recreational facilities. Apart from crèche facilities for children and kindergartens, we have also provided teaching materials and free or subsidised transportation for school going children. The Group made donations to those unfortunate employees who had suffered from the effects of the floods in Kedah and Perlis. In addition, we instituted a Back to School Program to financially assist low-income employees.

COMMUNITY INVOLVEMENT

As Malaysia's aspirations to emerge as a developed nation becomes a reality, there are pockets of society that require assistance in one way or another. Over the last 12 months, the Group has reached out to poor neighbourhoods, single mothers, children, indigenous communities, disadvantaged schools, orphanages, old folk's homes and the disabled. We have been involved in several women's health and safety campaigns, as well as a number of sporting initiatives.

Corporate Social Responsibility



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- 1. FRS139 & FRS7 training in session
- 2. YABhg Datin Paduka Seri Rosmah Mansor receiving a cheque for Yayasan Harapan Kanak-Kanak
- 3. Cerah Ceria programme by BH Petrol



The Group contributed to deserving causes across the nation. We made donations to Yayasan Diraja Sultan Mizan, the proceeds of which go towards needy communities in Terengganu. We lent our support to Badan Amal Tenaga Isteri Wakil-Wakil Rakyat Negeri Johor, a non-governmental organisation focusing on community welfare projects for single mothers and children.

Not to neglect the indigenous community of Malaysia, the Group has undertaken the development of oil palm plantations on Native Customary Rights land in Sarawak. This is aimed at bringing social and economic benefits to landowners as well as the neighbouring community.

We contributed towards the construction and maintenance of rural access roads in Sabah and Sarawak, such as in Tabung Tentera, Sungai Sungai 1 and 2, Kawananan, Lembah Paitan, Loagan Bunut and Kanowit estates.

Apart from this, the Group is aware that the growth and upkeep of schools throughout the country is essential in order to cultivate the most suitable learning environment for students. We donated funds, facilities and hampers to Sekolah Kebangsaan St. Francis, SMK Ambrose Ayer Tawar and SMK Pangkalan TLDM, in Perak. We made financial donations to PIBG SK Taman Mutiara Rini, Johor, to facilitate the purchase of computers. On another note, a road safety awareness programme themed 'Cerah Ceria Seperti Saya Bersama BH Petrol' turned out to be a welcome success at SK Simpang Lima.

We care greatly about the plight and well-being of orphans and in support of this we channelled funds to various orphanages including Persatuan Kebajikan Ti-Ratana and Yayasan Harapan Kanak-Kanak Malaysia. We also sponsored various buka puasa events for orphanages during the month of Ramadhan.

Corporate Social Responsibility



We are proud to adopt a muhibbah approach and in an attempt to recognise the importance of diverse cultural and religious festivals, we contributed in various ways to observe these occasions. Our Curve shopping mall invited senior citizens from the House of Joy to enjoy Chinese New Year at its premises.

Several of our estates employ surau caretakers, as well as provide imam and Ramadhan allowances. During Ramadhan, we engaged Tahfiz to lead the Tarawih prayers. At our estates in Sungai Jernih and Bebar, we hosted Hari Raya Puasa open houses and organised Qurban during Idul Adha. In addition, the Group made annual donations for temple festivals and Gawai Day celebrations.

We are a staunch supporter of the Malaysian Armed Forces and are grateful for their invaluable service to the nation. For this reason, we donated Hari Raya hampers worth RM25,000 to Tabung Kebajikan Angkatan Tentera Malaysia. We also contributed a sponsorship worth RM250,000 to the 'Bunga Raya Sempena – Rayuan Hari Pahlawan 2010'.

Aid and support of underprivileged children are another focus area. The Curve hosted the campaign 'This is My World Vision', aimed at raising awareness on child sponsorship for the World Vision Foundation. In addition, we sponsored the Curve as the venue for the 'Wear it Pink for Breast Cancer' campaign, a charitable drive aimed at raising awareness on the breast cancer cause. We launched another campaign called 'Think Pink, Love Life' to educate Malaysian women on breast cancer prevention.

In line with the cause of women's health and safety, the Minister of Women, Family and Community Development YB Senator Dato' Sri Shahrizat Abdul Jalil presented the Group with an award recognising e@Curve at a special ceremony. This was in conjunction with the International Day for the Elimination of Violence against Women. e@Curve since its opening has designated a special area as 'Women Only' parking in its basement car park, a space close to the entrance that ensures the safety and security of lady drivers.



Not overlooking the area of sports, the Group has actively supported healthy living through various sporting events, which resulted in the Curve being the official venue for the CIMB Squash Malaysian Open 2010. We sponsored a challenge trophy, championship and runner up trophy to Kelab Golf Samudera for the 2010 BNS Golf Tournament. In addition, the annual Orange Run organised by BH Petrol had an overwhelming response of 3,500 participants this year.

EDUCATION

The standards of education in Malaysia are of utmost importance, as it is through nurturing our country's young minds that we can pave the way for a brighter future. In this direction, the Group has long been dedicated to enriching the academic environment of the country at all levels of instruction, be it primary, secondary, tertiary or professional.

A hallmark of our educational drive has been our efforts with the Yayasan Warisan Perajurit, a charitable foundation created by the LTAT Group of Companies aimed at assisting the children of members of the Armed Forces. This Foundation raises funds for the purpose of providing assistance in the form of scholarships and allowances or payment of school fees and educational materials. Resources go towards children with exemplary marks in their UPSR or PMR exams. This year, the Boustead Group donated RM5 million with more than 9,000 children benefiting from this financial aid.

At the elementary school level, the Group continued to contribute and work towards enhancing the nation's level of education by adopting three new schools under the PINTAR programme. These schools are located in Kedah and Perak. The students have benefited through the various educational programmes run by the schools, including tuition, motivational camps, seminars and educational visits.

Corporate Social Responsibility



We are mindful that the opportunity to pursue tertiary education can be out of reach for many deserving students. In recognition of their achievements, the University of Nottingham Malaysia Campus grants scholarships to individuals who have demonstrated commitment to academic excellence. In 2010, more than 150 scholarships were awarded to deserving students.

The Heavy Industries Division founded a professional management course that aims to train and enhance the skills of individuals in the maritime related areas of shipbuilding, ship repair, manufacturing, construction and maintenance activities. This course was established in partnership with external parties including Furniture Industry Technologies, Technology Park Malaysia, SIRIM Berhad and Kulim Technology Park Corporation. We have collaborated with Lembaga Zakat Selangor on Project Holliman, a

partnership aimed at equipping underprivileged individuals with business and financial skills with the intention of developing them into successful entrepreneurs.

ENVIRONMENT

Boustead is a firm believer in conservation efforts aimed at protecting the environment. We have implemented several policies and agronomic practices in order to work towards a sustainable future.

We have put into practice a zero-burning policy, which is aimed at preserving good air quality. As part of the Group's contribution to the advancement of oils and fats science, we made a donation to the Malaysian Oil Scientists and Technical Association.



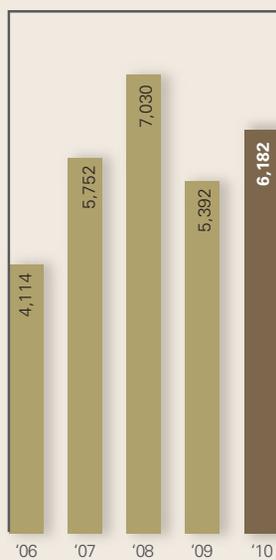
A recognised supporter of the environment, the Group is a founding member of the Roundtable of Sustainable Palm Oil (RSPO). This ongoing international initiative is focused on making good agricultural practices a standard for sustainable palm oil. This year, we instituted a five-year programme to ensure that all our oil palm business units obtain RSPO certification by 2015. Sungei Jernih business unit is the first unit currently in the process of inspection for final RSPO auditing and should receive its certification by the middle of 2011.

Being a leading property developer, our primary goal is to build communities that will last for generations to come. This entails not only building functional housing units but establishing the proper facilities and maintaining these areas to ensure all the needs of residents are met, while at the same time caring for our surroundings.

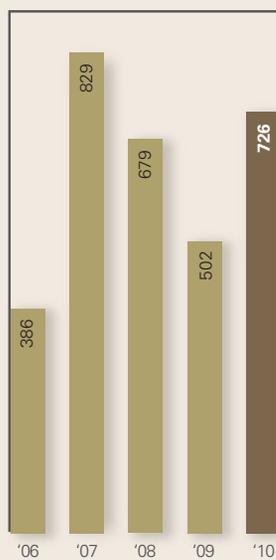
To promote greener living in the community, we have contributed to the maintenance of landscaped green areas in Mutiara Damansara. This has ensured that the environment is preserved on a long-term basis. We also operate a district cooling plant at the Mutiara Damansara Commercial Centre that regulates the use of electricity during off peak hours, which has led to reduced energy consumption during peak hours.

Five-Year Financial Highlights

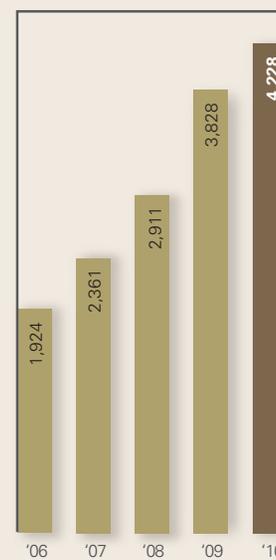
REVENUE
(RM MILLION)



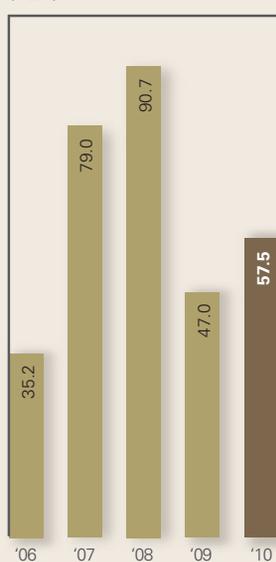
PROFIT BEFORE TAXATION
(RM MILLION)



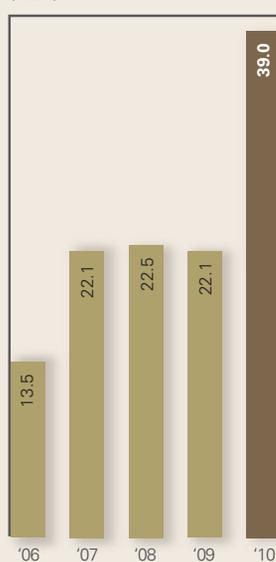
SHAREHOLDERS' EQUITY
(RM MILLION)



EARNINGS PER SHARE
(SEN)



NET DIVIDEND PER SHARE
(SEN)



NET ASSETS PER SHARE
(SEN)



		2010	2009	2008	2007	2006
FINANCIAL PERFORMANCE						
Revenue		6,182	5,392	7,030	5,752	4,114
Profit before taxation		726	502	679	829	386
Profit after taxation		625	418	668	655	351
Profit attributable to shareholders		538	342	579	478	210
Earnings per share	sen	57.5	47.0	90.7	79.0	35.2
Return on equity	%	13.3	10.1	22.0	22.3	11.5
Return on assets	%	9.0	7.1	9.7	13.4	9.2
Return on revenue	%	10.0	7.4	8.7	13.0	7.4
DIVIDENDS						
Dividend payment		367	184	145	138	80
Net dividend per share	sen	39.0	22.1	22.5	22.1	13.5
Dividend yield – net of tax	%	7.3	6.4	6.6	3.4	7.0
Dividend cover	times	1.5	1.9	4.0	3.5	2.6
GEARING						
Borrowings		3,163	2,944	3,503	3,383	2,301
Gearing	times	0.8	0.8	1.2	1.4	1.2
Interest cover	times	7.4	4.9	5.4	7.6	4.3
OTHER FINANCIAL STATISTICS						
Net assets per share	sen	450	420	447	375	322
Share price – high	sen	605	452	725	685	195
Share price – low	sen	326	300	218	183	157
Price earning ratio	times	9.3	7.4	3.8	8.2	5.5
Paid up share capital		470	456	326	315	299
Shareholders' equity		4,228	3,828	2,911	2,361	1,924
Total equity		4,699	4,275	3,296	3,209	2,707
Total assets		9,268	9,088	8,679	8,441	5,766

All figures are in RM Million unless otherwise stated.

Corporate Information

DIRECTORS

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

Tan Sri Dato' Lodin Wok Kamaruddin
Deputy Chairman/Group Managing Director

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

Dato' (Dr.) Megat Abdul Rahman Megat Ahmad

Datuk Azzat Kamaludin

Dato' Ghazali Mohd Ali

REGISTERED OFFICE

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

REGISTRAR

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

SECRETARY

Pn. Sharifah Malek

PRINCIPAL BANKERS

Affin Bank Berhad
Alliance Bank Malaysia Berhad
The Bank of Nova Scotia Berhad
Ambank (M) Berhad
CIMB Bank Berhad
HSBC Bank Malaysia Berhad
RHB Bank Berhad

AUDITORS

Ernst & Young

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

HOLDING CORPORATION

Lembaga Tabung Angkatan Tentera

Financial Calendar

FINANCIAL YEAR	RESULTS	ANNUAL REPORT	ANNUAL GENERAL MEETING	DIVIDENDS
1 January to 31 December 2010	First quarter Announced 31 May 2010	Issued 16 March 2011	To be held 7 April 2011	First interim Announced 31 May 2010 Entitlement date 17 June 2010 Payment date 28 June 2010
	Second quarter Announced 23 August 2010			Second interim Announced 23 August 2010 Entitlement date 17 September 2010 Payment date 28 September 2010
	Third quarter Announced 29 November 2010			Third interim Announced 29 November 2010 Entitlement date 16 December 2010 Payment date 30 December 2010
	Fourth quarter Announced 25 February 2011			Fourth interim Announced 25 February 2011 Entitlement date 21 March 2011 Payment date 31 March 2011



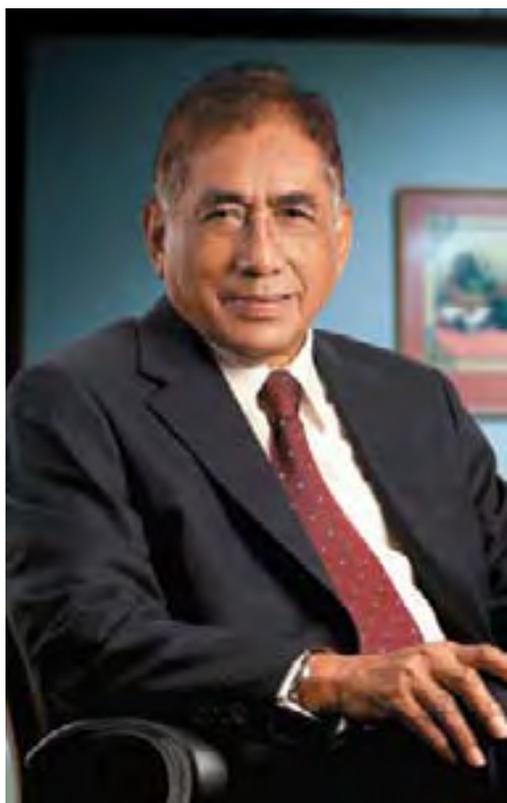
Thriving

*Capitalising on a fruitful year, the Boustead Group
is committed to strengthening its prospects.*

Board of Directors

1

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



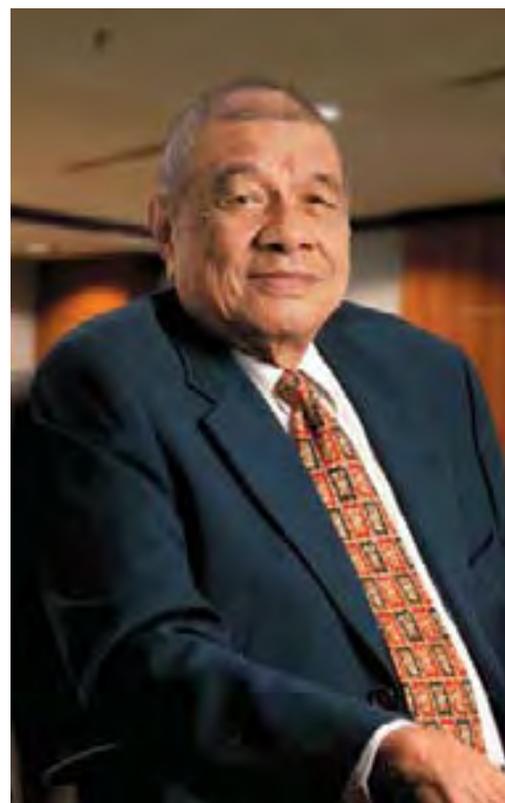
2

TAN SRI DATO' LODIN
WOK KAMARUDDIN



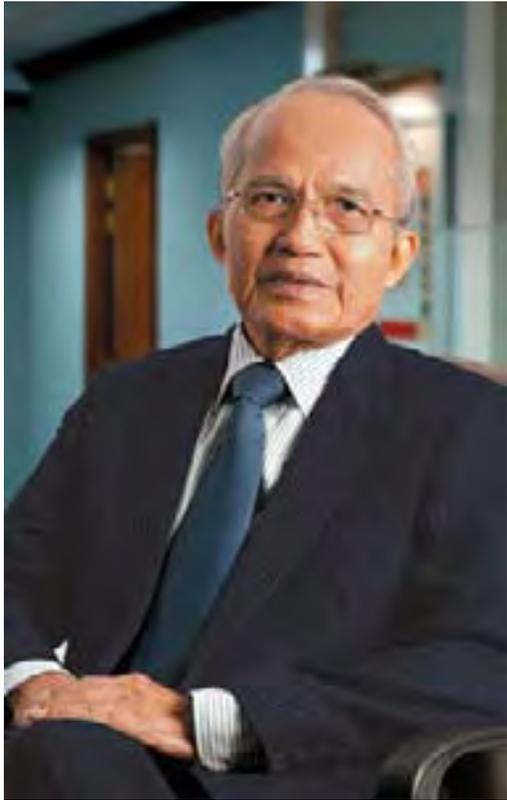
3

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



4

DATO' (DR.) MEGAT ABDUL
RAHMAN MEGAT AHMAD



5

DATUK AZZAT KAMALUDIN



6

DATO' GHAZALI MOHD ALI



Profile of Directors

Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)
Chairman
Independent Non-Executive Director
80 Years Of Age, Malaysian

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

Tan Sri Ghazali graduated from the Royal Military Academy, Sandhurst, United Kingdom and the Command and Staff College, Quetta, Pakistan. He had served in various capacities in the Malaysian Armed Forces for more than 30 years culminating in his appointment as Chief of the Armed Forces from 1985 to 1987. Tan Sri Ghazali was the Chairman of Lembaga Tabung Angkatan Tentera (LTAT) from 23 February 1988 until 22 February 2007. Tan Sri Ghazali is the Chairman of UAC Berhad and he also sits on the Boards of Boustead Plantations Berhad and Boustead Properties Berhad. He does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, nor any personal interest in any business arrangement involving the Company.

Tan Sri Dato' Lodin Wok Kamaruddin
Deputy Chairman/Group Managing Director
Non-Independent Executive Director
61 Years Of Age, Malaysian

Tan Sri Lodin was appointed to the Board on 10 July 1984. He is a member of the Remuneration Committee. He is also the Chief Executive of LTAT.

Tan Sri Lodin graduated from the College of Business Administration, The University of Toledo, Ohio, United States of America with a Bachelor of Business Administration and Master of Business Administration. Prior to joining LTAT in 1982, he was with Perbadanan Kemajuan Bukit Fraser as its General Manager from 1973 to 1982. He has extensive experience in general management and fund management. Tan Sri Lodin is also the Chairman of Boustead Heavy Industries Corporation Berhad, Boustead Naval Shipyard Sdn Bhd, Boustead Petroleum Sdn Bhd, Boustead Petroleum Marketing Sdn Bhd, Boustead REITS Managers Sdn Bhd, Johan Ceramics Berhad and 1Malaysia Development Berhad. He is also Deputy Chairman of Affin Holdings Berhad and he also sits on the Boards of UAC Berhad, Affin Bank Berhad, Affin Islamic Bank Berhad, Affin Investment Bank Berhad, AXA AFFIN Life Insurance Berhad, The University of Nottingham in Malaysia Sdn Bhd and Badan Pengawas Pemegang Saham Minoriti Berhad. He does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, nor any personal interest in any business arrangement involving the Company, except that he is also the Chief Executive of LTAT.

Lt. Gen. Dato' Mohd Yusof Din (R)
Independent Non-Executive Director
80 Years Of Age, Malaysian

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

Dato' Yusof is a graduate of the Royal Military Academy, Sandhurst, United Kingdom; Defence Services Staff College, India; and International Defence Management Naval Institute, United States of America. He holds a diploma in Practical & Applied Psychology in Industry from Aldermaston College, United Kingdom. Dato' Yusof had also attended a Business Administration course at INTAN. He served in various capacities in the Malaysian Armed Forces from 1955 to 1988 with his last position being that of Chief of Defence Intelligence Staff. He does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, nor any personal interest in any business arrangement involving the Company.

Dato' (Dr.) Megat Abdul Rahman Megat Ahmad
Independent Non-Executive Director
71 Years Of Age, Malaysian

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

Dato' Megat is also the senior independent non-executive Director to whom all concerns regarding the Group may be conveyed. He holds a Bachelor of Commerce degree from University of Melbourne, Australia. He is a Life Member of the Malaysian Institute of Certified Public Accountants, a member of the Malaysian Institute of Accountants and a Fellow Member of the Institute of Chartered Accountants in Australia. He was a partner of KPMG, Malaysia and managing partner of KPMG Desa, Megat & Co. for over 10 years and an executive director in Kumpulan Guthrie Berhad for 11 years. He also sits on the Boards of UAC Berhad, Press Metal Berhad and Mardec Berhad. He also sits on the Boards of Universiti Kebangsaan Malaysia and Hospital Universiti Kebangsaan Malaysia. He does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, nor any personal interest in any business arrangement involving the Company.

Datuk Azzat Kamaludin
Non-Independent Non-Executive Director
65 Years Of Age, Malaysian

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

Datuk Azzat is a lawyer by profession, and is a partner of the law firm of Azzat & Izzat. He graduated from the University of Cambridge with degrees in Law and in International Law in 1969 and was admitted as a Barrister-at-Law of the Middle Temple, London in 1970. Prior to being admitted as an advocate and solicitor of the High Court of Malaya in 1979, he served as an Administrative and Diplomatic Officer with the Ministry of Foreign Affairs Malaysia in various capacities. He is also presently a director of Affin Holdings Berhad, Boustead Heavy Industries Corporation Berhad, Axiata Group Berhad, KPJ Healthcare Berhad, Visdynamics Holdings Berhad, Pulau Springs Berhad and several other private limited companies. He served as a member of the Securities Commission from 1 March 1993 to 21 March 1999. He does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, nor any personal interest in any business arrangement involving the Company, other than the rendering of professional services to the Group which is carried out in the ordinary course of business of Azzat & Izzat, of which he is a partner.

Dato' Ghazali Mohd Ali
Non-Independent Executive Director
62 Years Of Age, Malaysian

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

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

Note: None of the Directors have been convicted of any offences in the past 10 years (other than traffic offences, if any).

Senior Management Team



from left:

Tan Sri Dato' Lodin Wok Kamaruddin
Deputy Chairman/Group Managing Director

Laksamana Madya Tan Sri Dato' Seri Ahmad Ramli Hj. Mohd Nor (R)
Director, Heavy Industries

Dato' Ghazali Mohd Ali
Director, Property

Mr. Daniel Ebinesan
Director, Finance

Mr. Koo Hock Fee
Director, Manufacturing





from left:

Mr. Chow Kok Choy
Director of Operations
Boustead Estates Agency

En. Sharudin Jaffar
Planting Director
Boustead Estates Agency

En. Shoib Abdullah
Senior General Manager
Boustead Estates Agency

Mr. Teng Peng Khen
Senior General Manager
Boustead Estates Agency

Dato' Farshilla Emran
Managing Director
Idaman Pharma Manufacturing

En. Mokhtar Khir
Director of Operations
Boustead Hotels and Resorts

Senior Management Team



from left:

Mr. Chew Chik Soo
Senior General Manager
Boustead Building Materials & Boustead
Sissons Paints

En. Rahim Mohd Som
Executive Director
Boustead Emastulin & Boustead Credit

En. Khushairi Mohd Hashim
Senior General Manager
Mutiara Rini

Mr. Tan Kim Thiam
Managing Director
Boustead Petroleum Marketing

Ms. Serena Ngiam
General Manager
Boustead Travel Services

Professor Ian Pashby
Vice President
University of Nottingham Malaysia Campus



▶ *from left:*

En. Musa Hj. Sulaiman
General Manager
Boustead Global Trade Network

Mr. Ting Sik Fatt
General Manager, Boustead Engineering

Mr. Koh Chor Meng
General Manager, Asia Smart Cards Centre
& Group ICT

Mr. Bernard Khit
General Manager, Boustead Shipping Agencies

Puan Zalily Mohamed Zaman Khan
General Manager, Group Internal Audit

Puan Sharifah Malek
Group Company Secretary

Puan Nawal Hanafiah
General Manager, Group Human Resource



Foresight

Always looking towards the future, the Boustead Group continues to strategically expand into new areas of the economy.

Audit Committee Report

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

MEMBERS AND MEETINGS

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

Name of Director	Status of Directorship	Independent	Attendance of Meetings
Dato' (Dr.) Megat Abdul Rahman Megat Ahmad	Non-executive Director Chairman of the Committee	Yes	5/5
Lt. Gen. Dato' Mohd Yusof Din (R)	Non-executive Director	Yes	5/5
Datuk Azzat Kamaludin	Non-executive Director	No	4/5

The Deputy Chairman/Group Managing Director, the Group Chief Financial Officer, General Manager, Group Internal Audit and other members of senior management attended these meetings. The Group's external auditors were invited to attend two of these meetings. The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification.

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee. The Committee is authorised by the Board to obtain such outside legal or other independent professional advice and to secure the attendance of such outsiders with relevant experience and expertise as it may consider necessary. The Committee is able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and management, whenever deemed necessary.

RESPONSIBILITIES AND DUTIES

The Committee shall undertake the following responsibilities and duties:

1. To review with the external auditors, the audit plan, the scope of audit and their audit report.
2. To review the evaluation of the system of internal control with the internal and external auditors.
3. To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work.
4. To review the internal audit plan and review the results of the internal audit plan or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
5. To review the quarterly results and the year end financial statements of the Group prior to the approval by the Board of Directors, focusing particularly on:
 - changes in or implementation of major accounting policies;
 - significant and unusual events; and
 - compliance with accounting standards and other regulatory requirements.
6. To review related party transactions entered into by the Company and the Group to ensure that they are in the best interest of the Group; fair, reasonable and on normal commercial terms; and not detrimental to minority shareholders.
7. To review the procedures of recurrent related party transactions undertaken by the Company and the Group.
8. To review with the external auditors with regards to problems and reservations arising from their interim and final audits.
9. To assess the performance of the external auditors and make recommendations to the Board of Directors on their appointment and removal.
10. To recommend the nomination of a person or persons as external auditors.
11. To review any letter of resignation from the external auditors and any questions of resignation or dismissal.
12. To monitor the Group's compliance to the Bursa Malaysia Listing Requirements (LR) and the Malaysian Code of Corporate Governance from assurances by the Company Secretary and the results of review by the external and internal audits.
13. To report to Bursa Malaysia, any breaches of the LR which have not been satisfactorily resolved.

Audit Committee Report

14. To undertake such other functions as may be agreed to by the Committee and the Board of Directors.

ACTIVITIES DURING THE FINANCIAL YEAR

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

- Reviewed the internal and external auditors' scope of work and annual audit plans for the Group.
- Reviewed management letters and the audit report of the external auditors.
- Reviewed the quarterly and annual reports of the Group to ensure compliance with the LR, applicable approved accounting standards and other statutory and regulatory requirements prior to recommending for approval by the Board of Directors.
- Review of the Audit Committee Report, Statement on Corporate Governance and Statement on Internal Control and recommend to the Board for approval prior to their inclusion in the Company's annual report.
- Reviewed the resource requirements of the Group Internal Audit function.

- Approved the framework for related party transactions and recurrent related party transactions for adoption by the Group.

- Reviewed the related party transactions entered by the Company and the Group as well as the disclosure of and the procedures relating to related party transactions.

- Reviewed internal audit reports and to monitor/follow-up on remedial action. Where required, members of the Committee would carry out ground visits to verify significant issues highlighted in the Internal Audit Reports.

- Met with the external auditors twice during the year in the absence of management.

INTERNAL AUDIT FUNCTION

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

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

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

- Prepared the annual audit plan for approval by the Committee.
- Performed risk based audit based on the annual audit plan, including follow-up of matters from previous internal audit reports.
- Issued internal audit reports to the management on risk management, control and governance issues identified from the risk based audits together with recommendations for improvements in these processes.
- Undertook investigations and special reviews of matters arising from the audits and/or requested by the management and/or Committee and issued reports accordingly to the management.

- Reported on a quarterly basis to the Management Committee on significant risk management, control and governance issues from the internal audit reports issued, the results of investigations and special reviews undertaken and the results of follow-up of matters reported.
- Reported on a quarterly basis to the Committee the achievement of the audit plan and status of resources of the Group Internal Audit function.
- Conducted follow-up of the recommendations by the external auditors in their management letter.
- Liaised with the external auditors to maximise the use of resources and for effective coverage of the audit risks.
- Reviewed the procedures relating to related party transactions.

The total cost incurred for the Group Internal Audit function in respect of the financial year ended 31 December 2010 amounted to RM3.6 million (2009: RM2.4 million).

Statement on Corporate Governance

The Board of Directors is committed to the Principles of Malaysian Code on Corporate Governance (the Code) and strives to adopt the substance behind the corporate governance prescriptions and not merely the form.

Set out below is the manner with which the Group has applied the principles of good governance and the extent to which it has complied with the best practices set out in the Code. These principles and best practices have been applied and complied with throughout the year ended 31 December 2010.

BOARD RESPONSIBILITIES

The Board is responsible for the corporate governance practices of the Group. It guides and monitors the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group. The key responsibilities include the primary responsibilities prescribed under best practice AA1 of the Code. These cover a review of the strategic direction for the Group and overseeing the business operations of the Group, evaluating whether these are being properly managed. The responsibility for matters material to the Group is in the hands of the Board, with no individuals having unfettered powers to make decisions. In performing their duties, all Directors have access to the advice and services of the Company Secretary and if necessary, may seek independent professional advice about the affairs of the Group. The Board has a formal schedule of matters reserved to itself for decision, including the overall Group strategy and direction, acquisition and

divestment policy, approval of major capital expenditure projects and significant financial matters.

COMPOSITION OF THE BOARD

The Board currently has six members, comprising two executive Directors and four non-executive Directors. Three of the Directors are independent Directors, which is in excess of the Listing Requirement of one third. Together, the Directors bring characteristics which allow a mix of qualifications, skills and experience which is necessary for the successful direction of the Group.

A brief profile of each Director is presented on pages 74 to 75 of this annual report.

The Group practises a division of responsibility between the Chairman and the Deputy Chairman/Group Managing Director (GMD) and there is a balance of executive, non-executive and independent non-executive Directors. The roles of the Chairman and GMD are separate and clearly defined, and are held individually by two persons. The Chairman, who is not a previous GMD, is primarily responsible for the orderly conduct and working of the Board whilst the GMD has the overall responsibility for the day-to-day running of the business and implementation of Board policies and decisions.

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

The terms and conditions of the appointment of Directors are set out in a letter of appointment that sets out, amongst others, the procedures for dealing with conflicts of interest and the availability of independent professional advice. The Board believes that the current size and composition is appropriate for its purpose, and is satisfied that the current Board composition fairly reflects the interests of minority shareholders within the Group.

BOARD MEETINGS

Board meetings are held at quarterly intervals with additional meetings convened for particular matters, when necessary. The Board records its deliberations, in terms of issues discussed, and the conclusions in discharging its duties and responsibilities. All Directors are fully briefed in advance of Board meetings on the matters to be discussed and have access to any further information they may require. The Board may, whenever required, set up committees delegated with specific powers and responsibilities.

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

- Audit Committee
- Nomination Committee
- Remuneration Committee

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

Board of Directors	4 meetings
Audit Committee	5 meetings
Nomination Committee	1 meeting
Remuneration Committee	2 meetings

Statement on Corporate Governance

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

Name of Director	Status of Directorship	Independent	Attendance of Meetings
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	Non-executive Chairman	Yes	4/4
Tan Sri Dato' Lodin Wok Kamaruddin	Deputy Chairman/ Group Managing Director	No	4/4
Lt. Gen. Dato' Mohd Yusof Din (R)	Non-executive Director	Yes	4/4
Dato' (Dr.) Megat Abdul Rahman Megat Ahmad	Non-executive Director	Yes	4/4
Datuk Azzat Kamaludin	Non-executive Director	No	4/4
Dato' Ghazali Mohd Ali	Executive Director	No	4/4

INFORMATION FOR THE BOARD

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

The Directors have access to the advice and services of the Company Secretary and the terms of appointment permit removal and appointment only by the Board as a whole. The Board of Directors, whether as a full Board or in their individual capacity, in the furtherance of their duties, may seek independent professional advice at the Company's expense.

DIRECTORS' TRAINING

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

Course Title/Organiser	Date
The Financial Institution Directors' Education (FIDE) Programme – Module 4 (Bank Negara Malaysia)	11 – 12 January 2010
Retail Team Development Workshop (John Stanley Associates)	11 February 2010
MSWG Seminar (MSWG)	25 March 2010
FIDE – Invitation to Colloquium on Risk Management of Derivatives by Prof. Robert M Conroy (Bank Negara Malaysia)	27 April 2010
Transformational Leadership A Passionate Passage (MINDA)	13 May 2010
Borderless & Globalisation (MICG & FPLC)	9 June 2010
Corporate Governance Guide – Towards Boardroom Excellence (MIA)	16 June 2010
Shopping Centre Leasing & Development Workshop (International Council of Shopping Centre)	29 – 30 June 2010
Islamic Banking (Affin Holdings Berhad)	1 July 2010
2nd Annual Corporate Governance Summit 2010 (MICG & FPLC)	6 – 7 July 2010
Briefing on Financial Reporting Standards and Goods and Services Tax (Affin Holdings Berhad)	8 July 2010
Briefing on Financial Industry Directors' Remuneration Study (PricewaterhouseCoopers)	20 August 2010
Corporate Governance – Board Simulation Exercise (Bank Negara Malaysia)	20 – 21 October 2010
Financial Industry Conference (Bank Negara Malaysia)	3 November 2010

Statement on Corporate Governance

RE-ELECTION OF DIRECTORS

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

BOARD COMMITTEES

Audit Committee

The Company has an Audit Committee whose composition meets with the Bursa Malaysia Listing Requirements, where independent Directors form the majority. All members of the Audit Committee are financially literate, while the Chairman of the Audit Committee is a member of the Malaysian Institute of Accountants. The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with external auditors.

The Committee has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the Committee. The role of the Audit Committee and the number of meetings held during the financial year as well as the attendance record of

each member are set out in the Audit Committee Report in the annual report.

Nomination Committee

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

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

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

- To assess and recommend to the Board candidates for directorship on the Board of the Company as well as membership of the Board Committees.
- To review and assess annually the overall composition of the Board in terms of appropriate size, required mix of skills, experience and core competencies, and the adequacy of balance between executive Directors, non-executive Directors and independent Directors.

- To establish the mechanisms for the formal assessment of the effectiveness of individual Director, and to annually appraise the performance of the executive Directors including the GMD based on objective performance criteria as approved by the Board.

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

Remuneration Committee

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

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

The Remuneration Committee reviews the remuneration packages, reward structure and fringe benefits applicable to the GMD, executive Director and senior executives on an annual basis and makes recommendations to the Board. The Board as a whole determines

the remuneration of the GMD and the executive Director with each individual Director abstaining from decisions in respect of his own remuneration. In establishing the level of remuneration for the GMD, executive Director and senior executives, the Committee has regard to packages offered by comparable companies, and may obtain independent advice.

The remuneration of the GMD and the executive Director comprises a fixed salary and allowances, and a bonus approved by the Board, which is linked to Group performance. The remuneration for non-executive Directors comprises annual fees, meeting allowance between RM1,000 to RM2,000 each for every meeting that they attend, and reimbursement of expenses for their services in connection with Board and Board Committee meetings.

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

- To review annually and make recommendations to the Board the remuneration packages, reward structure and fringe benefits applicable to all executive Directors and senior executives to ensure that rewards commensurate with their contributions to the Group's growth and profitability.
- To review annually the performance of the GMD and the Executive Director and recommend to the Board specific adjustments in remuneration and reward payments if any, to reflect their contributions for the year.

Statement on Corporate Governance

- To ensure that the level of remuneration of the non-executive Directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board.
- To keep abreast of the terms and conditions of service of the GMD, the executive Director and key senior management officers including their total remuneration packages for market comparability; and to review and recommend to Board changes whenever necessary.
- To keep abreast of the remuneration package of the non-executive Directors to ensure that they commensurate with the scope of responsibilities held and to review and recommend to Board changes whenever necessary.

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

DIRECTORS' REMUNERATION

The details on the aggregate remuneration of Directors for the financial year ended 31 December 2010 are as follows:

	Non-executive Directors RM'000	Executive Directors RM'000	Total RM'000
Directors' fees	586	239	825
Meeting allowances	130	40	170
Salaries	–	1,717	1,717
Bonuses	–	807	807
Employees provident fund contribution	–	382	382
Benefits in kind and allowances	72	523	595
Total	788	3,708	4,496

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

	Non-executive Directors	Executive Directors
From RM100,001 to RM150,000	2	–
From RM200,001 to RM250,000	1	–
From RM300,001 to RM350,000	1	–
From RM1,150,001 to RM1,200,000	–	1
From RM2,500,001 to RM2,550,000	–	1

INVESTORS AND SHAREHOLDERS RELATIONSHIP

The Group recognises the importance of timely and thorough dissemination of information to shareholders. In this regard, the Group strictly adheres to the disclosure requirements of Bursa Malaysia and the Malaysian Accounting Standards Board. The annual report has comprehensive information pertaining to the Group, while various disclosures on quarterly and annual results provide investors with financial information. Apart from the mandatory public announcements through Bursa Malaysia, the Group's website at www.boustead.com.my provides corporate, financial and non-financial information. Through the website, shareholders are able to direct queries to the Company. The Group's investor relations activities are aimed at developing and maintaining a positive relationship with all the stakeholders through active two-way communication, and to promote and demonstrate a high standard of integrity and transparency through timely, accurate and full disclosure and to enhance the stakeholders' understanding of the Group, its core businesses and operations, thereby enabling investors to make informed decisions in valuing the Company's shares.

Statement on Corporate Governance

The Deputy Chairman/Group Managing Director and the senior management meet regularly with analysts, institutional shareholders and investors. At general meetings, the Board encourages shareholder participation and responds to their questions. Shareholders can also leave written questions for the Board to respond. The Share Registrar is available to attend to matters relating to shareholder interests. The primary contact for investor relation matters is:

En. Fahmy bin Ismail

Designation – General Manager, Corporate Planning

Contact details – Telephone Number: 03-20317749

Email: fahmy.cpd@boustead.com.my

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcements of results to the shareholders, the Board aims to present a balanced and understandable assessment of the Group's position and prospects. Before the financial statements were drawn up, the Directors have taken the necessary steps to ensure that the Group had used all the applicable accounting policies consistently, and that the policies are supported by reasonable and prudent judgements and estimates. All accounting standards, which the Board considers to be applicable, have been followed. The role of the Audit Committee in the review and reporting of the financial information of the Group is outlined in the Audit Committee Report in the annual report.

Related Party Transactions

Directors recognise that they must declare their respective interests in transactions with the Company and the Group, and abstain from deliberation and voting on the relevant resolution in respect of such transactions at the Board or at any general meetings convened to consider the matter. All related party transactions are reviewed as part of the annual internal audit plan, and the Audit Committee reviews any related party transactions and conflict of interest situation that may arise within the Group including any transactions, procedure or course of conduct that raises questions of management integrity. Details of related party transactions are set out in Note 42 to the annual financial statements.

Internal Control

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

Relationship with External Auditors

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

This statement is made in accordance with a resolution of the Board of Directors dated 7 March 2011.

Directors' Responsibility Statement

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

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

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 7 March 2011.

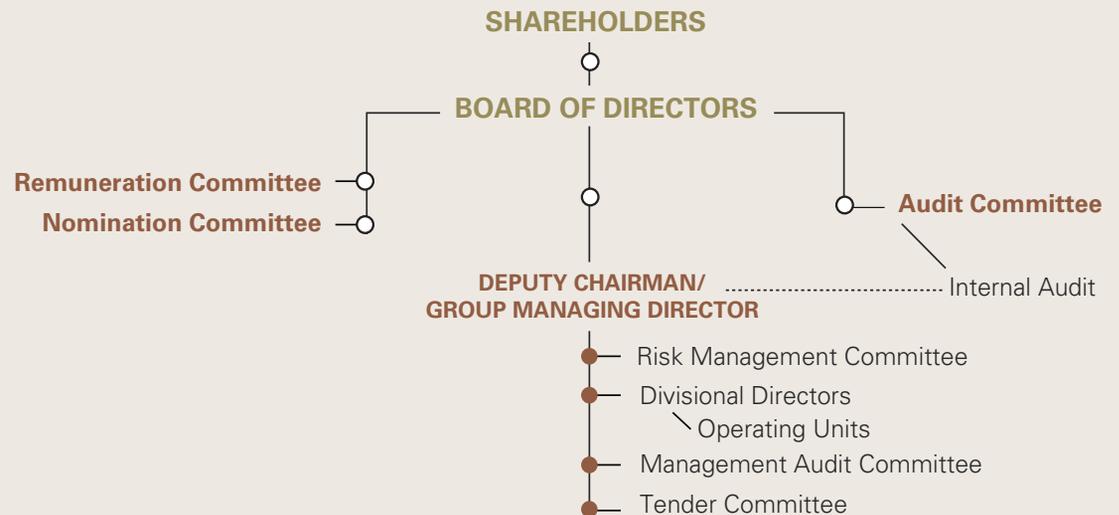
Statement on Internal Control

BOARD RESPONSIBILITY

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

The Group's system of internal control covers risk management and financial, operational and compliance controls. The Board does not regularly review internal control systems of Associates, as the Board does not have direct control over their operations. Notwithstanding the above, the Group's interests are served through representation on the boards of the respective companies and the receipt and review of management accounts and enquiries thereon. Such representation also provides the Board with information for timely decision making on the continuity of the Group's investments based on the performance of the Associates. The representation also enables the Group to exercise influence over the financial and operating policies of these Associates.

Except for insurable risks where insurance covers are purchased, other significant risks faced by the Group (excluding Associates) are reported to, and managed by the respective Boards within the Group. The internal control system of the Group is supported by an appropriate organisation structure with clear reporting lines, defined lines of responsibilities and authorities from respective business units up to the Board level as follows:



Statement on Internal Control

RISK MANAGEMENT

The Board recognises the importance of sound risk management practices in relation to good corporate governance and internal control system. As such the Group strives to identify and manage its risks in a structured manner to ensure that the assets and stakeholders' interests are well protected and shareholders' value maximised.

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

- Communicate the vision, role, direction and priorities to all employees and key stakeholders;
- Identify, assess, treat, report and monitor significant risks in an effective manner;
- Enable systematic risk review and reporting on key risks, existing control measures and any proposed action plans and;
- Create a risk-aware culture and building the necessary knowledge for risk management at every level of management.

In line with the achievement of the above objectives, the Group has:

- Adopted a structured and systematic risk assessment, reporting and monitoring framework;
- Heightened risk awareness culture in the business processes;

- Fostered a culture of continuous improvement in risk management through risk review meetings and;
- Provided a system to manage the central accumulation of risk profiles data with risk significance rating for the profiles as a tool for prioritising risk action plans.

Identifying, evaluating and managing the various significant risks faced by the Group is an ongoing and iterative process within the various key operating units. The RMC periodically reviews the significant risks for the Group, to ensure that the risks are being well managed.

During the financial year under review, the Risk Management department has conducted risk management meetings with key operating units to review their key risks, controls and action plans. Emphasis is given on ensuring that the operating units have identified their high risk areas with the relevant controls and action plans in place to mitigate the identified risks.

The Group will continue its focus on sound risk assessment practices and internal controls to ensure that the Group is able to respond effectively to the changing business and competitive environment to enhance the shareholder value.

KEY ELEMENTS OF INTERNAL CONTROL

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

- Clear organisation structure with defined reporting lines.

-
- Each operating unit is responsible for the conduct and performance of business units, including the identification and evaluation of significant risks applicable to their respective business area, the design and operation of suitable internal controls and in ensuring that an effective system of internal control is in place.
 - Defined level of authorities and lines of responsibilities from operating units up to the Board level to ensure accountabilities for risk management and control activities.
 - The Group has various support functions comprising secretarial, legal, human resource, finance, treasury and IT which are centralised.
 - Training and development programmes are established to ensure that staff are kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives.
 - A code of ethics is established for all employees that defines the ethical standards and conduct at work required. The Group also has in place a whistle blowing policy to provide an avenue for employees to report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines in a safe and confidential manner.
 - Regular Board and Management meetings to assess the Group's performance and controls.
 - The internal audit function provides assurance of the effectiveness of the system of internal controls within the Group. Regular internal audit visits to review the effectiveness of the control procedures and ensure accurate and timely financial management reporting. Internal audit efforts are directed towards areas with significant risks as identified by Management, and the risk management process is being audited to provide assurance on the management of risk.
 - Review of internal audit reports and follow-up on findings by Management Audit Committee. The internal audit reports are deliberated by the Audit Committee, and are subsequently presented to the Board on a quarterly basis or earlier, as appropriate.
 - Review and award of major contracts by Tender Committee. A minimum of three quotations is called for and tenders are awarded based on criteria such as quality, track record and speed of delivery.
 - Tender Committee comprising members of senior management which ensures transparency in the award of contracts.
 - Clearly documented standard operating procedures manuals set out the policies and procedures for day to day operations to be carried out. Regular reviews are performed to ensure that documentation remains current and relevant.

Statement on Internal Control

- Consolidated monthly management accounts and quarterly forecast performance which allow Management to focus on areas of concern.
- Regular visits to estates by Visiting Agents, and Estates Department, with the emphasis on the monitoring and control of expenditure at operating centres, agronomic practices and ad-hoc investigations.
- Strategic planning, target setting and detailed budgeting process for each area of business which are approved both at the operating level and by the Board.
- Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary.
- Regular visits to the operating units by members of the Board and Senior Management.
- Periodic examination of business processes and the state of internal control by the internal audit function. Reports on the reviews carried out by the internal audit function are submitted on a regular basis to the Management Audit Committee and Audit Committee.

The monitoring, review and reporting arrangements in place provide reasonable assurance that the structure of controls and its operations are appropriate to the Group's operations and that risks are at an acceptable level throughout the Group's businesses. Such arrangements, however, do not eliminate the possibility of human error, deliberate circumvention of control procedures by employees and others, or the occurrence of unforeseeable circumstances. The Board is of the view that the system of internal control in place for the year under review is sound and sufficient to safeguard shareholders' investments, stakeholders' interests and the Group's assets.

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

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

- Regular confirmation by the Chief Executive Officer and Chief Financial Officer of the respective operating units on the effectiveness of the system of internal control, highlighting any weaknesses and changes in risk profile.

WEAKNESSES IN INTERNAL CONTROLS THAT RESULT IN MATERIAL LOSSES

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

This statement is made in accordance with a resolution of the Board of Directors dated 7 March 2011.

Financial Statements

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Directors' Report

The Directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2010.

PRINCIPAL ACTIVITIES

Boustead Holdings Berhad was incorporated in Malaysia in 1960 and its principal activities are investment holding and oil palm cultivation. The principal activities of the Subsidiaries and Associates are stated on pages 198 to 203. There have been no significant changes in the nature of these activities during the financial year under review.

RESULTS

	Group	Company
	RM Million	RM Million
Profit for the year attributable to:		
Shareholders of the Company	537.5	364.6
Minority interests	87.4	–
	624.9	364.6

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

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

DIVIDENDS

The Directors have declared the following single tier dividends in respect of the financial year ended 31 December 2010:

	Net dividend		
	Sen per share	RM Million	Payment date
First interim dividend	5.0	47.0	28 June 2010
Second interim dividend	10.0	94.0	28 September 2010
Third interim dividend	12.0	112.8	30 December 2010
Fourth interim dividend	12.0	112.8	31 March 2011
	39.0	366.6	

DIVIDENDS (CONT'D.)

The fourth interim dividend totalling RM83.9 million or a net dividend of 9 sen per share in respect of the financial year ended 31 December 2009 as declared in the Directors' report of that year was paid during the financial year under review.

DIRECTORS

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

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

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate. Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 5 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 42 to the financial statements.

REMUNERATION COMMITTEE

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

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

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 and warrants of the Company and its related corporations were as follows:

	At 1/1/10	Acquired	Sold	At 31/12/10
<i>Ordinary shares of RM0.50 each</i>				
Boustead Holdings Berhad				
Tan Sri Dato' Lodin Wok Kamaruddin	26,122,599	–	–	26,122,599
Datuk Azzat Kamaludin	40,000	–	–	40,000
<i>Ordinary shares of RM1.00 each</i>				
Boustead Heavy Industries Corporation Berhad				
Tan Sri Dato' Lodin Wok Kamaruddin	2,000,000	–	–	2,000,000
Datuk Azzat Kamaludin	495,300	–	–	495,300
Dato' Ghazali Mohd Ali	75,000	–	–	75,000
Boustead Petroleum Sdn Bhd				
Tan Sri Dato' Lodin Wok Kamaruddin	5,766,465	150,000	–	5,916,465
Affin Holdings Berhad				
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	91,708	–	–	91,708
Tan Sri Dato' Lodin Wok Kamaruddin	808,714	–	–	808,714
Datuk Azzat Kamaludin	110,000	–	–	110,000
Dato' Ghazali Mohd Ali	51,000	–	–	51,000
<i>Redeemable preference shares of RM1.00 each</i>				
Boustead Petroleum Sdn Bhd				
Tan Sri Dato' Lodin Wok Kamaruddin	50	–	–	50

	At 1/1/10	Acquired	Lapsed	At 31/12/10
<i>Number of units</i>				
Affin Holdings Berhad – Warrants				
Tan Sri Dato' Lodin Wok Kamaruddin	1,500	–	(1,500)	–

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

ISSUE OF SHARES

During the year, the Company's issued and paid up share capital was increased from RM455.7 million to RM470.1 million by the issuance of 20,512,820 new ordinary shares of RM0.50 each at RM1.95 per share pursuant to the conversion of RM40 million bank guaranteed redeemable convertible bonds and the subsequent issuance of 8,205,128 new ordinary shares of RM0.50 each for cash at RM2.80 per share.

The new shares issued during the financial year rank pari passu with the existing ordinary shares of the Company.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent.
 - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
 - (iv) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.
- (c) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

Directors' Report

OTHER STATUTORY INFORMATION (CONT'D.)

(d) In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

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

AUDITORS

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

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

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

TAN SRI DATO' LODIN WOK KAMARUDDIN

Kuala Lumpur
7 March 2011

Statement by Directors and Statutory Declaration

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

We, GEN. TAN SRI DATO' MOHD GHAZALI HJ. CHE MAT (R) and TAN SRI DATO' LODIN WOK KAMARUDDIN, being two of the Directors of BOUSTEAD HOLDINGS BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 110 to 203 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of the results and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 47 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements as issued by the Malaysian Institute of Accountants.

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

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

TAN SRI DATO' LODIN WOK KAMARUDDIN

Kuala Lumpur
7 March 2011

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 110 to 203 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 7 March 2011.

Before me

ZAINALABIDIN BIN NAN
Commissioner for Oaths
Kuala Lumpur

DANIEL EBINESAN

Independent Auditors' Report

To the Members of Boustead Holdings Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Boustead Holdings Berhad, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 110 to 196 and pages 198 to 203.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

OPINION

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its Subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the Subsidiaries which we have not acted as auditors, which are indicated on pages 198 to 202, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the Subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the Subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER MATTERS

The supplementary information set out in Note 47 on page 197 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants (MIA Guidance) and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

ERNST & YOUNG
AF: 0039
Chartered Accountants

HABIBAH BTE ABDUL
No. 1210/05/12(J)
Chartered Accountant

Kuala Lumpur, Malaysia
7 March 2011

Income Statements

For the year ended 31 December 2010

	Note	Group		Company	
		2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Revenue	4	6,181.8	5,392.0	426.6	383.4
Operating cost	5	(5,599.8)	(4,986.7)	(112.4)	(108.8)
Results from operations		582.0	405.3	314.2	274.6
Interest income	6	4.2	17.5	2.1	19.8
Other investment results	7	146.6	102.5	158.8	1.4
Finance cost	8	(113.6)	(127.0)	(68.2)	(121.6)
Share of results of Associates		107.0	103.3	–	–
Profit before taxation		726.2	501.6	406.9	174.2
Income tax expense	9	(101.3)	(83.2)	(42.3)	(29.5)
Profit for the year		624.9	418.4	364.6	144.7
Attributable to:					
Shareholders of the Company		537.5	341.6	364.6	144.7
Minority interests		87.4	76.8	–	–
Profit for the year		624.9	418.4	364.6	144.7
Earnings per share – sen	10	57.5	47.0		

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

Statements of Comprehensive Income

For the year ended 31 December 2010

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Profit for the year	624.9	418.4	364.6	144.7
Other comprehensive income/(loss):				
Net gain on available for sale investments				
– gain on fair value changes	52.0	–	1.2	–
– transfer to profit or loss upon disposal	(2.2)	–	–	–
Foreign currency translation	(4.1)	8.9	–	–
Total comprehensive income for the year	670.6	427.3	365.8	144.7
Attributable to:				
Shareholders of the Company	582.5	350.3	365.8	144.7
Minority interests	88.1	77.0	–	–
Total comprehensive income for the year	670.6	427.3	365.8	144.7

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

Statements of Financial Position

As at 31 December 2010

	Note	Group			Company		
		2010 RM Million	2009 RM Million	2008 RM Million	2010 RM Million	2009 RM Million	2008 RM Million
ASSETS							
Non-current assets							
Property, plant and equipment	12	2,119.0	2,089.5	1,924.8	9.1	8.1	8.0
Biological assets	13	357.2	356.5	357.1	–	–	–
Investment properties	14	1,074.7	960.3	763.1	69.5	67.6	60.9
Development properties	15	216.1	220.1	208.4	–	–	–
Prepaid land lease payments	16	49.5	50.0	49.9	–	–	–
Long term prepayments	17	136.1	132.9	134.1	–	–	–
Deferred tax assets	18	65.5	66.0	68.0	–	–	–
Subsidiaries	19	–	–	–	2,408.3	2,612.2	2,645.6
Associates	20	1,165.3	1,087.0	1,045.9	686.9	686.7	689.5
Investments	21	528.0	375.9	524.9	5.3	3.8	4.4
Patrol vessel expenditure	22	455.3	455.3	455.3	–	–	–
Goodwill	23	1,017.0	1,015.1	1,068.5	–	–	–
Total non-current assets		7,183.7	6,808.6	6,600.0	3,179.1	3,378.4	3,408.4
Current assets							
Inventories	24	244.0	234.6	230.8	3.1	1.9	4.1
Property development in progress	25	34.5	28.9	49.3	–	–	–
Due from customers on contracts	26	195.9	111.2	76.8	–	–	–
Receivables	27	1,093.9	942.5	1,052.6	137.6	105.0	507.6
Deposits, cash and bank balances	28	424.5	396.5	669.5	6.9	13.0	0.8
Assets classified as held for sale	29	91.7	565.5	–	53.5	–	–
Total current assets		2,084.5	2,279.2	2,079.0	201.1	119.9	512.5
Total assets		9,268.2	9,087.8	8,679.0	3,380.2	3,498.3	3,920.9

	Note	Group			Company		
		2010 RM Million	2009 RM Million	2008 RM Million	2010 RM Million	2009 RM Million	2008 RM Million
EQUITY AND LIABILITIES							
Equity attributable to shareholders of the Company							
Share capital	30	470.1	455.7	325.5	470.1	455.7	325.5
Non-distributable reserves	31	1,708.4	1,498.1	853.8	1,213.6	1,163.6	565.5
Retained earnings	32	2,049.4	1,874.5	1,731.5	459.5	432.6	449.0
Shareholders' equity		4,227.9	3,828.3	2,910.8	2,143.2	2,051.9	1,340.0
Minority interests		470.8	446.4	385.2	-	-	-
Total equity		4,698.7	4,274.7	3,296.0	2,143.2	2,051.9	1,340.0
Non-current liabilities							
Long term borrowings	33	687.4	310.6	624.7	437.0	32.5	42.5
Payables	34	26.3	25.2	20.2	-	-	-
Deferred tax liabilities	18	121.1	105.8	105.7	1.6	1.8	0.4
Total non-current liabilities		834.8	441.6	750.6	438.6	34.3	42.9
Current liabilities							
Borrowings	33	2,475.8	2,633.8	2,878.7	576.8	976.9	1,193.4
Payables	34	1,100.3	949.9	1,065.5	221.6	435.2	1,308.0
Due to customers on contracts	26	124.6	525.1	630.2	-	-	-
Taxation		34.0	23.0	21.4	-	-	-
Dividend payable		-	-	36.6	-	-	36.6
Liabilities classified as held for sale	29	-	239.7	-	-	-	-
Total current liabilities		3,734.7	4,371.5	4,632.4	798.4	1,412.1	2,538.0
Total liabilities		4,569.5	4,813.1	5,383.0	1,237.0	1,446.4	2,580.9
Total equity and liabilities		9,268.2	9,087.8	8,679.0	3,380.2	3,498.3	3,920.9

The comparative figures for 2008 is as at 1 January 2009. The comparative figures for 2009 and 2008 have been restated following the reclassification of prepaid land lease payments to property, plant and equipment (Note 1(d)). The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

For the year ended 31 December 2010

	Share capital	Non-distributable reserves	Retained earnings	Total attributable to shareholders of the Company	Minority interests	Total equity
	RM Million	RM Million	RM Million	RM Million	RM Million	RM Million
Group						
At 1 January 2009	325.5	853.8	1,731.5	2,910.8	385.2	3,296.0
Total comprehensive income for the year	–	8.7	341.6	350.3	77.0	427.3
Transactions with owners						
Acquisition of Subsidiaries (Note 19)	–	–	–	–	1.3	1.3
Disposal of Subsidiaries (Note 19)	–	–	–	–	(1.3)	(1.3)
Rights issue during the year (Note 30)	130.2	598.1	–	728.3	–	728.3
Issue of shares by a Subsidiary to minority interests	–	–	–	–	14.4	14.4
Transfer during the year (Note 31)	–	37.5	(37.5)	–	–	–
Dividends (Note 11)	–	–	(161.1)	(161.1)	(30.2)	(191.3)
At 31 December 2009	455.7	1,498.1	1,874.5	3,828.3	446.4	4,274.7
Effects of adopting FRS 139 (Note 1(e))	–	93.8	(1.9)	91.9	0.6	92.5
	455.7	1,591.9	1,872.6	3,920.2	447.0	4,367.2
Total comprehensive income for the year	–	45.0	537.5	582.5	88.1	670.6
Transactions with owners						
Acquisition of Subsidiaries (Note 19)	–	–	–	–	20.3	20.3
Additional investment in Subsidiaries	–	–	–	–	(4.5)	(4.5)
Disposal of a Subsidiary (Note 19)	–	–	–	–	(56.7)	(56.7)
Issue of shares						
– by the Company (Note 30)	14.4	48.5	–	62.9	–	62.9
– by Subsidiaries to minority interests	–	–	–	–	5.6	5.6
Transfer during the year (Note 31)	–	23.0	(23.0)	–	–	–
Dividends (Note 11)	–	–	(337.7)	(337.7)	(29.0)	(366.7)
At 31 December 2010	470.1	1,708.4	2,049.4	4,227.9	470.8	4,698.7

	← Non-distributable →				Total equity
	Share capital	Share premium	Fair value reserve	Retained earnings	
	RM Million	RM Million	RM Million	RM Million	RM Million
Company					
At 1 January 2009	325.5	565.5	–	449.0	1,340.0
Total comprehensive income for the year	–	–	–	144.7	144.7
Transactions with owners					
Rights issue during the year (Note 30)	130.2	598.1	–	–	728.3
Dividends (Note 11)	–	–	–	(161.1)	(161.1)
At 31 December 2009	455.7	1,163.6	–	432.6	2,051.9
Effects of adopting FRS 139 (Note 1(e))	–	–	0.3	–	0.3
	455.7	1,163.6	0.3	432.6	2,052.2
Total comprehensive income for the year	–	–	1.2	364.6	365.8
Transactions with owners					
Issue of shares during the year (Note 30)	14.4	48.5	–	–	62.9
Dividends (Note 11)	–	–	–	(337.7)	(337.7)
At 31 December 2010	470.1	1,212.1	1.5	459.5	2,143.2

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

Statements of Cash Flows

For the year ended 31 December 2010

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Operating activities				
Cash receipts from customers	6,046.3	5,590.1	117.3	103.2
Cash paid to suppliers and employees	(5,812.9)	(4,928.9)	(113.0)	(99.3)
Cash generated from operations	233.4	661.2	4.3	3.9
Income taxes (paid)/refunded	(60.0)	(56.3)	32.5	26.4
Net cash from operating activities	173.4	604.9	36.8	30.3
Investing activities				
Acquisition of Subsidiaries (Note 19)	(22.9)	(27.1)	(0.1)	(4.0)
Additional investment in Subsidiaries and Associates	(2.8)	(1.0)	–	(2.3)
Disposal of a Subsidiary (Note 19)	131.4	(0.7)	362.6	–
Disposal of Associate	6.0	0.8	6.0	–
Investments purchased	(26.5)	(94.5)	–	(0.2)
Deposit paid on proposed acquisition (Note 43(b))	(16.0)	–	(16.0)	–
Proceeds from disposal of investment property	–	9.8	–	–
Proceeds from disposal of investments	22.1	34.9	–	1.3
Biological assets and property, plant and equipment				
– purchases	(264.0)	(317.0)	(55.9)	(1.1)
– disposals	9.1	8.4	–	0.1
Purchase and development of investment properties	(72.9)	(37.9)	–	–
Dividends received	56.1	60.9	264.0	283.9
Interest received	4.2	17.5	2.1	19.8
Net cash (used in)/from investing activities	(176.2)	(345.9)	562.7	297.5

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Financing activities				
Issue of shares				
– by the Company	62.9	728.3	62.9	728.3
– by Subsidiaries to minority interests	5.6	14.4	–	–
Dividends paid				
– by the Company	(337.7)	(197.7)	(337.7)	(197.7)
– by Subsidiaries to minority interests	(29.0)	(30.2)	–	–
Proceeds from long term loans	440.6	297.3	414.5	50.0
Repayment of long term loans	(446.1)	(802.3)	(60.0)	(77.5)
Increase/(decrease) of revolving credits and bankers' acceptances	280.2	(153.3)	(319.0)	(206.0)
Receipts from Group companies	–	–	365.5	833.3
Payments to Group companies	–	–	(637.3)	(1,327.2)
Interest paid	(125.3)	(180.4)	(63.4)	(125.8)
Net cash used in financing activities	(148.8)	(323.9)	(574.5)	(322.6)
Net (decrease)/increase in cash and cash equivalents	(151.6)	(64.9)	25.0	5.2
Foreign currency translation difference	–	0.1	–	–
Cash and cash equivalents at beginning of year	549.9	614.7	(19.9)	(25.1)
Cash and cash equivalents at end of year	398.3	549.9	5.1	(19.9)
Cash and cash equivalents at end of year				
Deposits, cash and bank balances (Note 28)	424.5	396.5	6.9	13.0
Overdrafts (Note 33)	(26.2)	(77.8)	(1.8)	(32.9)
	398.3	318.7	5.1	(19.9)
Deposits, cash and bank balances classified as held for sale (Note 29)	–	231.2	–	–
	398.3	549.9	5.1	(19.9)

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

Accounting Policies

(A) BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 1.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

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

(B) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries made up to the end of the year. The financial statements of Subsidiaries are prepared for the same reporting date as the Company, and uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains or losses resulting from intra-group transactions are eliminated.

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

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

(C) SUBSIDIARIES

A Subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investment in Subsidiaries is stated at cost less impairment losses.

(D) ASSOCIATES

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

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

After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in an Associate.

An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence.

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

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

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

(E) CURRENCY CONVERSION

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

Accounting Policies

(E) CURRENCY CONVERSION (CONT'D.)

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded in the functional currencies using the exchange rates prevailing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates at the dates of the initial transactions. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations which are recognised initially in other comprehensive income and accumulated under foreign exchange currency reserve in equity. The foreign exchange currency reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each profit or loss are translated at average exchange rate for the year, which approximate the exchange rates at the date of transactions; and
- All resulting exchange differences are taken to the foreign exchange currency reserve within equity.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the exchange rates ruling at the reporting date.

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

(F) PROPERTY, PLANT AND EQUIPMENT

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

The Directors have not adopted a policy of regular valuation, and have applied the transitional provisions of IAS 16 (Revised) Property, Plant and Equipment which permits those assets to be stated at their prevailing valuations less accumulated depreciation. The valuations were determined by independent professional valuers on the open market basis, and no later valuations were recorded. All other property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses.

The revaluation surplus arising from previous revaluation is accumulated in equity under revaluation reserve. Any impairment loss is first offset against the revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss.

Freehold land and capital work in progress are not amortised. Leasehold land classified as finance lease is amortised in equal instalment over the period of the leases ranging from 24 to 99 years. Other assets are depreciated on a straight line basis to write off the cost or valuation of the assets to their residual values, over the term of their estimated useful lives as follows:

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(G) BIOLOGICAL ASSETS

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

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 profit or loss in the year in which it is incurred. Plantation development expenditure is not amortised other than for those planted on short term leases held in Indonesia which are amortised over the life of the leases.

Accounting Policies

(H) INVESTMENT PROPERTIES

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

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note (F) up to the date of change in use.

Investment properties under construction (IPUC) are measured at fair value, or where fair value cannot be determined reliably, are measured at cost less impairment.

The fair value of IPUC is determined at the end of the reporting period based on the opinion of a qualified independent valuer using either the residual method approach or discounted cash flow approach as deemed appropriate by the valuer. Each IPUC is individually assessed.

(I) GOODWILL

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

For the purpose of impairment testing, goodwill is allocated to the related cash-generating units monitored by management. Where the recoverable amount of the cash-generating unit is less than its carrying amount including goodwill, an impairment loss is recognised in the profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the cash-generating unit retained.

(J) DEVELOPMENT PROPERTIES AND PROPERTY DEVELOPMENT IN PROGRESS

(i) Development properties

Development properties are classified within non-current assets and are stated at cost less accumulated impairment losses. Development properties comprise land banks which are in the process of being prepared for development but have not been launched, or where development activities are not expected to be completed within the normal operating cycle.

Development properties are reclassified as property development in progress at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development in progress

Property development in progress comprises cost of land currently being developed together with related development costs common to the whole project and direct building costs.

Property development revenue and expenses are recognised in profit or loss by using the stage of completion method when the financial outcome of the development activity can be reliably estimated. The stage of completion is determined by the proportion that property development in progress incurred for work performed to date bear to the estimated total property development in progress.

Where the financial 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.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

The excess or shortfall of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within trade receivables or progress billings within trade payables respectively.

Property development costs not recognised as an expense are recognised as asset, which is measured at the lower of cost and net realisable value.

(K) CONSTRUCTION CONTRACTS

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

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variation in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

Accounting Policies

(K) CONSTRUCTION CONTRACTS (CONT'D.)

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

(L) REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue from the sale of goods and services is recognised when the goods and services are delivered. Revenue from property development and construction contracts is recognised on the percentage of completion method. Rental income from the letting of properties is recognised on a straight line basis over the lease terms, while finance charges from hire purchase activities are recognised over the period of the hire purchase contracts using the effective interest method. 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 over the period of instruction whereas non-refundable registration and enrolment fees are recognised when chargeable.

Dividends from Subsidiaries, Associates and non-current investments are recognised when the right to receive payment is established. Interest income is recognised as it accrues using the effective interest method unless collection is doubtful.

(M) INCOME TAXES

Income tax recognised in profit or loss for the year comprises current and deferred tax.

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 by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in Subsidiaries and Associates, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

(M) INCOME TAXES (CONT'D.)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with the investments in Subsidiaries and Associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes related to the same taxable entity and the same taxation authority.

(N) 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.

Accounting Policies

(N) EMPLOYEE BENEFITS (CONT'D.)

As required by law, the Group and the Company makes contributions to the Employees Provident Fund in Malaysia. Some of the Group's foreign Subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the period in which the related service is performed. 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.

(O) INVENTORIES

Inventories are stated at the lower of cost and net realisable value, cost being determined on the weighted average basis. Cost includes all incidental costs incurred in bringing the inventories to their present location and condition; 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.

(P) 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.

(Q) FINANCIAL ASSETS

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

When the financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables, financial assets at fair value through profit or loss and available for sale financial assets. The Group does not have any held to maturity financial assets.

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. The Group's and the Company's loans and receivables comprise receivables, deposits, cash and bank balances.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(Q) FINANCIAL ASSETS (CONT'D.)

(ii) Available for sale financial assets

Available for sale financial assets are financial assets that are designated as available for sale or are not classified in any other categories of financial assets. The Group's and the Company's available for sale financial assets comprise investments.

After initial recognition, available for sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on available for sale equity instruments are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available for sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(iii) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Accounting Policies

(Q) FINANCIAL ASSETS (CONT'D.)

Regular way purchases or sales are purchases or sales of financial assets that require the delivery of assets within the period generally established by regulation or convention in marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

(R) IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Available for sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that non-current investments classified as available for sale financial assets are impaired.

(R) IMPAIRMENT OF FINANCIAL ASSETS (CONT'D.)

(ii) Available for sale financial assets (Cont'd.)

If an available for sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available for sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

(S) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGU).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

Accounting Policies

(T) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

(U) FINANCIAL LIABILITIES

Financial liabilities are classified according to the substance of the contractual arrangement entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(V) LEASES

(i) Finance lease

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards of ownership. Finance leases are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

(ii) Operating lease

Leases of assets under which substantial risks and rewards incidental to ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

(W) ASSETS HELD FOR SALE

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

(X) PATROL VESSEL EXPENDITURE

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

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

Accounting Policies

(Y) SEGMENT REPORTING

For management purpose, the Group is organised into operating segments based on their activities, products and services which are independently managed by the Divisional Directors responsible for the performance of the respective segments under their charge. The Divisional Directors report directly to the Group's chief operating decision maker who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35.

(Z) SHARE CAPITAL AND SHARE ISSUANCE EXPENSES

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared. The attributable incremental transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax.

(AA) BORROWING COSTS

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(AB) CONTINGENCIES

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

(AC) LONG TERM PREPAYMENTS

Long term prepayments comprise mainly prepaid rentals made to service station operators and land owners in respect of the Group's service station activities. These prepayments are amortised over the tenure of the agreements.

Notes to the Financial Statements

1. CHANGES IN ACCOUNTING POLICIES

On 1 January 2010, the Group and the Company adopted the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations which are mandatory for financial periods beginning on or after 1 July 2009 and 1 January 2010:

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

FRS 101 Presentation of Financial Statements (Revised)

FRS 123 Borrowings Costs

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations

Amendments to FRS 132 Financial Instruments: Presentation

Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosure and IC Interpretation 9 Reassessment of Embedded Derivatives

Improvements to FRS issued in 2009

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

FRS 4 Insurance Contracts and TRi-3 Presentation of Financial Statements of Islamic Financial Institutions which are also effective for annual periods beginning on or after 1 January 2010 are not applicable to the Group or the Company.

Effects arising from the adoption of the above standards and interpretations on the financial performance or position of the Group and the Company are discussed below:

(a) FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures of qualitative and quantitative information about exposure to risks arising from financial instruments, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

Notes to the Financial Statements

1. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

(b) FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers.

Following the adoption of FRS 8, the reportable segments are presented based on the Group's six operating Divisions. Both the property development and property investment activities which were previously presented for external reporting as two segments are managed and reported internally as one segment. The change affects presentation only, and does not have any impact on the financial position and results of the Group. The Group has adopted FRS 8 retrospectively.

(c) FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transaction with owners, with all non-owner changes in equity presented as a single line labelled as total comprehensive income. The standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as two linked statements.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (Note 38).

The revised FRS 101 was adopted retrospectively.

(d) Amendments to FRS 117 Leases

The amendments to FRS 117 clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy retrospectively and certain comparatives have been restated.

1. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

(d) Amendments to FRS 117 Leases (Cont'd.)

The following are effects to the statements of financial position as at 31 December 2010 arising from the above change in accounting policy.

	Group	Company
	RM Million	RM Million
Increase/(decrease)		
Property, plant and equipment	111.9	1.7
Prepaid land lease payments	(111.9)	(1.7)

The following comparative figures in the statements of financial position have been restated:

	As previously reported	Increase/ (decrease)	As restated
	RM Million	RM Million	RM Million
Group			
At 31 December 2009			
Property, plant and equipment	1,977.2	112.3	2,089.5
Prepaid land lease payments	162.3	(112.3)	50.0
At 1 January 2009			
Property, plant and equipment	1,817.2	107.6	1,924.8
Prepaid land lease payments	157.5	(107.6)	49.9
Company			
At 31 December 2009			
Property, plant and equipment	6.4	1.7	8.1
Prepaid land lease payments	1.7	(1.7)	–
At 1 January 2009			
Property, plant and equipment	6.3	1.7	8.0
Prepaid land lease payments	1.7	(1.7)	–

Notes to the Financial Statements

1. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

(e) FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this standard has been accounted for by adjusting the respective opening balances on 1 January 2010. Comparatives are not restated.

The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

Equity instruments

Prior to 1 January 2010, the Group classified its investments in equity instruments which were held for non-trading purposes as non-current investments which were stated at cost less impairment losses. Following the adoption of FRS 139, these investments are designated at 1 January 2010 as available for sale financial assets which are stated at fair value, other than for investments in equity instruments of the Group and the Company amounting to RM0.3 million and RM0.1 million respectively which continue to be stated at cost less impairment losses as their fair value cannot be reliably measured. The change has resulted in an increase to their previous carrying amounts recognised as adjustment to the opening balance of the fair value reserve at 1 January 2010 amounting to RM93.8 million and RM0.3 million for the Group and the Company respectively.

Non-hedging derivatives

Prior to 1 January 2010, derivative financial instruments are recognised in the financial statements on settlement date. These instruments do not qualify for hedge accounting under FRS 139. Following the adoption of FRS 139, derivatives held by the Group as at 1 January 2010 are categorised as financial liabilities at fair value through profit or loss. The change has resulted in a charge of RM1.9 million against the Group's retained earnings at 1 January 2010.

1. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

(e) FRS 139 Financial Instruments: Recognition and Measurement (Cont'd.)

The following are the effects arising from the adoption of FRS 139:

	Group		Company	
	As at 31 December 2010 RM Million	As at 1 January 2010 RM Million	As at 31 December 2010 RM Million	As at 1 January 2010 RM Million
Increase/(decrease)				
Statements of financial position				
Available for sale investments	144.2	94.4	1.5	0.3
Derivative liabilities	1.5	2.4	–	–
Deferred tax assets	0.4	0.5	–	–
Retained earnings	(1.1)	(1.9)	–	–
Fair value reserve	143.0	93.8	1.5	0.3
Minority interest	1.2	0.6	–	–

	Group 2010 RM Million	Company 2010 RM Million
Increase		
Income statements		
Other income	0.9	–
Profit before taxation	0.9	–

(f) FRS 140 Investment properties

Previously, the Group classifies an investment property under construction as property, plant and equipment which is measured initially at cost until construction or development was completed, at which time it would be remeasured at fair value and reclassified as investment property. Any gain or loss on remeasurement was recognised in profit or loss.

With the amendment made to FRS 140 which took effect from 1 January 2010, investment property under construction is classified as investment property. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier. The change in accounting policy which has been made prospectively in accordance with the transitional provisions of FRS 140, has resulted in an increase and a corresponding decrease of RM6.5 million to the Group's investment properties and property, plant and equipment respectively.

Notes to the Financial Statements

2. STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, new FRSs, Amendments to FRSs and Interpretations which were issued but not yet effective, for which the Group and the Company have not early adopted are as follows:

Effective for financial period beginning on or after 1 March 2010

Amendments to FRS 132 Classification of Rights Issues

Effective for financial periods beginning on or after 1 July 2010

FRS 1 First-time Adoption of Financial Reporting Standards

FRS 3 Business Combinations (Revised)

FRS 127 Consolidated and Separate Financial Statements

Amendments to FRS 2 Share-based Payment

Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 138 Intangible Assets

Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 1 January 2011

Amendments to FRS 1 Limited Exemption from Comparatives FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1 Additional Exemption for First-Time Adopters

Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions

Amendments to FRS 7 Improving Disclosures about Financial Instruments

IC Interpretation 4 Determining Whether an Arrangement Contains a Lease

IC Interpretation 18 Transfer of Assets from Customers

Improvement to FRSs 2010

Effective for financial period beginning on or after 1 July 2011

Amendments to IC Interpretation 14 Prepayment of a Minimum Funding Requirement

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

Effective for financial period beginning on or after 1 January 2012

FRS124 Related Party Disclosures

IC Interpretation 15 Agreement for the Construction of Real Estate

Amendments to IC Interpretation 15 Agreement for the Construction of Real Estate

The initial application of the above are expected to have no significant impact on the financial statements of the Group and the Company in the period of initial application except for the new disclosures required under the Amendment to FRS 7; as well as the changes arising from the adoption of FRS 3, Amendments to FRS 127 and IC Interpretation 15 as discussed below.

The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) to be accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary.

2. STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D.)

The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests.

IC Interpretation 15 clarifies when and how revenue and related expenses from the sale of real estate should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the Interpretation provides guidance on how to determine whether an agreement is within the scope of FRS 111 Construction Contracts or FRS 118 Revenue.

The Group currently recognises revenue arising from property development projects using the stage of completion method. Upon the adoption of IC Interpretation 15, the Group may be required to change its accounting policy to recognise such revenue at completion, or upon or after delivery. The Group is in the process of making an assessment of the impact of this Interpretation.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

There were no critical judgements made by management in the process of applying accounting policies that have the most significant effect on the amount recognised in the financial statements during the current financial period.

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of goodwill

The Group assesses whether there are any indicators of impairment for goodwill at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Goodwill is tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable amounts and may lead to future impairment charges. The carrying amounts of goodwill of the Group as at year end is RM1,017.0 million (2009: RM1,015.1 million). Further details are disclosed in Note 23.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(b) Impairment of biological assets and property, plant and equipment

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

(c) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 27.

(d) Property development

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

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

The carrying amounts of the Group's development properties and property development in progress are disclosed in Note 15 and Note 25.

(e) Construction contracts

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

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(f) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unused tax credits and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statement of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

As disclosed in Note 18, the total carrying value of recognised tax losses, tax credits and capital allowances of the Group was RM65.5 million (2009: RM66.0 million) and the unrecognised tax losses, tax credit and capital allowances of the Group was RM249.2 million (2009: RM261.0 million).

(g) Patrol vessel (PV) expenditure

Included within the construction costs of the PV is the expenditure in relation to the design and integrated logistics support costs, which relates to the privatisation agreement with the Government for the construction of 27 units of PV, of which 6 units have been secured.

These costs are incurred in connection with a current contract in anticipation of obtaining additional future PV contract from the Government.

Notes to the Financial Statements

4. REVENUE

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Sale of produce	782.7	612.7	103.9	101.2
Sale of goods	3,575.3	2,933.3	–	–
Ship repair	534.3	117.5	–	–
Shipbuilding	571.1	904.1	–	–
Sale of development properties	200.7	213.4	–	–
Gross insurance premium	92.5	273.8	–	–
Revenue from agency business	55.3	49.3	–	–
Rental income	99.5	92.7	7.2	7.1
Hotel operations	102.3	69.9	–	–
Tuition fees	85.5	76.3	–	–
Gross dividends from quoted shares in Malaysia				
– Subsidiaries	–	–	21.3	22.4
– Associates	–	–	27.9	26.3
– others	–	–	0.1	0.1
Gross dividends from unquoted shares in Malaysia				
– Subsidiaries	–	–	257.6	205.3
– Associates	–	–	8.5	20.9
– others	–	–	0.1	0.1
Others	82.6	49.0	–	–
	6,181.8	5,392.0	426.6	383.4

5. OPERATING COST

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Changes in inventories of finished goods and work in progress	7.5	11.0	–	–
Finished goods and work in progress purchases	3,173.1	2,372.5	–	–
Raw material and consumables used	1,282.8	1,428.0	94.4	90.5
Staff costs	356.2	351.8	10.1	8.4
Defined contribution plans	51.0	48.5	1.5	1.3

5. OPERATING COST (CONT'D.)

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Depreciation				
– property, plant and equipment (Note 12)	117.5	107.2	1.3	0.9
– biological assets (Note 13)	1.3	1.3	–	–
(Gain)/loss on disposal of property, plant and equipment	(2.0)	1.5	–	–
Impairment loss – biological assets (Note 13)	2.0	8.8	–	–
Amortisation of prepaid land lease payments (Note 16)	0.9	0.9	–	–
Amortisation of long term prepayments (Note 17)	6.5	6.8	–	–
Investment properties – direct operating expenses	31.8	30.9	2.8	2.8
Net fair value gain on derivatives	(1.2)	–	–	–
General insurance underwriting				
– reinsurance premiums	42.1	121.7	–	–
– net claims incurred	30.5	86.6	–	–
Other operating cost	499.8	409.2	2.3	4.9
	5,599.8	4,986.7	112.4	108.8
Other operating cost includes:				
Rent paid – plantation assets	133.3	130.4	3.6	3.7
– others	26.2	17.3	1.6	1.4
Auditors' remuneration – statutory audit	2.5	2.6	0.1	0.2
– non audit fees	0.1	0.2	0.1	0.1
Directors' fees – current year	0.8	0.8	0.3	0.3
Directors' remuneration – emoluments	3.1	2.9	0.2	0.1
– benefits	0.6	0.4	–	–
Hire of equipment	3.9	1.4	–	–
Trade receivables (Note 27)				
– Impairment loss	8.5	10.4	–	–
– Reversal of impairment loss	(6.2)	(7.8)	–	–
Research and development	7.5	6.9	–	–
Net foreign exchange (gain)/loss – realised	(5.4)	(10.7)	–	–
– unrealised	0.3	0.9	–	–
Inventories – writedown	7.4	1.7	–	–
– writeback	(0.8)	(8.8)	–	–

Notes to the Financial Statements

6. INTEREST INCOME

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Interest income – Subsidiaries	–	–	2.0	19.5
– Associates	1.3	0.2	0.1	0.1
– others	2.9	17.3	–	0.2
	4.2	17.5	2.1	19.8

7. OTHER INVESTMENT RESULTS

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Gross Dividends				
– quoted shares in Malaysia	14.0	33.5	–	–
– unquoted shares in Malaysia	0.1	0.2	–	–
Profit/(loss) on sale of investments				
– Subsidiaries (Note 19)	75.0	(0.5)	156.7	–
– Associates	–	3.5	–	3.2
– others	3.6	7.2	–	0.5
Fair value gain of investment properties (Note 14)	52.1	46.5	1.9	6.7
Impairment loss – loan to Subsidiaries	–	–	–	(10.0)
Reversal of impairment loss – Subsidiary	–	–	–	1.0
– Associates	0.2	–	0.2	–
– other investments	–	12.1	–	–
Negative goodwill recognised	1.6	–	–	–
	146.6	102.5	158.8	1.4

8. FINANCE COST

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Interest expense on				
Loans from Subsidiaries	–	–	19.0	67.2
Bank borrowings	133.3	172.2	46.9	54.4
Bank guaranteed medium term notes	2.3	–	2.3	–
	135.6	172.2	68.2	121.6
Capitalised in qualifying assets	(22.0)	(45.2)	–	–
	113.6	127.0	68.2	121.6

9. INCOME TAX EXPENSE

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Tax expense for the year				
– Malaysian income tax	92.0	85.2	44.1	30.9
– Foreign income tax	–	0.1	–	–
– Deferred tax relating to origination and reversal of temporary differences (Note 18)	11.1	8.2	(0.1)	1.3
	103.1	93.5	44.0	32.2
(Over)/under provision in prior year				
– Malaysian income tax	(6.2)	(8.1)	(1.6)	(2.8)
– Deferred tax (Note 18)	4.4	(2.2)	(0.1)	0.1
	101.3	83.2	42.3	29.5

Domestic income tax is calculated at the Malaysian statutory rate of 25% (2009: 25%) of the estimated assessable profit for the year.

Notes to the Financial Statements

9. INCOME TAX EXPENSE (CONT'D.)

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

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Profit before taxation	726.2	501.6	406.9	174.2
Taxation at Malaysian statutory rate of 25% (2009: 25%)	181.6	125.4	101.7	43.6
Income not subject to tax	(29.5)	(19.2)	(67.7)	(21.6)
Effects of share of results in Associates	(26.7)	(25.8)	–	–
Expenses not deductible for tax purpose	30.1	32.3	10.0	9.2
Tax incentives	(40.8)	(42.0)	–	–
Deferred tax assets not recognised during the year	14.5	28.8	–	–
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(26.7)	(5.2)	–	–
Others	0.6	(0.8)	–	1.0
	103.1	93.5	44.0	32.2
Overprovision in prior year	(1.8)	(10.3)	(1.7)	(2.7)
Income tax expense recognised in profit or loss	101.3	83.2	42.3	29.5

10. EARNINGS PER SHARE

Basic earnings per share of the Group is calculated by dividing the consolidated profit for the year attributable to shareholders of the Company of RM537.5 million (2009: RM341.6 million) by the weighted average number of ordinary shares in issue during the financial year of 935.0 million (2009: 727.0 million). The Group does not have any potential dilutive instruments as at 31 December 2010.

11. DIVIDENDS

Dividends recognised in the current financial year by the Company are as follows:

	Dividend amount		Net dividend per ordinary share	
	2010 RM Million	2009 RM Million	2010 Sen	2009 Sen
<i>In respect of financial year ended 31 December</i>				
First interim paid on 28 June 2010	47.0	24.4	5.00	3.75
Second interim paid on 28 September 2010	94.0	24.4	10.00	3.75
Third interim paid on 30 December 2010	112.8	51.3	12.00	5.63
Proposed final	–	61.0	–	9.38
	253.8	161.1	27.00	22.51
<i>In respect of financial year ended 31 December 2009</i>				
Fourth interim paid on 31 March and 2 April 2010	83.9	–	9.00	–
	337.7	161.1	36.00	22.51

Subsequent to the end of the current financial year, the Directors have declared a fourth interim dividend of 12 sen per share amounting to RM112.8 million in respect of the financial year ended 31 December 2010. The dividend which will be paid on 31 March 2011 will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2011.

Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold property	Leasehold property	Plant and machinery	Others	Total
	RM Million	RM Million	RM Million	RM Million	RM Million
Group – 2010					
Cost or valuation					
As previously reported at 1 January 2010	797.6	317.4	569.4	718.5	2,402.9
Effects of adopting FRS 117 (Note 16)	–	129.7	–	–	129.7
As restated at 1 January 2010	797.6	447.1	569.4	718.5	2,532.6
Effects of adopting FRS 140 (Note 14)	–	–	–	(6.5)	(6.5)
	797.6	447.1	569.4	712.0	2,526.1
Assets of Subsidiaries acquired (Note 19)	–	6.6	7.5	1.2	15.3
Additions	56.2	59.7	16.9	120.3	253.1
Disposals	(0.2)	(9.3)	(7.2)	(13.1)	(29.8)
Reclassification	10.5	35.6	0.3	(46.4)	–
Transfer to					
Biological assets (Note 13)	–	(2.0)	–	–	(2.0)
Long term prepayments (Note 17)	–	(3.6)	–	–	(3.6)
Assets held for sale (Note 29)	(53.5)	(42.1)	–	–	(95.6)
Exchange adjustment	–	(1.2)	(0.7)	–	(1.9)
At 31 December 2010	810.6	490.8	586.2	774.0	2,661.6
Accumulated depreciation and impairment					
As previously reported at 1 January 2010	43.3	58.3	171.0	153.1	425.7
Effects of adopting FRS 117 (Note 16)	–	17.4	–	–	17.4
As restated at 1 January 2010	43.3	75.7	171.0	153.1	443.1
Charge for the year					
Recognised in profit or loss (Note 5)	12.3	18.4	52.8	34.0	117.5
Capitalised in construction cost (Note 26)	–	1.6	2.5	7.4	11.5
Disposals	–	(6.4)	(6.9)	(11.1)	(24.4)
Transfer to					
Long term prepayments (Note 17)	–	(1.2)	–	–	(1.2)
Assets held for sale (Note 29)	–	(3.9)	–	–	(3.9)
At 31 December 2010	55.6	84.2	219.4	183.4	542.6
Net book value					
At 31 December 2010	755.0	406.6	366.8	590.6	2,119.0
Accumulated impairment					
At 31 December 2010	0.3	–	–	2.7	3.0

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Freehold property RM Million	Leasehold property RM Million	Plant and machinery RM Million	Others RM Million	Total RM Million
Group – 2009					
Cost or valuation					
As previously reported at 1 January 2009	772.6	273.8	503.6	623.7	2,173.7
Effects of adopting FRS 117 (Note 16)	–	122.5	–	–	122.5
As restated at 1 January 2009	772.6	396.3	503.6	623.7	2,296.2
Assets of Subsidiaries acquired (Note 19)	–	–	1.3	0.6	1.9
Additions	9.2	41.8	53.6	183.2	287.8
Disposals	(0.8)	(8.4)	(27.0)	(21.0)	(57.2)
Transfer to					
Investment properties (Note 14)	(1.2)	–	–	–	(1.2)
Long term prepayments (Note 17)	–	(2.4)	–	–	(2.4)
Assets held for sale (Note 29)	–	–	–	(2.7)	(2.7)
Transfer from long term prepayments (Note 17)	–	4.5	–	–	4.5
Reclassification	17.8	11.3	36.2	(65.3)	–
Exchange adjustment	–	4.0	1.7	–	5.7
At 31 December 2009	797.6	447.1	569.4	718.5	2,532.6
Accumulated depreciation and impairment					
As previously reported at 1 January 2009	31.6	44.4	142.4	138.1	356.5
Effects of adopting FRS 117 (Note 16)	–	14.9	–	–	14.9
As restated at 1 January 2009	31.6	59.3	142.4	138.1	371.4
Charge for the year					
Recognised in profit or loss (Note 5)	11.8	17.8	48.1	29.5	107.2
Capitalised in construction cost (Note 26)	–	1.9	1.9	7.3	11.1
Disposals	(0.1)	(4.2)	(22.1)	(20.7)	(47.1)
Transfer to assets held for sale (Note 29)	–	–	–	(1.1)	(1.1)
Exchange adjustment	–	0.9	0.7	–	1.6
At 31 December 2009	43.3	75.7	171.0	153.1	443.1
Net book value					
At 1 January 2009	741.0	337.0	361.2	485.6	1,924.8
At 31 December 2009	754.3	371.4	398.4	565.4	2,089.5
Accumulated impairment					
At 31 December 2009	0.3	–	–	2.7	3.0

Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Freehold property	Leasehold property	Plant and machinery	Others	Total
	RM Million	RM Million	RM Million	RM Million	RM Million
Company – 2010					
Cost					
As previously reported at 1 January 2010	0.1	2.4	3.1	9.3	14.9
Effects of adopting FRS 117 (Note 16)	–	2.0	–	–	2.0
As restated at 1 January 2010	0.1	4.4	3.1	9.3	16.9
Additions	53.4	–	1.0	1.5	55.9
Disposals	–	–	–	(0.4)	(0.4)
Transfer to assets held for sale (Note 29)	(53.5)	–	–	–	(53.5)
At 31 December 2010	–	4.4	4.1	10.4	18.9
Accumulated depreciation					
As previously reported at 1 January 2010	–	1.1	0.9	6.5	8.5
Effects of adopting FRS 117 (Note 16)	–	0.3	–	–	0.3
As restated at 1 January 2010	–	1.4	0.9	6.5	8.8
Charge for the year (Note 5)	–	0.1	0.5	0.7	1.3
Disposals	–	–	–	(0.3)	(0.3)
At 31 December 2010	–	1.5	1.4	6.9	9.8
Net book value					
At 31 December 2010	–	2.9	2.7	3.5	9.1

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Freehold property RM Million	Leasehold property RM Million	Plant and machinery RM Million	Others RM Million	Total RM Million
Company – 2009					
Cost					
As previously reported at 1 January 2009	0.2	2.4	2.6	9.8	15.0
Effects of adopting FRS 117 (Note 16)	–	2.0	–	–	2.0
As restated at 1 January 2009	0.2	4.4	2.6	9.8	17.0
Additions	–	–	0.5	0.6	1.1
Disposals	(0.1)	–	–	(1.1)	(1.2)
At 31 December 2009	0.1	4.4	3.1	9.3	16.9
Accumulated depreciation					
As previously reported at 1 January 2009	0.1	1.1	0.6	6.9	8.7
Effects of adopting FRS 117 (Note 16)	–	0.3	–	–	0.3
As restated at 1 January 2009	0.1	1.4	0.6	6.9	9.0
Charge for the year (Note 5)	–	–	0.3	0.6	0.9
Disposals	(0.1)	–	–	(1.0)	(1.1)
At 31 December 2009	–	1.4	0.9	6.5	8.8
Net book value					
At 1 January 2009	0.1	3.0	2.0	2.9	8.0
At 31 December 2009	0.1	3.0	2.2	2.8	8.1

Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Analysis of net book value of properties:				
Freehold property				
– land	235.9	235.6	–	–
– building	519.1	518.7	–	0.1
	755.0	754.3	–	0.1
Leasehold property				
Long leasehold				
– land	99.4	96.0	1.7	1.7
– building	182.7	171.8	1.2	1.3
Short leasehold				
– land	11.0	16.3	–	–
– building	113.5	87.3	–	–
	406.6	371.4	2.9	3.0
	1,161.6	1,125.7	2.9	3.1
Analysis of cost or valuation:				
Cost	2,526.4	2,397.4	18.9	16.9
Valuation	135.2	135.2	–	–
	2,661.6	2,532.6	18.9	16.9

Included in the Group's other property, plant and equipment is capital work in progress costing RM257.3 million (2009: RM253.5 million) at the reporting date. The other assets also included under this category are motor vehicles and furniture and equipment.

Properties stated at valuation are based on independent professional valuation carried out on an open market basis. As allowed by the transitional provision of IAS16 (Revised) Property, plant and equipment, these assets continued to be stated on the basis of their previous valuations. The net book value of these revalued freehold properties that would have been included in the Group's financial statements, had these assets been carried at cost less depreciation is RM63.9 million (2009: RM65.3 million).

Additions to the Group's property, plant and equipment during the year includes the capitalisation of interest of RM1.2 million (2009: nil).

Pursuant to the sale and leaseback of plantation assets referred to in Note 40 to the financial statements, the Group will enjoy the continued use of these assets spanning over an area of 45,318 hectares (2009: 48,902 hectares) of plantation land.

13. BIOLOGICAL ASSETS

	Group	
	2010	2009
	RM Million	RM Million
Group		
Cost		
At 1 January	437.5	422.8
Additions	3.3	6.6
Transfer from property, plant and equipment (Note 12)	2.0	–
Exchange adjustment	(3.7)	8.1
At 31 December	439.1	437.5
Accumulated depreciation and impairment		
At 1 January	81.0	65.7
Charge for the year (Note 5)	1.3	1.3
Impairment (Note 5)	2.0	8.8
Exchange adjustment	(2.4)	5.2
At 31 December	81.9	81.0
Net book value		
At 31 December	357.2	356.5
Accumulated impairment		
At 31 December	65.9	63.9

Additions to the Group's biological assets during the year includes the capitalisation of interest of RM0.8 million (2009: RM1.6 million).

Notes to the Financial Statements

14. INVESTMENT PROPERTIES

	Completed investment properties	Investment properties under construction at cost	Total
	RM Million	RM Million	RM Million
Group			
At 1 January 2009	763.1	–	763.1
Fair value gain (Note 7)	46.5	–	46.5
Acquisition of Subsidiaries (Note 19)	120.0	–	120.0
Additions	32.3	–	32.3
Additions from subsequent expenditure	4.0	–	4.0
Revision to prior year's additions	(6.8)	–	(6.8)
Transfer from property, plant and equipment (Note 12)	1.2	–	1.2
At 31 December 2009	960.3	–	960.3
Effects of adopting FRS 140 (Note 12)	–	6.5	6.5
	960.3	6.5	966.8
Fair value gain (Note 7)	52.1	–	52.1
Additions	17.1	–	17.1
Additions from subsequent expenditure	10.7	46.8	57.5
Revision to prior year's additions	(0.9)	–	(0.9)
Disposal of a Subsidiary (Note 19)	(17.9)	–	(17.9)
At 31 December 2010	1,021.4	53.3	1,074.7
Company			
At 1 January 2009	60.9	–	60.9
Fair value gain (Note 7)	6.7	–	6.7
At 31 December 2009	67.6	–	67.6
Fair value gain (Note 7)	1.9	–	1.9
At 31 December 2010	69.5	–	69.5

Investment properties were revalued by the Directors based on independent professional valuations using the open market value basis. Valuations are performed by accredited independent valuers with recent experience in the location and categories of properties being valued.

14. INVESTMENT PROPERTIES (CONT'D.)

Investment properties under construction is carried at cost as management believes that due to the nature and amount of remaining project risks, its fair value cannot be reliably determined.

Additions to the Group's investment properties during the year include the capitalisation of interest of RM0.7 million (2009: nil).

15. DEVELOPMENT PROPERTIES

	Group	
	2010 RM Million	2009 RM Million
At 1 January		
Freehold land, at cost	21.8	29.6
Long leasehold land, at cost	10.2	9.9
Development cost	188.1	168.9
	220.1	208.4
Transfer from/(to) property development in progress (Note 25)		
Freehold land	3.7	(7.8)
Long leasehold land	(0.7)	0.3
Development cost	(98.7)	(16.4)
	(95.7)	(23.9)
Development cost incurred during the year	91.7	35.6
At 31 December	216.1	220.1
Interest cost capitalised during the year	2.9	1.7

Notes to the Financial Statements

16. PREPAID LAND LEASE PAYMENTS

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Cost				
As previously reported at 1 January	184.3	175.6	2.0	2.0
Effects of adopting FRS 117 (Note 12)	(129.7)	(122.5)	(2.0)	(2.0)
As restated at 1 January	54.6	53.1	–	–
Additions	0.9	–	–	–
Disposals	–	(0.1)	–	–
Exchange adjustment	(0.7)	1.6	–	–
At 31 December	54.8	54.6	–	–
Accumulated amortisation				
As previously reported at 1 January	22.0	18.1	0.3	0.3
Effects of adopting FRS 117 (Note 12)	(17.4)	(14.9)	(0.3)	(0.3)
As restated at 1 January	4.6	3.2	–	–
Charge for the year (Note 5)	0.9	0.9	–	–
Exchange adjustment	(0.2)	0.5	–	–
At 31 December	5.3	4.6	–	–
Net book value				
At 31 December	49.5	50.0	–	–
Amount to be amortised:				
Within 1 year	0.9	0.9	–	–
Later than 1 year but not later than 5 years	3.6	3.6	–	–
Later than 5 years	45.0	45.5	–	–
	49.5	50.0	–	–

17. LONG TERM PREPAYMENTS

	Group	
	2010 RM Million	2009 RM Million
At 1 January	132.9	134.1
Additions	7.3	7.7
Amortisation for the year (Note 5)	(6.5)	(6.8)
Reclassification from property, plant & equipment (Note 12)	2.4	2.4
Reclassification to property, plant & equipment (Note 12)	–	(4.5)
At 31 December	136.1	132.9

Long term prepayments comprise mainly prepaid rentals made to service station operators and land owners in respect of the Group's service station activities. These prepayments are amortised over the tenure of the agreements.

18. DEFERRED TAXATION

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
At 1 January	(39.8)	(37.7)	(1.8)	(0.4)
Effects of adopting FRS 139 (Note 1(e))	0.5	–	–	–
	(39.3)	(37.7)	(1.8)	(0.4)
Acquisition of Subsidiaries (Note 19)	(0.8)	–	–	–
Recognised in profit or loss (Note 9)	(15.5)	(6.0)	0.2	(1.4)
Transfer to assets held for sale (Note 29)	–	(3.9)	–	–
Transfer to liabilities held for sale (Note 29)	–	7.7	–	–
Exchange adjustment	–	0.1	–	–
At 31 December	(55.6)	(39.8)	(1.6)	(1.8)
Presented after appropriate offsetting as follows:				
Deferred tax assets	65.5	66.0	–	–
Deferred tax liabilities	(121.1)	(105.8)	(1.6)	(1.8)
	(55.6)	(39.8)	(1.6)	(1.8)

The deferred tax liability of the Company is in respect of provisions.

Notes to the Financial Statements

18. DEFERRED TAXATION (CONT'D.)

The components and movements of deferred tax assets and liabilities for the Group during the financial year prior to offsetting are as follows:

Deferred tax liabilities – Group

	Fair value gain on investment properties	Capital allowances	Others	Total
	RM Million	RM Million	RM Million	RM Million
At 1 January 2009	(4.0)	(92.3)	(9.4)	(105.7)
Recognised in profit or loss	(9.1)	(0.9)	2.1	(7.9)
Transfer to liabilities held for sale	2.5	–	5.2	7.7
Exchange adjustment	–	0.1	–	0.1
At 31 December 2009	(10.6)	(93.1)	(2.1)	(105.8)
Acquisition of Subsidiaries	–	–	(0.8)	(0.8)
Recognised in profit or loss	(6.4)	(14.3)	6.2	(14.5)
At 31 December 2010	(17.0)	(107.4)	3.3	(121.1)

Deferred tax assets – Group

	Tax losses	Unabsorbed capital allowances	Others	Total
	RM Million	RM Million	RM Million	RM Million
At 1 January 2009	15.5	35.2	17.3	68.0
Recognised in profit or loss	(3.4)	(8.7)	14.0	1.9
Transfer to assets held for sale	–	–	(3.9)	(3.9)
At 31 December 2009	12.1	26.5	27.4	66.0
Effects of adopting FRS 139	–	–	0.5	0.5
Recognised in profit or loss	4.4	2.0	(7.4)	(1.0)
At 31 December 2010	16.5	28.5	20.5	65.5

18. DEFERRED TAXATION (CONT'D.)

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

	Group	
	2010	2009
	RM Million	RM Million
Unused tax losses	152.9	143.0
Unabsorbed capital allowances and agricultural allowances	96.3	118.0
	249.2	261.0

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

19. SUBSIDIARIES

	Company	
	2010	2009
	RM Million	RM Million
At cost:		
Shares quoted in Malaysia	597.9	597.9
Unquoted shares	1,819.2	2,023.1
	2,417.1	2,621.0
Accumulated impairment	(8.8)	(8.8)
	2,408.3	2,612.2
Market value of quoted shares	851.7	993.0

Notes to the Financial Statements

19. SUBSIDIARIES (CONT'D.)

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

	Group	
	2010 RM Million	2009 RM Million
Net assets acquired:		
Property, plant and equipment (Note 12)	(15.3)	(1.9)
Investment property (Note 14)	–	(120.0)
Goodwill (Note 23)	(1.9)	(10.3)
Current assets	(42.5)	(8.4)
Current liabilities	12.2	7.5
Non-current liabilities	–	3.9
Deferred tax liabilities (Note 18)	0.8	–
Long term borrowings	–	76.9
Minority interests	20.3	1.3
	(26.4)	(51.0)
Previously held as Associate	–	18.7
Purchase consideration	(26.4)	(32.3)
Cash and cash equivalents acquired	3.5	5.2
Cash outflow on acquisition	(22.9)	(27.1)

19. SUBSIDIARIES (CONT'D.)

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

	Group	
	2010	2009
	RM Million	RM Million
Net assets disposed:		
Property, plant & equipment	1.6	–
Investment property	17.9	–
Investments	215.9	–
Goodwill	63.7	–
Deferred tax assets	3.9	–
Current assets	281.5	3.1
Current liabilities	(232.5)	(0.9)
Deferred tax liabilities	(7.7)	–
Minority interest disposed	(56.7)	(1.3)
Profit/(loss) on disposal (Note 7)	75.0	(0.5)
Sale proceeds	362.6	0.4
Cash and cash equivalents disposed	(231.2)	(1.1)
Cash inflow/(outflow) on disposal	131.4	(0.7)

Notes to the Financial Statements

20. ASSOCIATES

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
At cost:				
Shares quoted in Malaysia	624.9	624.9	624.9	624.9
Warrants quoted in Malaysia	–	37.3	–	37.3
Unquoted shares	72.3	72.3	62.0	62.0
	697.2	734.5	686.9	724.2
Shares of post acquisition reserves	468.1	390.0	–	–
	1,165.3	1,124.5	686.9	724.2
Accumulated impairment	–	(37.5)	–	(37.5)
	1,165.3	1,087.0	686.9	686.7
Market value:				
Quoted shares	955.6	779.3	955.6	779.3
Quoted warrants	–	11.1	–	11.1
	955.6	790.4	955.6	790.4

The summarised financial information of the Associates are as follows:

	Group	
	2010 RM Million	2009 RM Million
Assets and liabilities		
Total assets	47,769.9	40,801.1
Total liabilities	(42,142.5)	(35,672.2)
Results		
Revenue	2,836.2	2,799.8
Net profit for the year	486.6	459.7

Goodwill included in the carrying amount of the Group's investment in Associates as at 31 December 2010 is RM40.5 million (2009: RM40.5 million).

21. INVESTMENTS

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Shares quoted in Malaysia	527.7	376.4	5.2	3.7
Unquoted shares, at cost	0.8	0.8	0.6	0.6
	528.5	377.2	5.8	4.3
Accumulated impairment	(0.5)	(1.3)	(0.5)	(0.5)
	528.0	375.9	5.3	3.8
<hr/>				
Market value:				
Shares quoted in Malaysia	527.7	470.0	5.2	4.0

Prior to 1 January 2010, the investments were carried at the lower of cost and market value, determined on an aggregate basis.

22. PATROL VESSEL EXPENDITURE

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

Notes to the Financial Statements

23. GOODWILL

	Group	
	2010 RM Million	2009 RM Million
At 1 January	1,015.1	1,068.5
Acquisition of Subsidiaries (Note 19)	1.9	10.3
Transfer to assets held for sale (Note 29)	–	(63.7)
At 31 December	1,017.0	1,015.1

The carrying amount of goodwill allocated to the Heavy Industries Division is RM892.3 million (2009: RM890.4 million) with the remaining goodwill from other Divisions.

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

The value in use calculation is also highly dependent on the assumption that the contract to construct the patrol vessels will be awarded as expected by management. A pre-tax discount rate of 7% and a terminal growth rate of 2% have been applied in the value in use calculations. Based on the sensitivity analysis performed, management believes that no reasonably possible change in base case key assumptions would cause the carrying values of the CGU to exceed its recoverable amounts.

For the remaining goodwill, the recoverable amounts were determined based on the value in use calculations using cash flow budgets approved by each entity's board of directors covering a three-year period. Cash flows beyond the third year were extrapolated, and the appropriate pre-tax discount rates that reflect each entity's cost of borrowings, the expected rate of return and various risks were applied. No impairment loss was required as at 31 December 2010, as the recoverable amounts were in excess of the carrying amount of the remaining goodwill.

24. INVENTORIES

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
At cost:				
Raw materials and work in progress	65.2	79.5	–	–
Goods for resale	105.8	94.4	–	–
Estate produce	14.1	17.2	2.8	1.7
Completed properties	0.8	9.8	–	–
Consumable stores	58.1	33.7	0.3	0.2
	244.0	234.6	3.1	1.9

During the year, the amount of inventories recognised as an expense of the Group and the Company amounted to RM3,484.2 million (2009: RM2,875.9 million) and RM94.4 million (2009: RM90.5 million) respectively.

25. PROPERTY DEVELOPMENT IN PROGRESS

	Group	
	2010 RM Million	2009 RM Million
At 1 January		
Freehold land, at cost	12.4	32.7
Long leasehold land, at cost	5.0	7.6
Development cost	43.6	207.5
	61.0	247.8
Cost recognised in profit or loss		
At 1 January	(32.1)	(211.7)
Recognised during the year	(125.0)	(139.8)
Reversal of completed projects	53.1	319.4
	(104.0)	(32.1)
Transfer		
From development properties (Note 15)	95.7	23.9
To inventories	(0.2)	(1.1)
Reversal of completed projects	(53.1)	(319.4)
	42.4	(296.6)
Development cost incurred during the year	35.1	109.8
At 31 December	34.5	28.9
Interest cost capitalised during the year	1.3	4.2

Notes to the Financial Statements

26. DUE FROM/TO CUSTOMERS ON CONTRACTS

	Group	
	2010 RM Million	2009 RM Million
Ship repair and shipbuilding		
Contract cost incurred to date	6,967.1	6,423.8
Attributable profit	811.0	537.7
	7,778.1	6,961.5
Progress billings	(7,706.8)	(7,375.4)
	71.3	(413.9)
Presented as follows:		
Due from customers on contracts	195.9	111.2
Due to customers on contracts	(124.6)	(525.1)
	71.3	(413.9)
Included within other receivables (Note 27)		
Prepayments	-	31.4
Retention sum on contracts	-	1.3

26. DUE FROM/TO CUSTOMERS ON CONTRACTS (CONT'D.)

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

	Group	
	2010	2009
	RM Million	RM Million
Depreciation of property, plant and equipment (Note 12)	11.5	11.1
Interest expense	15.1	37.7
Operating leases:		
minimum lease payment for plant and equipment	6.3	5.5
minimum lease payment for land and buildings	1.2	2.2
Gain on foreign exchange	(1.3)	(0.1)
Staff cost	18.7	9.1
Loss on disposal of property, plant and equipment	–	0.1
Amount of contract revenue and contract cost recognised in profit or loss are as follows:		
Contract revenue	1,155.2	1,037.2
Contract cost	789.1	725.3

Notes to the Financial Statements

27. RECEIVABLES

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Trade receivables	854.5	669.9	0.1	6.4
Allowance for impairment	(49.4)	(59.7)	–	–
	805.1	610.2	0.1	6.4
Dividends receivable	20.7	38.8	20.9	19.9
Deposits	72.4	75.3	–	3.7
Prepayments	15.5	51.3	0.2	0.4
Income tax receivable	43.8	65.4	25.8	49.9
Advances to smallholders scheme	9.2	12.4	–	–
Deposit paid on proposed acquisition (Note 43(b))	16.0	–	16.0	–
Other receivables	84.6	72.4	2.0	8.7
Amount due from holding corporation	0.3	1.0	–	–
Amounts due from Subsidiaries	–	–	70.1	13.5
Amounts due from Associates	23.7	9.4	2.5	2.5
Amounts due from other related companies	2.6	6.3	–	–
	1,093.9	942.5	137.6	105.0

The Group's normal trade credit terms range from payments in advance to 90 days. Other credit terms are assessed and approved on a case by case basis. Amounts due from Subsidiaries and Associates are unsecured, bear interest at a weighted average rate of 5.0% (2009: 5.2%) per annum and are repayable on demand. Amounts due from other related companies are trade balances which are unsecured and interest free, with repayment in accordance with normal trading terms.

27. RECEIVABLES (CONT'D.)

Ageing analysis of trade receivables

The Company's trade receivables are neither past due nor impaired.

The ageing analysis of the Group's trade receivables is as follows:

	RM Million
Group – 2010	
Neither past due nor impaired	439.5
1 to 30 days past due but not impaired	50.4
31 to 60 days past due but not impaired	37.6
61 to 90 days past due but not impaired	12.2
91 to 120 days past due but not impaired	219.0
More than 120 days past due but not impaired	37.3
	356.5
Impaired	58.5
	854.5

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 92% of the Group's trade receivables arise from customers with more than 3 years of experience with the Group and insignificant losses noted.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM356.5 million that are past due at the reporting date but not impaired. Of these, RM3.1 million of trade receivables are secured by bank guarantees and deposits at the reporting date.

In addition, trade receivables due from Government of Malaysia amounted to RM218.4 million at the reporting date.

Notes to the Financial Statements

27. RECEIVABLES (CONT'D.)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:-

	Collectively impaired	Individually impaired	Total
	RM Million	RM Million	RM Million
Group – 2010			
Trade receivables – nominal	3.0	55.5	58.5
Allowance for impairment	(3.0)	(46.4)	(49.4)
Total	–	9.1	9.1

Movement in allowance accounts:-

	RM Million
Group – 2010	
At 1 January	59.7
Impairment loss (Note 5)	8.5
Write back of impairment loss (Note 5)	(6.2)
Written off	(12.2)
Foreign currency translation difference	(0.4)
At 31 December	49.4

Trade receivables that are individually impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. The residual carrying value of these receivables are secured by way of collateral or credit enhancements.

28. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Deposits with financial institutions	256.7	173.5	–	–
Cash held under Housing Development Accounts	35.5	37.9	–	–
Cash and bank balances	132.3	185.1	6.9	13.0
	424.5	396.5	6.9	13.0

The deposits are on call, and carry a weighted average interest rate of 2.8% (2009: 2.1%) per annum.

The average maturity periods of the Group's fixed deposits with licensed banks are 43 days (2009: 50 days). Bank balances are monies placed in current accounts with licensed banks which do not earn any interest.

29. DISPOSAL GROUP HELD FOR SALE

	Assets		Liabilities	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Group				
At 1 January	565.5	–	239.7	–
Reclassification of amounts in respect of assets to be disposed (Note 43(g))	91.7	–	–	–
Reclassification of amounts in respect of a Subsidiary to be disposed	–	565.5	–	239.7
Disposal of a Subsidiary	(565.5)	–	(239.7)	–
At 31 December	91.7	565.5	–	239.7
Company				
At 1 January	–	–	–	–
Reclassification of amounts in respect of assets to be disposed (Note 43(g))	53.5	–	–	–
At 31 December	53.5	–	–	–

Notes to the Financial Statements

29. DISPOSAL GROUP HELD FOR SALE (CONT'D.)

As at 31 December 2010, the assets and liabilities of the disposal group referred to in Note 43(g) are as follows:

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Assets classified as held for sale				
Property, plant and equipment (Note 12)	91.7	1.6	53.5	–
Investments	–	215.9	–	–
Goodwill (Note 23)	–	63.7	–	–
Deferred tax assets (Note 18)	–	3.9	–	–
Trade and other receivables	–	49.2	–	–
Deposits, cash and bank balances	–	231.2	–	–
	91.7	565.5	53.5	–
Liabilities classified as held for sale				
Trade and other payables	–	(228.1)	–	–
Taxation	–	(3.9)	–	–
Deferred tax liabilities (Note 18)	–	(7.7)	–	–
	–	(239.7)	–	–

30. SHARE CAPITAL

	Company			
	2010		2009	
	Million	RM Million	Million	RM Million
Authorised:				
Ordinary shares of RM0.50 each	2,000.0	1,000.0	1,000.0	500.0
Issued and fully paid ordinary shares of RM0.50 each:				
At 1 January	911.4	455.7	651.0	325.5
Rights issue during the year	–	–	260.4	130.2
Issue of shares during the year	28.8	14.4	–	–
At 31 December	940.2	470.1	911.4	455.7

31. NON-DISTRIBUTABLE RESERVES

	Share premium RM Million	Revaluation & fair value reserves RM Million	Statutory reserve RM Million	Other reserves RM Million	Total RM Million
Group – 2009					
At 1 January 2009	565.5	41.6	136.4	110.3	853.8
Total comprehensive income for the year	–	–	–	8.7	8.7
Transfer during the year	–	–	37.5	–	37.5
Rights issue during the year	598.1	–	–	–	598.1
At 31 December 2009	1,163.6	41.6	173.9	119.0	1,498.1

Notes to the Financial Statements

31. NON-DISTRIBUTABLE RESERVES (CONT'D.)

	Share premium	Revaluation & fair value reserves	Statutory reserve	Other reserves	Total
	RM Million	RM Million	RM Million	RM Million	RM Million
Group – 2010					
At 1 January 2010	1,163.6	41.6	173.9	119.0	1,498.1
Effect of adopting FRS 139	–	93.8	–	–	93.8
	1,163.6	135.4	173.9	119.0	1,591.9
Total comprehensive income for the year	–	49.2	–	(4.2)	45.0
Transfer during the year	–	–	23.0	–	23.0
Issue of shares during the year	48.5	–	–	–	48.5
At 31 December 2010	1,212.1	184.6	196.9	114.8	1,708.4

The breakdown of revaluation and fair value reserves are as follows:-

	Group	
	2010	2009
	RM Million	RM Million
Revaluation reserve	41.6	41.6
Fair value reserve	143.0	–
	184.6	41.6

The revaluation reserve represents increases in the fair value of freehold land and buildings, net of tax, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

Fair value reserve represents the cumulative fair value changes, net of tax, of available for sale financial assets until they are disposed of or impaired.

The statutory reserve is maintained by an Associate in compliance with the provision of the Banking and Financial Institution Act, 1989.

The other non-distributable reserves comprise mainly the Group's share of Subsidiaries' share premium arising from the issue of new shares to minority interests.

32. RETAINED EARNINGS

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

33. BORROWINGS

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Non-current				
Term loans	586.5	1,010.8	32.5	92.5
Bank guaranteed medium term notes	414.5	–	414.5	–
	1,001.0	1,010.8	447.0	92.5
Repayable in 1 year	(313.6)	(700.2)	(10.0)	(60.0)
	687.4	310.6	437.0	32.5
Current				
Overdrafts	26.2	77.8	1.8	32.9
Bankers' acceptances	163.8	168.8	–	–
Revolving credits	1,972.2	1,687.0	565.0	884.0
Short term loans	313.6	700.2	10.0	60.0
	2,475.8	2,633.8	576.8	976.9
Total borrowings	3,163.2	2,944.4	1,013.8	1,009.4

The bank guaranteed medium term notes (MTNs) which were issued in November 2010 comprise two series with maturity dates ranging from 3 years to 5 years from the date of issue. The MTNs which are repayable on maturity, have a long term rating of AAA(bg) and bear interest at an effective interest rate of 6.0% per annum. The MTNs are accounted for in the statement of financial position of the Group and the Company as follows:

	2010 RM Million	2009 RM Million
Nominal value	419.0	–
Accrued interest and transaction cost less payments	(4.5)	–
Carrying amount	414.5	–

Notes to the Financial Statements

33. BORROWINGS (CONT'D.)

The term loan of a Subsidiary totalling RM87 million (2009: RM238 million) is repayable by quarterly instalments over a period of 4 years from the date of first drawdown of 6 July 2007. Proceeds from the contract with the Government of Malaysia were assigned to the loan. All the other borrowings are unsecured.

Except for a loan of RM39.2 million (2009: RM43.6 million) which is denominated in US Dollars, all borrowings are denominated in Ringgit Malaysia. Other information on financial risks of the borrowings are disclosed in Note 36.

34. PAYABLES

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Non-current				
Deposit from tenants	26.1	25.2	–	–
Non-hedging derivatives	0.2	–	–	–
	26.3	25.2	–	–
Current				
Trade payables	665.6	501.6	0.5	0.9
Accrued interest	22.4	12.5	2.1	2.2
Accrued expenses	213.2	142.6	–	0.2
Deposits received	51.4	53.3	1.6	1.5
Retention sum	0.9	1.4	–	–
Other payables	144.1	226.6	10.5	15.4
Non-hedging derivatives	1.3	–	–	–
Amounts due to Subsidiaries	–	–	206.9	414.6
Amounts due to Associates	0.9	4.4	–	0.4
Amounts due to other related companies	0.5	7.5	–	–
	1,100.3	949.9	221.6	435.2

(a) Trade payables

Included in trade payables is an amount of RM107.5 million (2009: nil) due to the corporate shareholders of a Subsidiary. Trade payables are non-interest bearing, with normal credit terms ranging from 30 days to 90 days.

(b) Other payables

These amounts are non-interest bearing, with normal credit terms ranging from 30 days to 90 days.

34. PAYABLES (CONT'D.)

(c) Amounts due to Subsidiaries

These amounts are unsecured, bear interest at a weighted average rate of 6.6% (2009: 7.2%) per annum and repayable on demand.

(d) Amounts due to Associates and other related companies

These are trade balances which are unsecured and interest free with repayment in accordance with normal trading terms.

(e) Derivatives

	Group	
	2010	
	Contract/ notional amount RM Million	Fair value of derivatives RM Million
Non-hedging derivatives liabilities:		
Current		
Forward currency contracts	225.7	0.6
Interest rate swap	25.0	0.7
	250.7	1.3
Non Current		
Interest rate swap	37.5	0.2
Total derivative liabilities	288.2	1.5

The Group uses forward currency contracts and interest rate swap to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for period consistent with currency transaction exposure and fair value changes exposure. The Group does not apply hedge accounting.

Forward currency contracts are used to hedge the Group's purchases denominated in US Dollar which firm commitments existed at the reporting date.

The interest rate swap is used to hedge cash flow interest rate risk arising from a floating rate bank borrowing of RM62.5 million. This interest rate swap receives floating interest equal to 3 months KLIBOR % (2009: 3 months KLIBOR %) per annum, pays a fixed rate interest of 4.35% (2009: 4.35%) per annum and has the same maturity terms as the bank borrowing.

During the financial year, the Group recognised a gain of RM1.2 million (2009: nil) arising from fair value changes in derivative liabilities. The fair value changes are attributable to changes in foreign exchange spot, foreign exchange forward rates and interest rate. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 37.

Notes to the Financial Statements

35. SEGMENTAL INFORMATION

For management purposes, the Group's business is organised based on the activities, products and services under the following six Divisions:

(a) Plantation Division

The Division is primarily involved in the planting of oil palm and processing of crude palm oil. In addition, the Division through its Associate, is also involved in the research in oil palm tissue culture and genetics.

(b) Heavy Industries Division

The Division has its main thrust in the marine sector, both commercial and naval vessels. This Division's operations include shipbuilding, fabrication of offshore structures as well as the restoration and maintenance of vessels and defence related products.

(c) Property Division

The Division is in the business of property development, constructing and leasing out of commercial and retail properties as well as the owning and operating of hotels. These two segments are managed and reported internally as one segment, as they are regarded by management to exhibit similar economic characteristics.

(d) Finance & Investment Division

The Division comprises the investing activity of the Group, in particular the Group's involvement in the commercial, Islamic and investment banking, stock broking as well as the life and general insurance business through its Associate.

(e) Trading Division

The main business activity of the Division comprises the owning and operating of the BHPetrol brand of retail petroleum network. The Division also engages in engineering fabrication, and the trading of building materials, engineering equipment, chemicals and fast moving consumer products.

(f) Manufacturing & Services Division

The Group's other operations which are not part of the above five Divisions are grouped here. This Division is engaged in the manufacture of building materials, pharmaceutical products and confectionary as well as the business of travel, shipping and education.

Transfer pricing between operating segments are on arms length basis. Inter-segment revenues which represent rental charge of office premises and trading of the Group's manufactured goods are eliminated on consolidation. The Group practises central fund management where surplus funds within the Group are on-lent, and the interest charge arising from such arrangements are eliminated in full.

The Group's revenue from one major customer amount to RM1,026.0 million (2009: RM744.0 million) arising from activities of the Heavy Industries Division. The Group operates primarily in Malaysia.

Management monitors the operating results of the six Divisions for the purpose of making decisions about resource allocation and performance assessment. Segment result is evaluated based on operating profit or loss set out in the following table:

35. SEGMENTAL INFORMATION (CONT'D.)

	Plantation	Heavy Industries	Property	Finance & Investment	Trading	Manufacturing & Services	Elimination	Total
	RM Million	RM Million	RM Million	RM Million	RM Million	RM Million	RM Million	RM Million
2010								
Revenue								
Group total sales	806.5	1,166.0	414.7	109.7	3,309.8	435.8	(60.7)	6,181.8
Inter-segment sales	-	-	(15.9)	(8.8)	(36.0)	-	60.7	-
External sales	806.5	1,166.0	398.8	100.9	3,273.8	435.8	-	6,181.8
Results								
Segment result – external	155.0	188.9	103.0	(8.4)	98.9	44.6	-	582.0
Interest income	14.8	0.9	6.9	23.4	1.5	9.5	(52.8)	4.2
Other investment results	16.7	-	50.0	73.6	-	6.3	-	146.6
Finance cost	(9.5)	(40.2)	(24.3)	(46.2)	(27.1)	(19.1)	52.8	(113.6)
Share of results of Associates	5.7	(3.4)	2.9	96.0	3.2	2.6	-	107.0
Profit before tax	182.7	146.2	138.5	138.4	76.5	43.9	-	726.2
Income tax expense								(101.3)
Profit for the year								624.9

Notes to the Financial Statements

35. SEGMENTAL INFORMATION (CONT'D.)

	Plantation RM Million	Heavy Industries RM Million	Property RM Million	Finance & Investment RM Million	Trading RM Million	Manufacturing & Services RM Million	Elimination RM Million	Total RM Million
2009								
Revenue								
Group total sales	634.0	1,044.5	386.7	309.1	2,693.2	403.3	(78.8)	5,392.0
Inter-segment sales	–	–	(14.0)	(26.4)	(38.4)	–	78.8	–
External sales	634.0	1,044.5	372.7	282.7	2,654.8	403.3	–	5,392.0
Results								
Segment result								
– external	19.7	178.5	80.5	31.7	68.1	26.8	–	405.3
Interest income	42.9	1.9	16.4	35.0	6.9	12.0	(97.6)	17.5
Other investment results	31.4	–	35.2	26.9	–	9.0	–	102.5
Finance cost	(22.6)	(40.0)	(31.0)	(79.6)	(32.0)	(19.4)	97.6	(127.0)
Share of results of Associates	4.9	4.8	4.8	80.8	4.3	3.7	–	103.3
Profit before tax	76.3	145.2	105.9	94.8	47.3	32.1	–	501.6
Income tax expense								(83.2)
Profit for the year								418.4

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include interest rate, credit, liquidity, foreign exchange and market price 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 Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Executive and Chief Financial Officer of the respective operating units. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use to hedge transaction exposure where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

Interest rate risk

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

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

Notes to the Financial Statements

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

Interest rate risk (Cont'd.)

Group	Note	WAEIR	1 year or less	1 to 2 years	2 to 5 years	Total
		%	RM Million	RM Million	RM Million	RM Million
At 31 December 2010						
Fixed rate						
Financial assets:						
Deposits	28	2.8	256.7	–	–	256.7
Financial liabilities:						
Term loans	33	6.4	(105.7)	(29.4)	(43.5)	(178.6)
Bank guaranteed medium term notes	33	6.0	–	–	(414.5)	(414.5)
Floating rate						
Financial liabilities:						
Term loans	33	4.4	(207.9)	(52.6)	(147.4)	(407.9)
Overdrafts	33	6.9	(26.2)	–	–	(26.2)
Revolving credits	33	4.5	(1,972.2)	–	–	(1,972.2)
Bankers' acceptances	33	3.5	(163.8)	–	–	(163.8)
At 31 December 2009						
Fixed rate						
Financial assets:						
Deposits	28	2.1	173.5	–	–	173.5
Financial liabilities:						
Term loans	33	5.7	(419.9)	(47.6)	(67.1)	(534.6)
Floating rate						
Financial liabilities:						
Term loans	33	4.5	(280.3)	(72.8)	(123.1)	(476.2)
Overdrafts	33	6.5	(77.8)	–	–	(77.8)
Revolving credits	33	3.9	(1,687.0)	–	–	(1,687.0)
Bankers' acceptances	33	3.0	(168.8)	–	–	(168.8)

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

Interest rate risk (Cont'd.)

Company	Note	WAEIR %	1 year or less RM Million	1 to 2 years RM Million	2 to 5 years RM Million	Total RM Million
At 31 December 2010						
Fixed rate						
Financial liabilities						
Term loans	33	6.9	(10.0)	(10.0)	(12.5)	(32.5)
Bank guaranteed medium term notes	33	6.0	–	–	(414.5)	(414.5)
Floating rate						
Financial assets						
Amounts due from Subsidiaries	27	5.0	70.1	–	–	70.1
Amounts due from Associates	27	6.0	2.5	–	–	2.5
Financial liabilities						
Overdrafts	33	7.1	(1.8)	–	–	(1.8)
Revolving credits	33	4.5	(565.0)	–	–	(565.0)
Amounts due to Subsidiaries	34	6.6	(206.9)	–	–	(206.9)
At 31 December 2009						
Fixed rate						
Financial liabilities						
Term loans	33	6.9	(10.0)	(10.0)	(22.5)	(42.5)
Floating rate						
Financial assets						
Amounts due from Subsidiaries	27	5.1	13.5	–	–	13.5
Amounts due from Associates	27	6.0	2.5	–	–	2.5
Financial liabilities						
Term loans	33	3.6	(50.0)	–	–	(50.0)
Overdrafts	33	6.8	(32.9)	–	–	(32.9)
Revolving credits	33	4.0	(884.0)	–	–	(884.0)
Amounts due to Subsidiaries	34	7.2	(414.6)	–	–	(414.6)

Notes to the Financial Statements

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

Interest rate risk (Cont'd.)

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

The Group had entered into interest rate swap contract to hedge exposure to movements in interest rate on a financing transaction. The differential in interest rates to be paid over the term of the financing is recognised in the profit or loss as part of interest expense. As at the reporting date, the notional amount and maturities are as follows:

	RM Million
Group – 2010	
Notional amount of interest rate swap:	
Not more than 1 year	25.0
Later than 1 year and not later than 5 years	37.5
	62.5

The interest rate swap will mature over 10 quarterly maturity periods commencing from 5 February 2011 with the fixed interest rate of 4.35% per annum.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM9.6 million and RM2.6 million higher/lower respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings, higher/lower interest income from floating rate fixed deposits and lower/higher positive fair value of an interest rate swap. The assumed movement in basis points for interest rate sensitivity analysis is based on a prudent estimate of the current market environment.

Liquidity risk

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

The table below summarises the maturity profile of the Group's and Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

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

Liquidity risk (Cont'd.)

		On demand or within one year	One to five years	Total
	Note	RM Million	RM Million	RM Million
Group – 2010				
Financial liabilities:				
Due to customer on contracts	26	124.6	–	124.6
Trade and other payables	34	1,099.0	26.1	1,125.1
Loans and borrowings	33	2,588.4	787.4	3,375.8
Derivatives	34	1.3	0.2	1.5
Total undiscounted financial liabilities		3,813.3	813.7	4,627.0
Company – 2010				
Financial liabilities:				
Trade and other payables	34	221.6	–	221.6
Loans and borrowings	33	603.0	527.8	1,130.8
Total undiscounted financial liabilities		824.6	527.8	1,352.4

Credit risk

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

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

Credit risk concentration profile

As at 31 December 2010, the Group has a significant concentration of credit risk in the form of outstanding balance due from the Government of Malaysia, representing approximately 48.4% (2009: 39.8%) of the Group's total net trade receivables.

Notes to the Financial Statements

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

Credit risk (Cont'd.)

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 27. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are entered into or placed with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 27.

Foreign currency risk

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

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

	Deposit, cash and bank balances	Receivables	Payables	Borrowings	Total
	RM Million	RM Million	RM Million	RM Million	RM Million
At 31 December 2010					
US Dollar	3.1	40.6	(239.4)	(39.2)	(234.9)
Euro	1.1	230.2	(171.7)	–	59.6
Others	0.4	4.3	(8.8)	–	(4.1)
	4.6	275.1	(419.9)	(39.2)	(179.4)
At 31 December 2009					
US Dollar	3.9	22.3	(187.4)	(43.6)	(204.8)
Euro	5.9	2.0	(12.4)	–	(4.5)
Others	–	1.9	(6.2)	–	(4.3)
	9.8	26.2	(206.0)	(43.6)	(213.6)

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

Foreign currency risk (Cont'd.)

Sensitivity analysis for foreign currency risk

Impact arising from a reasonably possible change in the US Dollar and Euro exchange rates of 10% against the respective functional currencies of the Group's entities would be minimal.

Market price risk

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. All of the Group's quoted equity instruments are listed on Bursa Malaysia. These instruments are classified as available-for-sale financial assets.

Sensitivity analysis for equity price risk

At the reporting date, if the FTSE Bursa Malaysia KLCI had been 5% higher/lower, with all other variables held constant, the impact to the Group's other reserve in equity would be minimal.

Notes to the Financial Statements

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value

Financial instruments that are not carried at fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	<u>Note</u>
Trade and other receivables (current)	27
Amount due from holding corporation	27
Amounts due from Subsidiaries	27
Amounts due from Associates	27
Amounts due from other related companies	27
Trade and other payables (current)	34
Other payables (non-current)	34
Amounts due to Subsidiaries	34
Amounts due to Associates	34
Amounts due to other related companies	34
Borrowings (current)	33
Borrowings (non-current)	33

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amount of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair value of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements at the reporting date.

Amounts due from/to Subsidiaries, amounts due from/to Associates and fixed rate bank borrowings

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements at the reporting date.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

Determination of fair value (Cont'd.)

Quoted equity instruments

Fair value is determined directly by reference to their published market closing price at the reporting date.

Derivatives

Forward currency contracts and interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates and interest rate curves.

38. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

The Group monitors capital using a gearing ratio, which is derived by dividing the amount of borrowings (Note 33) over shareholders' equity. At the reporting date, the Group's gearing ratio is 0.75 times (2009: 0.78 times). The Group's policy is to keep gearing within manageable levels.

With respect to banking facilities that the Group has with certain financial institutions, the Group is committed to ensure that the maximum gearing ratio limit of 1.5 times calculated by dividing the amount of borrowings (Note 33) over the aggregate of the equity held by shareholders and minority interests is complied with at all times.

Notes to the Financial Statements

39. COMMITMENTS

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Authorised and contracted				
Acquisition of a Subsidiary	599.1	–	599.1	–
Additional investment in an Associate	–	7.0	–	–
Capital expenditure	368.2	311.0	–	–
	967.3	318.0	599.1	–
Authorised but not contracted				
Acquisition of a Subsidiary	100.0	–	100.0	–
Capital expenditure	300.2	490.0	1.2	3.1
	400.2	490.0	101.2	3.1

40. OPERATING LEASE OBLIGATION

Group as a lessee

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

- On 11 December 2008, the Group sold to Al-Hadharah Boustead REIT (Boustead REIT) its beneficial rights, title and interest in Bebar Estate and Malakoff Estate. Following the disposal, the Group entered into several Ijarah agreements with the trustee of Boustead REIT to rent these plantation assets for a non-cancellable period of four years, commencing 1 January 2009. The tenancy is further renewable for a maximum period of 24 years.
- On 27 June 2007, the Group sold to Boustead REIT its beneficial rights, title and interest in Lapan Kabu Estate and Lapan Kabu Mill. Following the disposal, the Group entered into several Ijarah agreements with the trustee of Boustead REIT to rent these plantation assets for a cumulative tenure of up to thirty years. The Ijarah agreements which commenced on 1 July 2007 are for a lease period of three years renewable for five additional terms of not more than three years each. The Ijarah arrangement for the first two tenancy periods of three years each totalling six years is non-cancellable.
- On 29 December 2006, the Group sold its beneficial rights, title and interest in eight oil palm estates and a palm oil mill to Boustead REIT. The Group had also entered into several Ijarah agreements with the trustee of Boustead REIT to rent these plantation assets for a cumulative tenure of up to thirty years. The Ijarah agreements which commenced on 1 January 2007 are for a lease period of three years renewable for five additional terms of not more than three years each. The Ijarah arrangement for the first two tenancy periods of three years each totalling six years is non-cancellable.

40. OPERATING LEASE OBLIGATION (CONT'D.)

(d) On 7 November 2005, the Group had entered into three Master Ijarah Agreements with Golden Crop Returns Berhad (GCRB) for the leaseback of plantation assets comprising 18 estates and 5 palm oil mills for lease periods of three, five and seven years. Concurrent with the execution of these Master Ijarah Agreements, the Group paid a deposit of RM300,000 for three call options (Call Options) under which the Group is entitled to call on GCRB to sell the plantation assets to the Group based on the terms of the Call Options at an exercise price equivalent to the fair value of the plantation assets at the time of the exercise of the Call Options. At the reporting date, the Group has exercised two of the Call Options to purchase several plantation assets and the applicable Ijarah Agreements had lapsed. The third and final Call Option is exercisable in 2012.

In addition, a Subsidiary has several non-cancellable operating lease agreements for the use of land and buildings. These leases have an average life between 3 to 30 years with renewal option included in the contracts. In the financial year ended 31 December 1996, the Government of Malaysia and the Subsidiary had finalised the lease agreement relating to the corporation of the Royal Malaysian Navy Dockyard. The agreement grants the Subsidiary a lease of 30 years from 1 September 1991 at a yearly rent of RM1 for the first five years, subject to revision thereafter.

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

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Within 1 year	115.0	120.0	–	3.3
Later than 1 year but not later than 5 years	118.8	228.2	–	–
Later than 5 years	20.7	16.1	–	–
	254.5	364.3	–	3.3

Group as a lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between one and four years. All leases include a clause to enable upward revision of the rental charge upon renewal of the leases based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Within 1 year	64.9	79.2	5.9	5.8
Later than 1 year but not later than 5 years	92.0	128.5	3.8	8.5
	156.9	207.7	9.7	14.3

Notes to the Financial Statements

41. CONTINGENT LIABILITY

There is a pending claim by Zaitun Marketing Sdn Bhd (Zaitun) against a Subsidiary, Boustead Eldred Sdn Bhd (BESB) for goods sold, delivered and invoiced together with costs and interests. The High Court had on 21 July 2010, dismissed Zaitun's claim against BESB and allowed BESB's counter-claim of RM8.8 million against Zaitun. Zaitun was also ordered to pay back BESB's portion of fees paid to a special auditor in the sum of RM157,037. On 19 August 2010, Zaitun filed their Notice of Appeal at the Court of Appeal. Hearing date for the appeal will be set after the High Court makes available its grounds of judgement, which are still pending. Meanwhile, BESB has taken steps to recover against Zaitun the judgement sum and BESB's portion of fees paid to the special auditor. As Zaitun has already been wound up (by another creditor), BESB has filed a Proof of Debt with the Official Receiver.

42. SIGNIFICANT RELATED PARTY DISCLOSURES

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

Related parties of the Group include:

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

42. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

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

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Associates				
Agricultural research and advisory services paid	6.6	6.6	–	–
Insurance premium paid	11.1	0.9	0.2	–
Rental income on office premises	14.2	14.7	–	–
Sales of goods	0.2	0.5	–	–
Professional fees paid	4.0	0.5	4.0	0.4
Insurance commission received	1.5	–	–	–
Subsidiaries of holding corporation				
Purchase of goods for sale	4.3	1.8	–	–
Sales of goods	12.0	8.4	–	–
Revenue from construction contracts	–	9.5	–	–
Provision of project management services	1.2	0.8	–	–
Rental expense				
– Hotel	10.5	–	–	–
– Office premises	1.1	0.9	–	–
Marketing cost	1.2	–	–	–
Key management personnel				
Sale of development properties	12.7	–	–	–
Firms in which Directors have a substantial interest				
Legal & professional fees paid	1.7	4.5	0.1	0.1

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

Notes to the Financial Statements

42. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D.)

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

	Group		Company	
	2010 RM Million	2009 RM Million	2010 RM Million	2009 RM Million
Directors				
Fees	0.8	0.8	0.3	0.3
Remuneration	2.5	2.4	0.2	0.1
Defined contribution plans	0.4	0.4	–	–
Meeting allowances	0.2	0.1	–	–
Estimated monetary value of benefits-in-kind	0.6	0.4	–	–
	4.5	4.1	0.5	0.4
Other key management personnel				
Short term employee benefits	28.8	28.5	2.4	2.2
Defined contribution plans	3.3	3.4	0.3	0.3
	32.1	31.9	2.7	2.5
Total paid to key management personnel	36.6	36.0	3.2	2.9

Pursuant to agreements between a Subsidiary, its directors and person connected to the director for the sub-lease of 12,140.6 hectares of leasehold plantation land for a total consideration of RM39 million, the Subsidiary had sub-leased 7,256 (2009: 7,256) hectares of the leasehold plantation land as at 31 December 2010.

Balances at year end are as follows:

	Group	
	2010 RM Million	2009 RM Million
Deposit paid	3.2	3.2
Retention sum and balance due	(2.2)	(2.2)

43. SIGNIFICANT EVENTS

- (a) On 30 April 2010, the Company disposed of its entire 80% interest in BH Insurance (Malaysia) Berhad comprising 85,814,232 ordinary shares of RM1.00 each for a total cash consideration of RM362.6 million.
- (b) On 11 June 2010, the Company had entered into a conditional share sale and purchase agreement (SPA) with UEM Group Berhad (UEM) for the proposed acquisition of UEM's entire equity interest in Pharmaniaga Berhad (Pharmaniaga) comprising 92,868,619 ordinary shares of RM1.00 each representing 86.81% in Pharmaniaga at a price of RM5.75 per share or RM534.0 million. A deposit of RM16.0 million equal to 3% of the purchase consideration was paid upon signing of the SPA. Upon completion of the proposed acquisition, the Company would be obliged to undertake a mandatory take-over offer for the remaining 14,109,169 shares representing approximately 13.19% of the existing issued and paid-up share capital of Pharmaniaga not already owned by BHB. The proposed acquisition is expected to complete during the first quarter of 2011, where the balance consideration totalling RM518 million will be paid. The mandatory take-over of the remaining interest in Pharmaniaga is expected to complete during the 1st half of 2011.
- (c) On 17 July 2010, Boustead Linear Corporation Sdn Bhd became a wholly owned Subsidiary of the Group upon the acquisition of the remaining 40% interest comprising 4.8 million ordinary shares of RM1 each in the company for a total cash consideration of RM2.5 million.
- (d) On 13 August 2010, Boustead Heavy Industries Corporation Berhad via its wholly owned subsidiary BHIC Defence Technologies Sdn Bhd, acquired 2,550,000 ordinary shares of RM1.00 each in Contraves Advanced Devices Sdn Bhd (CAD) representing 51% of the issued and paid up capital of CAD for a cash consideration of RM25.9 million.
- (e) During the year, the Group's equity interest in Midas Mayang Sdn Bhd was increased from 49% to 80%, upon the subscription of 7,999,951 new ordinary shares of RM1.00 each which were issued at par for cash.
- (f) On 2 November 2010, the Company had executed agreements to undertake a RM1 Billion bank guaranteed medium term notes (MTNs) programme. The bank guaranteed MTNs programme which will have tenures of up to 7 years from the first issuance date, have been assigned a long term rating of AAA(bg) by Malaysian Rating Corporation Berhad. The Company had issued RM419 million of MTNs in November 2010.
- (g) On 11 November 2010, the Group announced its intention to undertake a sale and leaseback arrangement which would entail the disposal of Plantation Assets comprising Sutera Estate and TRP Estate including Trong Oil Mill to Al-Hadharah Boustead REIT (Boustead REIT) and the lease of the Plantation Assets by Boustead REIT back to Boustead Holdings Berhad or any of its wholly owned Subsidiaries at lease payments and periods to be determined in due course. The sale consideration of RM189.2 million will be settled through cash. The sale & purchase agreement and the lease agreement are currently being finalised and shall be entered into in due course.

Notes to the Financial Statements

43. SIGNIFICANT EVENTS (CONT'D.)

- (h) On 22 December 2010, the Company entered into a Memorandum of Understanding with DRIR Equities Sdn Bhd and Tulus Sejagat Sdn Bhd with the intention to acquire 10,200,000 ordinary shares of RM1.00 each representing 51% equity in MHS Aviation Berhad (MHS). The proposed acquisition of MHS shall not exceed RM100 million subject to the results of a due diligence. A formalised sale and purchase agreement in respect of the proposed acquisition of MHS will be entered into in due course.

44. HOLDING CORPORATION

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

45. COMPARATIVE FIGURES

Comparative figures as at 1 January 2009 and 31 December 2009 have been reclassified to conform with the current year's presentation pursuant to the retrospective application of FRS 117 Leases as set out in Note 1(d) to the financial statements.

46. AUTHORISATION FOR ISSUANCE OF FINANCIAL STATEMENTS

These financial statements were authorised for issuance by the Board of Directors on 7 March 2011.

47. DISCLOSURE OF REALISED AND UNREALISED PROFITS

On 25 March 2010, Bursa Malaysia Securities Berhad (Bursa Malaysia) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profit or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2010, into realised and unrealised profits, pursuant to Bursa Malaysia Securities Berhad's Directive Ref: LD26/10 dated 20 December 2010 is tabulated below:

	Group	Company
	RM Million	RM Million
Total retained earnings of the Company and Subsidiaries		
Realised	1,969.9	446.3
Unrealised	155.3	13.2
	2,125.2	459.5
Total share of retained earnings of Associates		
Realised	459.4	–
Unrealised	8.7	–
	2,593.3	459.5
Consolidation adjustments	(543.9)	–
	2,049.4	459.5

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

Boustead Group

Name of company*	Principal activities	Paid-up capital	Group interest %	
			2010	2009
As at 31 December 2010				
SUBSIDIARIES				
Boustead Plantations Berhad	Investment holding and oil palm cultivation	RM124,521,383	100	100
Boustead Properties Berhad	Investment holding and property investment	RM255,199,031	100	100
Boustead Heavy Industries Corporation Berhad	Investment holding	RM248,457,612	65	65
Boustead Naval Shipyard Sdn Bhd	Construction, repair and maintenance of naval and merchant ships	RM130,000,003	82	82
UAC Berhad**	Fibre cement products	RM74,408,000	65	65
Boustead Rimba Nilai Sdn Bhd	Cultivation and processing of oil palm	RM100,000,000	100	100
Bounty Crop Sdn Bhd	Investment holding	RM70,200,000	100	100
Boustead Segaria Sdn Bhd	Oil palm cultivation	RM18,000,520	100	100
Boustead Emastulin Sdn Bhd	Cultivation and processing of oil palm and automobile dealership	RM17,000,000	100	100
Boustead Credit Sdn Bhd	Hire purchase and lease financing	RM15,000,000	100	100
Boustead Eldred Sdn Bhd	Oil palm cultivation	RM15,000,000	100	100
Boustead Engineering Sdn Bhd	Engineering equipment and chemicals distributor	RM8,000,000	100	100
Boustead Trunkline Sdn Bhd	Oil palm cultivation	RM7,000,000	100	100
Boustead Sutera Sdn Bhd	Oil palm cultivation	RM4,250,000	100	100
Boustead Global Trade Network Sdn Bhd	Warehouse logistics and insurance agent	RM3,000,000	100	100
Boustead Gradient Sdn Bhd	Cultivation and processing of oil palm	RM3,000,000	100	100
Boustead Weld Quay Sdn Bhd	Property investment	RM100,000,000	100	100
Boustead Travel Services Sdn Bhd	Travel agent	RM5,500,000	100	100
Boustead Estates Agency Sdn Bhd	Plantation management	RM1,050,000	100	100
Boustead Management Services Sdn Bhd	Management services	RM3,000,000	100	100

Name of company*	Principal activities	Paid-up capital	Group interest %	
			2010	2009
Boustead Information Technology Sdn Bhd	Computer services	RM1,000,000	100	100
Boustead Construction Sdn Bhd	Project management	RM1,000,000	100	100
Boustead Silasuka Sdn Bhd	Oil palm cultivation	RM10,000,000	100	100
Boustead Sungai Manar Sdn Bhd	Oil palm cultivation	RM4,500,000	100	100
Mutiara Rini Sdn Bhd	Property developer	RM75,000,000	100	100
Boustead Balau Sdn Bhd	Property developer	RM30,000,000	100	100
Boustead Curve Sdn Bhd	Property investment	RM150,000,000	100	100
Damansara Entertainment Centre Sdn Bhd	Property investment	RM30,000,000	100	100
Boustead Hotels & Resorts Sdn Bhd	Hotel operations	RM75,000,000	100	100
Boustead Realty Sdn Bhd	Property investment	RM100,000,000	100	100
Boustead Weld Court Sdn Bhd	Property investment	RM20,000,000	100	100
Boustead Advisory and Consultancy Services Sdn Bhd	Plantation management	RM500,002	100	100
Boustead Shipping Agencies Sdn Bhd	Shipping agent	RM2,000,000	100	100
Boustead Solandra Sdn Bhd	Oil palm cultivation	RM200,000	100	100
AB Shipping Sdn Bhd	Shipbroker	RM45,000	100	100
Bestari Marine Sdn Bhd	Marine surveys and consultancy	RM35,000	100	100
Boustead Teluk Sengat Sdn Bhd (formerly known as Boustead Heah Joo Seang Sdn Bhd)	Cultivation and processing of oil palm	RM9,184,000	100	100
Boustead Sedili Sdn Bhd	Oil palm cultivation	RM6,150,000	70	70
Boustead Building Materials Sdn Bhd	Building products distributor and project management	RM10,000,000	100	100
PT Dendymarker Indahlestari+**	Cultivation and processing of oil palm	Rp160,067,000,000	99	99
Boustead Kanowit Oil Mill Sdn Bhd	Processing of oil palm	RM30,000,000	70	70
Midas Mayang Sdn Bhd	Property investment	RM10,000,000	80	49
Title Winner Sdn Bhd	Property investment	RM100,000	80	–

Boustead Group

Name of company*	Principal activities	Paid-up capital	Group interest %	
			2010	2009
As at 31 December 2010				
SUBSIDIARIES (CONT'D.)				
Boustead Sissons Paints Sdn Bhd	Paint manufacturer	RM12,663,000	70	70
Boustead Shipping Agencies (B) Sdn Bhd***	Shipping agent	B\$100,000	70	70
Cargo Freight Shipping Sdn Bhd	Shipping agent	RM186,000	70	70
Boustead Pelita Kanowit Sdn Bhd	Cultivation of oil palm	RM34,560,000	60	60
Boustead Pelita Tinjar Sdn Bhd	Cultivation and processing of oil palm	RM48,000,000	60	60
The University of Nottingham in Malaysia Sdn Bhd	Operation of a university	RM124,960,000	66	66
Boustead DCP Sdn Bhd (formerly known as Boustead Linear Corporation Sdn Bhd)	Manufacture of chilled water	RM12,000,000	100	60
Bakti Wira Development Sdn Bhd	Investment holding	RM75,000	100	100
SB Industries (Sdn) Bhd**	Property holding	RM5,800,000	65	65
UAC Steel Systems Sdn Bhd**	Manufacture, sale and installation of steel roof truss systems	RM1,860,000	65	65
Boustead Penang Shipyard Sdn Bhd	Heavy engineering construction, ship repair and shipbuilding	RM350,000,000	65	65
Perstim Industries Sdn Bhd	Investment holding	RM25,000,000	65	65
BHIC Petroleum Sdn Bhd	Provision of engineering services for oil and gas industry	RM3,000,000	65	65
Dominion Defence & Industries Sdn Bhd	Supply and services of marine and defence related products	RM1,000,000	65	65
BHIC Defence Techservices Sdn Bhd	Provision of maintenance and services for defence related products	RM1,000,000	65	65
BHIC Defence Technologies Sdn Bhd	Investment holding	RM36,579,282	65	65
Naval Defence and Communication System Sdn Bhd	Provision for maintenance and services of telecommunication systems	RM100,000	65	65

Name of company*	Principal activities	Paid-up capital	Group interest %	
			2010	2009
BHIC Navaltech Sdn Bhd	In-service support for the maintenance, services and supply of spare parts for vessels	RM10,000,000	65	65
BHIC Electronics and Technologies Sdn Bhd	Provision of maintenance and services for defence weapons and related products	RM2,329,897	65	65
Atlas Defence Technology Sdn Bhd	Supply of electronics and system technology to defence related industry	RM510,000	46	46
Malaysian Heavy Industry Group Sdn Bhd	Investment holding	RM25,000	39	39
PSC Tema Shipyard Limited**@	Heavy engineering, ship repair and fabrication	Cedi4,500,791	39	39
Boustead DCNS Corporation Sdn Bhd	Vessel maintenance	RM10,000,000	39	39
Contraves Advanced Devices Sdn Bhd	Manufacturing of electronic products	RM5,000,000	33	–
BYO Marine Sdn Bhd**	Construction of vessels	RM100	33	33
BHIC Bofors Asia Sdn Bhd	Providing, supplying and servicing BOFORS weapons system	RM1,000,000	33	33
Wavemaster-Langkawi Yacht Centre Sdn Bhd	Repair and maintenance of luxury boats and yacht customising and servicing facilities	RM7,164,012	82	57
Boustead Petroleum Sdn Bhd	Investment holding	RM118,329,300	53	53
Boustead-Anwarsyukur Estate Agency Sdn Bhd	Plantation management	RM500,000	100	100
PT Boustead Indonesia Management Consultancy Services+ **	Plantation management	Rp1,836,800,000	51	51
Atlas Hall Sdn Bhd	Oil and gas engineering agency	RM3,265,306	51	51
Boustead Petroleum Marketing Sdn Bhd**	Marketing of petroleum products	RM229,967,000	37	37

Boustead Group

Name of company*	Principal activities	Paid-up capital	Group interest %	
			2010	2009
As at 31 December 2010				
SUBSIDIARIES (CONT'D.)				
Boustead Idaman Sdn Bhd	Investment holding	RM10,000,000	100	100
Idaman Pharma Manufacturing Sdn Bhd	Manufacture and distribution of pharmaceutical products	RM25,000,000	51	51
U.K. Realty Sdn Bhd	Ceased operations	RM40,000,000	100	100
Minat Warisan Sdn Bhd	Dormant	RM50,000,000	100	100
Boustead Trading Sdn Bhd***	Dormant	B\$1,000,000	100	100
Malaysian Welding Industries Sdn Bhd	Dormant	RM2,500,000	75	75
Emasewa Sdn Bhd	Ceased operations	RM1,625,159	100	100
Boustead Electronic Commerce Sdn Bhd	Ceased operations	RM100,000	100	100
Boustead Sissons Paints China Sdn Bhd	Ceased operations	RM2,200,000	42	42
Progress Castings (1982) Sdn Bhd	Ceased operations&	RM2,000,000	100	100
Holiday Bath Sdn Bhd	Ceased operations&	RM1,750,000	100	100
Luboh Anak Batu Estates Sdn Bhd	Ceased operations&	RM1,950,000	100	100
Jernih Rezeki Sdn Bhd	Ceased operations~	RM5,000,000	51	51
BH Insurance (M) Berhad	General insurance	RM107,267,790	–	80
ASSOCIATES				
Pavilion Entertainment Centre (M) Sdn Bhd	Property development	RM3,000,000	50	50
Drew Ameroid (Malaysia) Sdn Bhd	Industrial chemicals distributor	RM20,000	50	50
Asia Smart Cards Centre (M) Sdn Bhd	Smart card personalisation	RM100,000	50	50
Wah Seong Boustead Co Ltd^	Consumer and building products distributor	Kyat2,760,000	50	50
Applied Agricultural Resources Sdn Bhd	Agricultural research and advisory services	RM750,000	50	50
Kao (Malaysia) Sdn Bhd	Toiletries, household products distributor	RM16,000,000	45	45
K'Line Kinkai (Malaysia) Sdn Bhd	Shipping agent	RM500,000	30	30

Name of company*	Principal activities	Paid-up capital	Group interest %	
			2010	2009
Cadbury Confectionery Malaysia Sdn Bhd	Chocolate and sugar confectionery manufacturer	RM8,185,000	25	25
Affin Holdings Berhad	Financial services group	RM1,494,575,806	20	20
Perimekar Sdn Bhd	Marketing, supplying, maintenance and all other services related to submarines and surface vessels	RM1,000,000	20	20
Jendela Hikmat Sdn Bhd	Property development	RM30,000,000	30	30
Rakan Riang Sdn Bhd	Operating education and entertainment facilities	RM5,000,000	20	20

- * Incorporated in Malaysia unless otherwise indicated
- ** Subsidiaries not audited by Ernst & Young
- *** Incorporated in Brunei
- + Incorporated in Indonesia
- ^ Incorporated in Myanmar
- & Commenced member's voluntary liquidation in 2004
- ~ Commenced member's voluntary liquidation in 2009
- @ Incorporated in Ghana

Additional Disclosures

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

(a) Status on utilisation of proceeds from rights issue as at 31 January 2011

	Proposed utilisation	Actual utilised	To be utilised	Time frame
	RM Million	RM Million	RM Million	
Repayment of bank borrowings	400.0	400.0	–	Until 31 Dec 2010
Working capital and/or acquisition	328.2	215.0	113.2	Until 31 Dec 2012
Rights issue expenses	1.0	0.9	–	Until 31 Dec 2010
	729.2	615.9	113.2	

(b) Status on utilisation of proceeds from issue of MTNs as at 31 January 2011

	Proposed utilisation	Actual utilised	To be utilised	Time frame
	RM Million	RM Million	RM Million	
Repayment of revolving credit loans	69.0	69.0	–	Until 31 Dec 2012
Acquisition of Pharmaniaga	350.0	–	350.0	Until 31 Dec 2012
	419.0	69.0	350.0	

The balance of the MTN programme comprising RM581 million of MTNs will be issued during 2011.

2. SHARE BUY BACKS DURING THE FINANCIAL YEAR

The Company did not carry out any share buy back exercises during the financial year ended 31 December 2010.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

The Company did not issue any warrants or convertible securities for the financial year ended 31 December 2010.

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

The Company has not sponsored any ADR/GDR programme during the financial year ended 31 December 2010.

5. SANCTIONS/PENALTIES

There were no sanctions and/or penalties imposed on the Company and its Subsidiaries, Directors and Management by the relevant regulatory bodies during the financial year ended 31 December 2010.

6. NON-AUDIT FEES

	Group	Company
	RM'000	RM'000
Non-audit fees paid to the external auditors for the financial year ended 31 December 2010		
Company	645	645
Others	94	26
	739	671

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

7. VARIATION IN RESULT

There was no profit estimation, forecast and projection made or released by the Company during the financial year ended 31 December 2010.

8. PROFIT GUARANTEE

There was no profit guarantees given by the Company and its Subsidiaries during the financial year ended 31 December 2010.

9. REVALUATION POLICY ON LANDED PROPERTIES

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

10. MATERIAL CONTRACTS

There were no material contracts which had been entered into by the Group involving the interests of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2010 or entered into since the end of the previous financial year.

Recurrent Related Party Transactions

At the Annual General Meeting held on 5 April 2010, the Company obtained Shareholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Section 3.1.5 of Practice Note No. 12 of the Bursa Malaysia Securities Berhad Listing Requirements, the details of recurrent related party transactions conducted during the financial year ended 31 December 2010 pursuant to the Shareholders' Mandate are disclosed as follows:

Related party	Interested Director/ connected person	Nature of transactions	Actual transactions
Boustead Sissons Paints Sdn Bhd	Tan Sri Dato' Lodin Wok Kamaruddin Lembaga Tabung Angkatan Tentera (LTAT)	Sales of paints to Boustead Building Materials Sdn Bhd and Boustead Petroleum Marketing Sdn Bhd	9.1
Boustead Naval Shipyards Sdn Bhd	Tan Sri Dato' Lodin Wok Kamaruddin Datuk Azzat Kamaludin LTAT	Shipbuilding and ship repair works provided to Boustead Heavy Industries Corporation Berhad	0.1
Boustead Heavy Industries Corporation Berhad	Tan Sri Dato' Lodin Wok Kamaruddin Dato' Ghazali Mohd Ali Datuk Azzat Kamaludin LTAT	Sale of equipment and machinery for ship related activities to Boustead Naval Shipyards Sdn Bhd Shipbuilding and ship repair works provided to Boustead Naval Shipyards Sdn Bhd	31.9 163.6
Affin Holdings Berhad Group	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R) Tan Sri Dato' Lodin Wok Kamaruddin Datuk Azzat Kamaludin Dato' Ghazali Mohd Ali LTAT	Office rental for Menara Boustead, Menara Affin and the Curve paid to Boustead Realty Sdn Bhd, Boustead Properties Berhad and Boustead Curve Sdn Bhd	13.9

Related party	Interested Director/ connected person	Nature of transactions	Actual transactions
Irat Hotels and Resorts Sdn Bhd	Tan Sri Dato' Lodin Wok Kamaruddin Dato' Ghazali Mohd Ali LTAT	Rental of hotel building paid by Boustead Hotels & Resorts Sdn Bhd	10.5
Johan Ceramics Berhad	Tan Sri Dato' Lodin Wok Kamaruddin Dato' Ghazali Mohd Ali LTAT	Sale of ceramics tiles to Boustead Building Materials Sdn Bhd	4.3
Perwira Niaga Malaysia	Tan Sri Dato' Lodin Wok Kamaruddin LTAT	Purchase of fuel from Boustead Petroleum Marketing Sdn Bhd	11.7
Arkitek MAA	Dato' Ghazali Mohd Ali	Architectural services to Boustead Curve Sdn Bhd and Mutiara Rini Sdn Bhd	1.1
Azzat & Izzat	Datuk Azzat Kamaludin	Provision of legal services to Boustead Holdings Berhad Group	0.6

Amounts are stated in RM Million

Top 30 Properties of the Group

Location	Hectares	Description	Tenure	Age of buildings Years	Book value	Year of acquisition/ revaluation
The Curve, Jalan PJU 7/3, Mutiara Damansara, Selangor	5.04	Commercial land and building	Freehold	6	434.2	*2010
Grant No. 5314, Semenyih, Selangor	41.17	University campus	Freehold	5	160.5	2003
Mutiara Rini, Kulai, Johor	356.16	Development land	1912 – 2911		144.5	1995
e@Curve, Jalan PJU 7/3, Mutiara Damansara, Selangor	1.57	Commercial land and building	Freehold	5	143.1	*2010
Menara Affin, 80 Jalan Raja Chulan, Kuala Lumpur	0.34	Office complex	Freehold	12	129.5	*2010
Menara Boustead, 69 Jalan Raja Chulan, Kuala Lumpur	0.43	Office complex	Freehold	25	125.2	2001
Royale Bintang Kuala Lumpur, 17-21 Jalan Bukit Bintang, Kuala Lumpur	0.31	Hotel	Freehold	13	102.4	2003
Royale Bintang Seremban, Lot 20890 and Lot 20745, Bandar Seremban, Daerah Seremban, Negeri Sembilan	2.52	Hotel	Freehold	10	90.1	2008
183 Ampang, Lot 923, Jalan Ampang, Kuala Lumpur	1.23	43 units of luxury condominium	Freehold	2	85.4	*2010
HSD 183241 PT 44582, Mutiara Damansara, Mukim Sungai Buluh, Selangor	0.61	Commercial land	Freehold		79.6	*2010
Menara UAC, Jalan PJU 7/3, Mutiara Damansara, Selangor	0.57	Office complex	Freehold	3	78.3	*2010
Menara Boustead Penang, Jalan Sultan Ahmad Shah, Georgetown, Pulau Pinang	4.00	Office complex	Freehold	12	69.5	*2010
Pedai Estate, Kanowit, Sarawak	3,421.6	Oil palm estate	1998 – 2058		60.1	1998
Lot 70, Mutiara Damansara, Mukim Sungai Buluh, Selangor	13.7	Development land	Freehold		57.7	1999
TRP Estate, Trong, Perak	1411.0	Oil palm estate & mill	Freehold	9	53.5	2010
Jih Estate, Kanowit, Sarawak	2,960.1	Oil palm estate	1998 – 2058		56.3	1998

Location	Hectares	Description	Tenure	Age of buildings Years	Book value	Year of acquisition/ revaluation
HSD 183245 PT 44575, Mukim Sungai Buluh, Selangor	0.88	Hotel under construction	Freehold		48.6	1999
Loagan Bunut Estate, Miri Sarawak	4,190.0	Oil palm estate & palm oil mill	1991 – 2091	6	48.9	1994
Sungai Lelak Estate, Miri Sarawak	3,734.0	Oil palm estate	1988 – 2088		41.2	1994
Lot 719, Lot 723-725, Lot 444-445 and Lot 235 Mukim Georgetown, Daerah Timur Laut, Pulau Pinang	0.48	Hotel under construction	Freehold		40.0	2007
Royale Bintang Curve, Jalan PJU 7/3, Mutiara Damansara, Selangor	0.62	Hotel	Freehold	6	38.8	2005
Bukit Limau Estate, Miri Sarawak	4,827.0	Oil palm estate	1995 – 2094		38.6	1994
Kelimum Estate, Kanowit, Sarawak	2,211.7	Oil palm estate	1998 – 2058		38.5	1998
Sutera Estates, Segaluid, Sabah	2,200.7	Oil palm estate	1888 – 2888		38.0	2010
Lot 67329 and Lot 67330, Mutiara Damansara, Mukim Sungai Buluh, Selangor	0.85	Commercial land	Freehold		37.6	*2010
Ladang Tabung Tentera, Kemaman, Terengganu	1,938.3	Oil palm estate	1982 – 2054		34.7	1995
Pajakan Negeri No. 649 Lot No. 3222, Mukim 13, Daerah Timur Laut, Pulau Pinang	8.18	Shipyards	1973 – 2072	39	34.2	2007
Bingin Rupit Estates, Musi Rawas, Sumatera Selatan, Indonesia	6,628	Oil palm estate & palm oil mill	1998 – 2028		31.0	1995
Wisma Boustead, 71 Jalan Raja Chulan, Kuala Lumpur	0.11	Office complex	Freehold	27	22.0	1984
15, Jalan Eaton, off Jalan Tun Razak, Kuala Lumpur	0.33	Residential bungalow	Freehold	35	17.0	2010

* Year of revaluation

Book values are stated in RM Million

Group Oil Palm Agricultural Statistics

	2010	2009	2008	2007	2006
Planted area (hectares)					
Prime mature	61,323	62,236	62,634	62,521	56,626
Young mature	6,308	4,634	5,147	7,493	14,370
Total mature	67,631	66,870	67,781	70,014	70,996
Immature	6,723	7,500	6,708	6,158	5,698
Total planted	74,354	74,370	74,489	76,172	76,694
FFB crop (MT)	1,070,455	1,106,371	1,161,334	1,196,035	1,262,449
FFB yield per hectare (MT/hectare)					
Prime mature	16.3	16.7	17.5	17.7	19.8
Total mature	15.8	16.5	17.1	17.1	17.8
Mill production (MT)					
Palm oil	237,078	242,582	257,468	258,624	248,135
Palm kernel	54,269	56,918	61,018	63,091	59,915
Extraction rates (%)					
Palm oil	20.5	20.2	19.9	19.9	20.1
Palm kernel	4.7	4.7	4.7	4.9	4.9
Oil yield per prime mature hectare (MT/hectare)	3.7	3.7	4.1	4.2	4.7
Average selling prices (RM/MT)					
FFB	556	433	597	482	266
Palm oil	2,622	2,170	2,794	2,279	1,464
Palm kernel	1,625	990	1,571	1,338	862

Plantation Area Statement

AREA STATEMENT

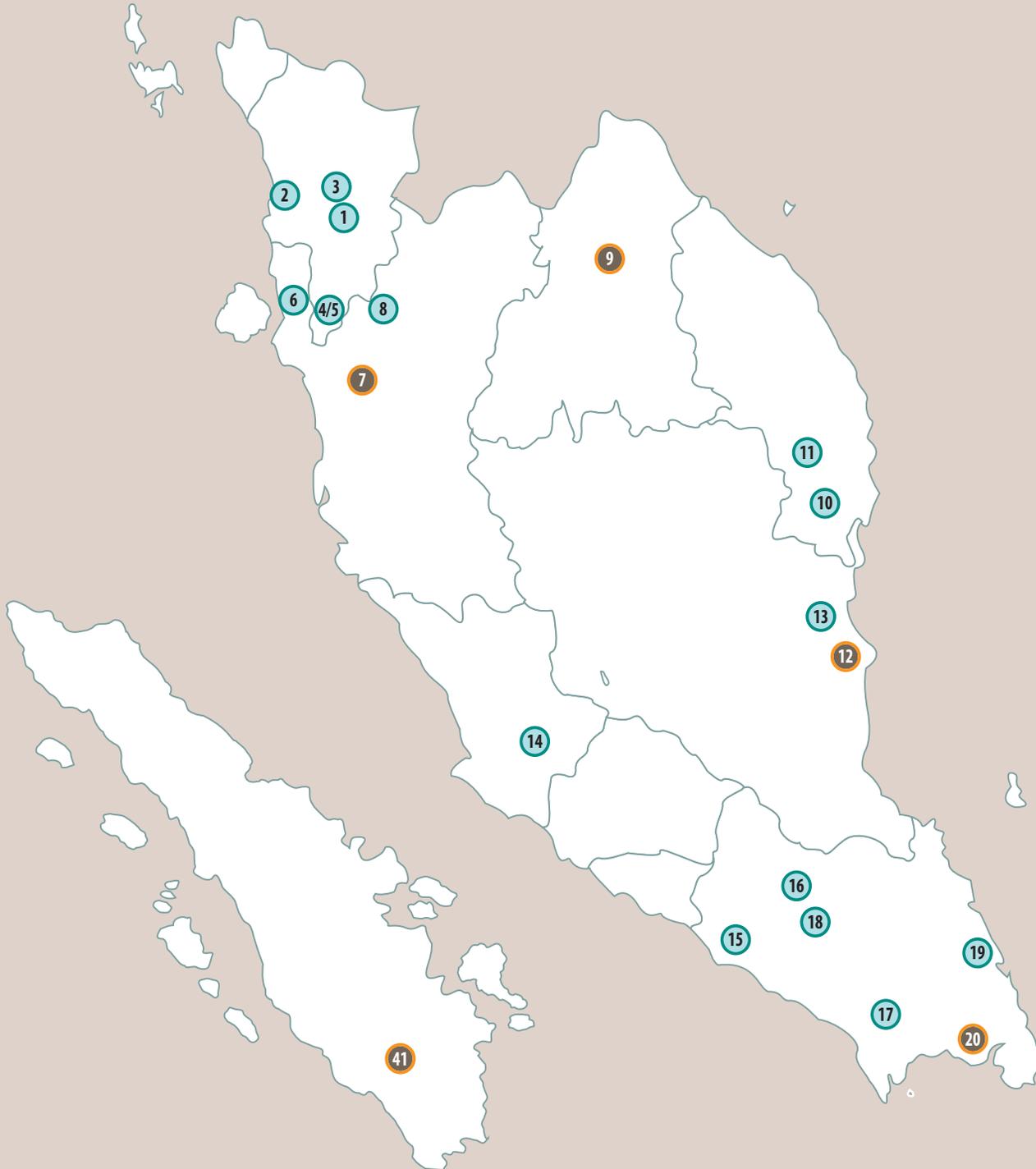
Categories	2010		2009	
	Hectares	%	Hectares	%
Oil palm	74,354	76.1	74,370	76.1
Plantable reserves	9,314	9.5	9,834	10.1
Building sites, roads, unplantable areas, etc.	13,980	14.4	13,459	13.8
Total hectares	97,648	100.0	97,663	100.0

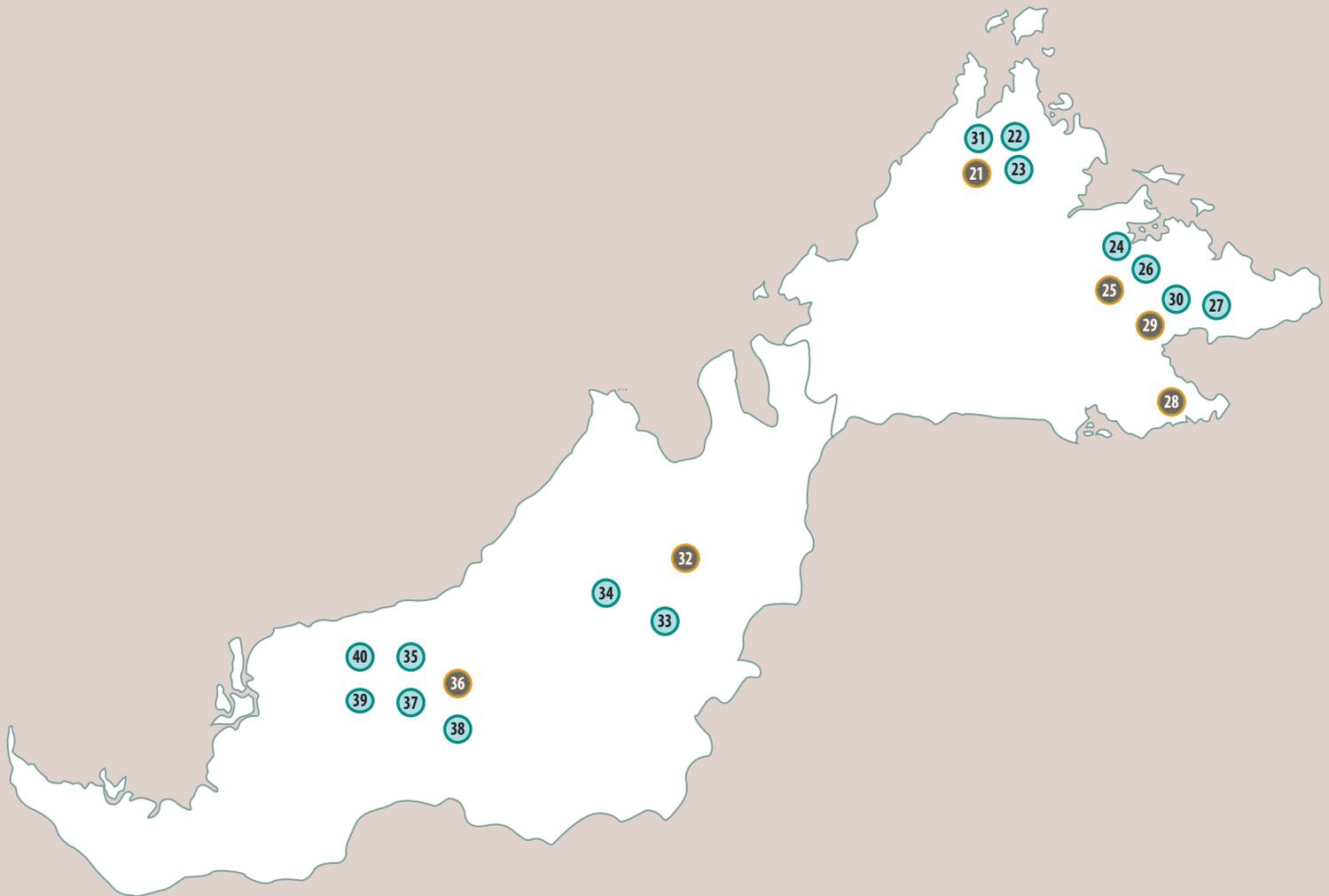
AGE PROFILE OF PALMS

Region	Immature < 3 years	Young mature 3 – 6 years	Prime mature		Total planted
			7 – 15 years	16 – 25 years	
Peninsular Malaysia	4,193	3,292	9,226	9,895	26,606
Sabah	2,500	3,016	8,955	9,475	23,946
Sarawak	–	–	16,934	1,900	18,834
Indonesia	30	–	4,938	–	4,968
Total hectares	6,723	6,308	40,053	21,270	74,354

Oil palm area includes 45,318 hectares leased from Golden Crop Returns Berhad and Al-Hadharah Boustead REIT.

Location of Group Plantations





Peninsular Malaysia

1. Batu Pekaka
2. Kuala Muda
3. Stothard
4. Kedah Oil Palm
5. Bukit Mertajam
6. Malakoff
7. TRP
8. Malaya
9. Lapan Kabu
10. Solandra
11. LTT-Terengganu
12. Sungai Jernih
13. Bebar
14. Balau
15. Bekoh
16. Eldred

17. Kulai Young
18. Chamek
19. Boustead Sedili
20. Telok Sengat

Sabah & Sarawak

21. Sungai Sungai 1
22. Sungai Sungai 2
23. Kawananan
24. Resort
25. Nak
26. Sutera
27. LTT-Sabah
28. Segaria
29. Sungai Segamaha
30. Bukit Segamaha
31. Lembah Paitan

32. Loagan Bunut
33. Sungai Lelak
34. Bukit Limau
35. Pedai
36. Jih
37. Kelimut
38. Maong
39. Mapai
40. Bawan

Indonesia

41. Bingin Rupit

Legend

- Estate
- Estate with Palm Oil Mill

Shareholding Statistics

AS AT 31 JANUARY 2011

Size of shareholdings	No. of holders	%	No. of shares	%
Less than 100	407	3.42	10,801	0.00
100 to 1,000	2,117	17.81	1,661,385	0.18
1,001 to 10,000	6,885	57.94	27,994,972	2.98
10,001 to 100,000	2,089	17.58	61,980,768	6.59
100,001 to less than 5% of issued shares	385	3.24	291,193,183	30.97
5% and above of issued shares	1	0.01	557,321,390	59.28
Total	11,884	100.00	940,162,499	100.00

30 LARGEST SHAREHOLDERS AS AT 31 JANUARY 2011

No.	Name of shareholders	No. of shares	%
1.	LEMBAGA TABUNG ANGKATAN TENTERA	557,321,390	59.28
2.	SCOTIA NOMINEES (TEMPATAN) SDN BHD <i>PLEGGED SECURITIES ACCOUNT FOR CHE LODIN BIN WOK KAMARUDDIN</i>	21,567,500	2.29
3.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (NOMURA)</i>	18,000,000	1.91
4.	HSBC NOMINEES (ASING) SDN BHD <i>TNTC FOR SAUDI ARABIAN MONETARY AGENCY</i>	9,626,700	1.02
5.	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>ETIQA INSURANCE BERHAD (LIFE PAR FUND)</i>	7,638,500	0.81
6.	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>MAYBAN TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)</i>	7,261,240	0.77
7.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR AMERICAN INTERNATIONAL ASSURANCE BERHAD</i>	7,202,000	0.77
8.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD <i>ICAPITAL.BIZ BERHAD</i>	6,547,900	0.70
9.	CHINCHOO INVESTMENT SDN. BERHAD	6,389,240	0.68
10.	YONG SIEW YOON	5,677,056	0.60
11.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR PRUDENTIAL FUND MANAGEMENT BERHAD</i>	5,313,000	0.57
12.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (PHEIM)</i>	4,962,800	0.53
13.	CITIGROUP NOMINEES (ASING) SDN BHD <i>CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND</i>	4,738,580	0.50
14.	GAN TENG SIEW REALTY SDN. BERHAD	4,600,940	0.49

No.	Name of shareholders	No. of shares	%
15.	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)</i>	4,177,660	0.45
16.	KEY DEVELOPMENT SDN. BERHAD	3,720,700	0.40
17.	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC EQUITY FUND</i>	3,380,140	0.36
18.	HSBC NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (NORGES BK LEND)</i>	3,350,000	0.36
19.	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC SOUTH-EAST ASIA SELECT FUND</i>	3,224,540	0.34
20.	HSBC NOMINEES (ASING) SDN BHD <i>TNTC FOR GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION PTE LTD</i>	3,098,500	0.33
21.	GEMAS BAHRU ESTATES SDN. BHD.	3,026,800	0.32
22.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (AM INV)</i>	3,000,000	0.32
23.	BIDOR TAHAN ESTATES SDN. BHD.	2,803,000	0.30
24.	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>MAYBAN TRUSTEES BERHAD FOR PUBLIC AGGRESSIVE GROWTH FUND (N14011940110)</i>	2,734,000	0.29
25.	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC GROWTH FUND</i>	2,658,360	0.28
26.	MIKDAVID SDN BHD	2,561,300	0.27
27.	MALAYSIAN ASSURANCE ALLIANCE BERHAD	2,550,000	0.27
28.	HONG LEONG ASSURANCE BERHAD <i>AS BENEFICIAL OWNER (UNITLINKED GF)</i>	2,300,000	0.25
29.	RENGO MALAY ESTATE SENDIRIAN BERHAD	2,248,600	0.24
30.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB BANK FOR DATO' CHE LODIN BIN WOK KAMARUDDIN (MM0197)</i>	2,200,000	0.23
Total		713,880,446	75.93

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct interest		Indirect interest	
	No. of shares	%	No. of shares	%
Lembaga Tabung Angkatan Tentera	557,321,390	59.28	–	–
Class of shares	Ordinary shares of RM0.50 each			
Voting rights	1 vote per ordinary share			

Statement of Directors' Interest

In The Company and Related Corporations as at 31 January 2011

Name of Director	No. of shares	Direct %
Ordinary shares of RM0.50 each		
Boustead Holdings Berhad		
Tan Sri Dato' Lodin Wok Kamaruddin	26,011,599	2.77
Datuk Azzat Kamaludin	40,000	–
Ordinary shares of RM1.00 each		
SUBSIDIARIES		
Boustead Heavy Industries Corporation Berhad		
Tan Sri Dato' Lodin Wok Kamaruddin	2,000,000	0.80
Datuk Azzat Kamaludin	495,300	0.21
Dato' Ghazali Mohd Ali	75,000	0.03
Boustead Petroleum Sdn Bhd		
Tan Sri Dato' Lodin Wok Kamaruddin	5,916,465	5.00
Redeemable preference shares of RM1.00 each		
Boustead Petroleum Sdn Bhd		
Tan Sri Dato' Lodin Wok Kamaruddin	50	5.00
RELATED COMPANY		
Affin Holdings Berhad		
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	91,708	0.01
Tan Sri Dato' Lodin Wok Kamaruddin	808,714	0.05
Datuk Azzat Kamaludin	110,000	0.01
Dato' Ghazali Mohd Ali	51,000	–

Dividend Policy

It is the Board's intention to pay dividends to allow shareholders to participate in the profits of Boustead Holdings Berhad. The dividend policy is in line with the Board's intention to adopt a policy of active capital management where the Board endeavours to declare an interim dividend at the end of each quarter of the financial year in order that shareholders may enjoy a distribution on a regular basis. In this regard, the Company's ability to pay dividends would depend upon factors such as business prospects, expansion and growth strategies, capital requirements, cash reserves and other factors the Board may deem relevant.

Under the dividend policy, the Company intends to pay a minimum of 70% of the audited consolidated profit after taxation attributable to shareholders for each financial year after appropriate adjustments for the profit retained by Associated Companies and any unrealised income from fair value adjustments that are non-cash in nature.

The dividend policy is effective from the financial year 2011.

As the Company is an investment holding company, its income, and therefore its ability to pay dividends or make distributions to shareholders, is dependent upon the dividends and other distributions from Subsidiaries, Associated Companies and investments which in turn will depend upon their operating results, financial condition, capital expenditure plans and other factors that their respective board of directors deem relevant.

The dividend policy reflects the Board's current views on the Group's financial position and the said policy will be reviewed from time to time. In recommending dividends, it is the Board's policy to allow shareholders to participate directly in the Company's profits whilst taking into account the retention of adequate reserves for future growth.

Notice of Annual General Meeting

49th

NOTICE IS HEREBY GIVEN that the Forty-Ninth Annual General Meeting of Boustead Holdings Berhad will be held at 4th Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur on Thursday, 7 April 2011 at 9.30 a.m. for the purpose of transacting the following business:

ORDINARY BUSINESS

To receive and, if thought fit, adopt the audited financial statements for the year ended 31 December 2010, and the Report of the Directors. **Resolution 1**

To re-elect Dato' Ghazali Mohd Ali who retires by rotation and, being eligible, offers himself for re-election. **Resolution 2**

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

"THAT pursuant to Section 129(6) of the Companies Act, 1965, Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R) be re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 3**

"THAT pursuant to Section 129(6) of the Companies Act, 1965, Lt. Gen. Dato' Mohd Yusof Din (R) be re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 4**

"THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' (Dr.) Megat Abdul Rahman Megat Ahmad be re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 5**

To approve the increase of Directors' fees from RM280,000 to RM422,000. **Resolution 6**

To re-appoint Auditors and to authorise the Directors to determine their remuneration. **Resolution 7**

SPECIAL BUSINESS

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

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

Resolution 8

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

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

Resolution 9

“THAT, subject to the Companies Act, 1965 (Act), the Memorandum and Articles of Association of the Company and the Listing Requirements of the Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its Subsidiaries to enter into all transactions involving the Related Parties as specified in Section 2.3.1 of the Circular to Shareholders dated 16 March 2011 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.

Notice of Annual General Meeting

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

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

whichever is the earlier.

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

Ordinary Resolution – Proposed Additional Shareholders’ Mandate for Recurrent Related Party Transactions **Resolution 10**

“THAT, subject always to the Listing Requirements of the Bursa Malaysia Securities Berhad, the Company and its Subsidiaries shall be mandated to enter into recurrent transactions of a revenue or trading nature with the Related Party as specified in Section 2.3.2 of the Circular to Shareholders dated 16 March 2011 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

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

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

To transact any other ordinary business of the Company.

By Order of the Board

SHARIFAH MALEK

Secretary

Kuala Lumpur
16 March 2011

NOTES:

- (a) Any member entitled to attend and vote may appoint up to two (2) proxies, who need not be a member, to attend and vote on his or her behalf. Ordinary shareholders are being sent herewith a Form of Proxy with provision for two-way voting on the foregoing numbered resolutions. The instrument appointing a proxy must be lodged at the Registered Office or Share Registrar's Office not less than forty-eight hours before the time of the Meeting.
 - General Meeting or the expiration of the period within which the next Annual General Meeting required by law to be held, whichever is earlier.
 - The mandate sought under item 8 above is a renewal of an existing mandate.
 - The proceeds raised from the previous mandate were RM23.0 million.
 - The proceeds raised were fully utilised to pare down borrowings as at 30 June 2010.
- (b) The ordinary resolution proposed under item 8 above, if passed, will give powers to the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in a General Meeting, expire at the conclusion of the next Annual
- (c) The proposed resolution 9 and 10, if passed, will enable the Company and/or its Subsidiaries to enter into recurrent transactions involving the interests of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

Statement Accompanying Notice of Annual General Meeting

1. Directors who are standing for re-appointment and re-election

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

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

b) Director standing for re-election

Dato' Ghazali Mohd Ali

Details of attendance of Board Meetings of Directors seeking re-appointment and re-election are set out on page 88 of the Annual Report.

Profile of Directors standing for re-election and re-appointment are set out on pages 74 and 75 of the annual report; while details of their interest in securities are set out on page 104 and 216 of the annual report.

2. Date, Time and Place of the Annual General Meeting

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

Date : 7 April 2011
Time : 9.30 a.m.
Place : 4th Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200,
Kuala Lumpur

Proxy Form

I/We _____ NRIC (New)/Company No.: _____
(INSERT FULL NAME IN BLOCK CAPITAL)

of _____
(FULL ADDRESS)

being a member/members of BOUSTEAD HOLDINGS BERHAD, hereby appoint * _____
(INSERT FULL NAME IN BLOCK CAPITAL)

NRIC (New) No.: _____ of _____
(FULL ADDRESS)

and/or _____ NRIC (New) No.: _____
(INSERT FULL NAME IN BLOCK CAPITAL)

of _____
(FULL ADDRESS)

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us on *my/our behalf, at the Forty-Ninth Annual General Meeting of the Company to be held at 4th Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur on Thursday, 7 April 2011 at 9.30 a.m. or any adjournment thereof, to vote as indicated below:

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

Dated this _____ day of _____ 2011

No. of ordinary shares held:	
CDS Account No.:	
Proportion of shareholdings to be represented by proxies	First Proxy: _____ % Second Proxy: _____ %
Contact No.:	

 Signature of Member/Common Seal

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

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Affix Stamp
Here

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

fold here