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boustead holdings berhad

2004 annual report



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Board of Directors

2



From left to right:

Y. Bhg Datuk Azzat Kamaludin

Tuan Hj. Johari Muhamad Abbas

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

Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin

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

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



Directors' Profile

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

Chairman
Non-independent non-executive Director
74 years of age, Malaysian

He was appointed to the Board on 3 December 1990. He is the Chairman of the Nomination Committee, Remuneration Committee and ESOS Committee.

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

Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin

Group Managing Director
Non-independent executive Director
55 years of age, Malaysian

He was appointed to the Board on 10 July 1984. He is a member of the Audit Committee, Remuneration Committee and ESOS Committee. He is also the Chief Executive of Lembaga Tabung Angkatan Tentera (LTAT).

He graduated from the College of Business Administration, The University of Toledo, Ohio, United States of America with a Bachelor of Business Administration and Master of Business Administration. Prior to joining LTAT in 1982, he was with Perbadanan Kemajuan Bukit Fraser as its General Manager from 1973 to 1982. He has extensive experience in general management. He is also the Managing Director of Affin Holdings Berhad. Tan Sri Lodin also sits on the Boards of Boustead Plantations Berhad, Boustead Properties Berhad, UAC Berhad, Affin Bank Berhad, Affin Discount Berhad, Affin Capital Holdings Sdn Bhd, Affin-ACF Holdings Berhad, Affin-ACF Finance Berhad, Johan Ceramics Berhad, BP Malaysia Sdn Bhd, Ramatex Berhad 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.



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

BOTTOM Y. Bhg. Tan Sri Dato' Lodin
Wok Kamaruddin



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

BOTTOM Tuan Hj. Johari Muhamad Abbas

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

Independent non-executive Director
74 years of age, Malaysian

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

He is a graduate of the Royal Military Academy, Sandhurst, United Kingdom; Defence Services Staff College, India; and International Defence Management Naval Institute, United States of America. He holds a diploma in Practical Psychology & Psychology in Industry from Aldermaston College, United Kingdom. He is a Fellow of the British Institute of Management, as well as a member of the American Institute of Management Executive Council, Malaysian Institute of Personnel Management, Malaysian Institute of Management and Malaysian Institute of Directors. He served in various capacities in the Malaysian Armed Forces from 1955 to 1988 with his last position being that of Chief of Defence Intelligence Staff. He also sits on the Boards of UMW Holdings Berhad and several other private limited companies. He does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, nor any personal interest in any business arrangement involving the Company.

Tuan Hj. Johari Muhamad Abbas

Independent non-executive Director
73 years of age, Malaysian

He was appointed to the Board on 3 December 1990. He is a member of the Audit Committee and Nomination Committee.

He attended The Royal Veterinary College, London and holds an Associate of the Incorporated Society of Planters Diploma from the Incorporated Society of Planters. He was the National Chairman of the Society from 1980 to 1984. He has over 40 years of experience in the plantation industry having served with Federal Land Development Authority (FELDA) for 7 years and Highlands & Lowlands Berhad for 15 years. From 1980 to 1985, he was the General Manager of Syarikat Ladang LKPP Sdn Bhd. For 16 years he ran his own plantation consultancy firm. In recognition of his contribution to the Planting Industry, he was awarded the FISP (Fellow of the Incorporated Society of Planters) on 18 June 2002 by the Incorporated Society of Planters. He also sits on the Boards of Highlands & Lowlands Berhad, 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.

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

Independent non-executive Director
65 years of age, Malaysian

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

He holds a Bachelor of Commerce degree from University of Melbourne, Australia. He is a member of the Malaysian Institute of Certified Public Accountants, a member of the Malaysian Institute of Accountants and a Fellow Member of the Institute of Chartered Accountants in Australia. He was a partner of KPMG, Malaysia and Managing Partner of KPMG Desa, Megat & Co. for over 10 years and an Executive Director in Kumpulan Guthrie Berhad for 11 years. He also sits on the Boards of UAC Berhad, Royal & Sun Alliance Insurance (M) Berhad, Tronoh Consolidated Malaysia Berhad, Integrated Rubber Corporation Berhad and Press Metal Berhad. He also sits on the Boards of Universiti Kebangsaan Malaysia and Hospital Universiti Kebangsaan Malaysia. He is now a Company Director and a consultant to several other companies. He does not have any family relationship with any Director and/or major shareholder of Boustead Holdings Berhad, nor any personal interest in any business arrangement involving the Company.

Y. Bhg. Datuk Azzat Kamaludin

Non-independent non-executive Director
59 years of age, Malaysian

He was appointed to the Board on 16 January 1991. He is a member of the Remuneration Committee and ESOS Committee.

He is a lawyer by profession, and is a partner of the law firm of Azzat & Izzat. He graduated from the University of Cambridge with degrees in Law and in International Law in 1969 and was admitted as a Barrister-at-Law of the Middle Temple, London in 1970. Prior to being admitted as an advocate and solicitor of the High Court of Malaya in 1979, he served as an Administrative and Diplomatic Officer with the Ministry of Foreign Affairs Malaysia in various capacities. He is also presently a Director of Affin Holdings Berhad, MNI Holdings Berhad, KPJ Healthcare Berhad, Pulai Springs Berhad, Celcom (Malaysia) Berhad, Technology Resources Industries 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.



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

BOTTOM Y. Bhg. Datuk Azzat Kamaludin

Corporate Information

Directors

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

Y. Bhg. Tan Sri Dato' Lodin
Wok Kamaruddin
Group Managing Director

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

Tuan Hj. Johari Muhamad Abbas

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

Y. Bhg. Datuk Azzat Kamaludin

Secretary

Pn. Sharifah Malek

Registered Office

28th Floor, Menara Boustead
No. 69 Jalan Raja Chulan
50200 Kuala Lumpur, Malaysia
Telephone: (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
Telephone: (03) 2141 9044
Fax: (03) 2144 3016

Principal Bankers

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

Auditors

Ernst & Young

Stock Exchange Listing

Bursa Malaysia Securities Berhad

Holding Corporation

Lembaga Tabung Angkatan Tentera

Corporate Calendar

Financial Year	1 January to 31 December 2004	
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Results	First Quarter	Second Quarter
	Announced 18 May 2004	Announced 18 August 2004
	Third Quarter	Fourth Quarter
	Announced 29 November 2004	Announced 25 February 2005

Annual Report	Issued 3 March 2005
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Annual General Meeting	To be held 25 March 2005
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Dividends	First Interim	Second Interim
	Announced 18 August 2004	Announced 29 November 2004
	Entitlement date 12 October 2004	Entitlement date 16 December 2004
	Paid 8 November 2004	Paid 12 January 2005
	Final	
	Announced 25 February 2005	
	Entitlement date 26 April 2005	
	Payable 25 May 2005	

Senior Management Team



**Y. Bhg. Tan Sri Dato' Lodin
Wok Kamaruddin**
Group Managing Director


Y. Bhg. Dato' Ghazali Mohd Ali
Divisional Director, Property




En. Daniel Ebinesan
Director, Financial Services

En. Koo Hock Fee
Director, Manufacturing & Corporate Planning





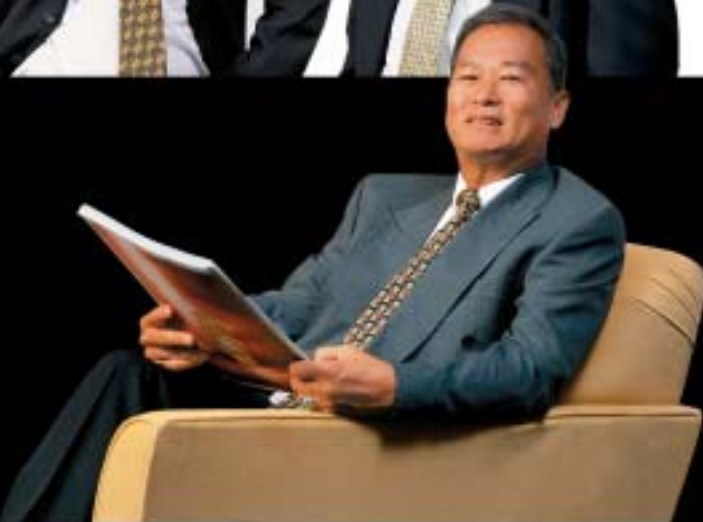
En. Hussin Abdul Jalil
Boustead Estates Agency




En. Shoib Abdullah
Boustead Estates Agency



En. Chow Kok Choy
Boustead Estates Agency



En. Ting Sik Fatt
Boustead Engineering



Pn. Serena Ngiam
Boustead Travel Services



En. Johnny Soon
Boustead Shipping Agencies



Professor Brian Atkin
University of Nottingham
Malaysia Campus



En. Mokhtar Khir
The Royale Bintang
Kuala Lumpur

Senior Management Team



Pn. Josephine Wong
Group Chief Accountant

Pn. Chin Sup Chien
Financial Controller, Plantation



En. Peramjeet Singh
Financial Controller, Manufacturing & Trading

Pn. Cheah Swee Choo
Financial Controller, Property

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En. Andrew Nathan
Boustead Sissons Paints

En. Chew Chik Soo
Boustead Building Materials



En. Lee Keong Hoe
Boustead Estates Agency

En. Khushairi Mohd Hashim
Boustead Properties

En. Rahim Mohd Som
Boustead Credit/Emastulin

En. Musa Hj. Sulaiman
Boustead Global Trade Network



En. Chan Pooi Hoong
Manager, Group Internal Audit

Dr. Rodaina Ibrahim
Boustead Information Technology



Pn. Nawal Hanafiah
Manager, Group Human Resource

Pn. Sharifah Malek
Company Secretary

En. Teng Peng Khen
Boustead Estates Agency



Pn. Selina Chan
Boustead Emasewa

En. Koh Chor Meng
Asia Smart Cards Centre

THE BOARD OF DIRECTORS OF BOUSTEAD HOLDINGS BERHAD IS PLEASED TO PRESENT THE FOLLOWING REPORT OF THE AUDIT COMMITTEE OF THE BOARD FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2004.

audit committee report

MEMBERS

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



Y. Bhg. Tan Sri
Dato' Lodin Wok
Kamaruddin



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



Tuan Hj. Johari
Muhamad Abbas



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

MEMBERS AND MEETINGS

The members of the Audit Committee during the year comprised the Directors listed below. During the year, the Committee held meetings on 20 February 2004, 8 March 2004, 24 May 2004, 9 August 2004 and 8 November 2004 respectively, a total of five (5) meetings. The attendance by each member at the Committee meetings during the year is as follows:

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

The Director, Financial Services, Group Internal Audit Manager and other members of senior management attended these meetings upon invitation by the Chairman of the Committee. The Group's external auditors were invited to attend two of these meetings. The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The terms of reference of the Committee are as follows:

Composition

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

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

Quorum and Committee's Procedures

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

members present shall elect a Chairman for the meeting from amongst the members present.

Authority

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

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



Responsibility and Duties

The Committee shall undertake the following responsibilities and duties:

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

ACTIVITIES DURING THE FINANCIAL YEAR

During the year, the Audit Committee carried out its duties as set out in its terms of reference.

The main activities undertaken by the Audit Committee were as follows:

- Reviewed the internal and external auditors' scope of work and annual audit plans for the Group.
- Reviewed management letters and audit report of the external auditors.
- Reviewed the quarterly and annual reports of the Group prior to submission to the Board of Directors for consideration and approval.
- Reviewed the disclosure on related party transactions entered into by the Company and the Group.
- Reviewed internal audit reports and to monitor/follow-up on remedial action. Where required, members of the Audit Committee would carry out ground visits to verify significant issues highlighted in the Internal Audit Reports.
- Reviewed the outcome of the risk management programme, including the key risks identified, the potential impact and the likelihood of the risks occurring, existing controls and action plans.
- Reviewed the list of eligible employees and the allocation of options to be offered to them by the Company pursuant to the Boustead Holdings Berhad Employees' Share Option Scheme.
- Committee Chairman met with the external auditors at least once during the year without the presence of any executive Board member.



INTERNAL AUDIT FUNCTION

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

The principal roles of the Internal Audit Department are:

- To ensure that a sound internal control system is in place and the system is functioning adequately and its integrity is maintained.
- To add value and improve the Group's operations by providing independent and objective evaluation of the operations.
- To ensure that a systematic disciplined approach in evaluating and improving the effectiveness of risk management, internal control and governance process is adopted.
- To carry out investigations and special review requested by management or the Audit Committee.

- To carry out audit work in liaison with the external auditors to maximise the use of resources and for effective coverage of audit risks.

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



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

Set out below is the manner with which the Group has applied the principles of good governance and the extent to which it has complied with the best practices set out in the Code. These principles and best practices have been applied and complied with throughout the year ended 31 December 2004.

BOARD RESPONSIBILITIES

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

The responsibility for matters material to the Group is in the hands of the Board, with no individual having unfettered powers to make decisions. In performing their duties, all Directors have access to the advice and services of the Company Secretary and if necessary, may seek independent professional advice about the affairs of the Group. The Board has a formal schedule of matters reserved to itself for decision, including the overall Group strategy and direction, acquisition and divestment policy, approval of major capital expenditure projects and significant financial matters.

Corporate Governance

COMPOSITION OF THE BOARD

The Board currently has six (6) members, comprising one (1) executive Director and five (5) non-executive Directors. Three of the Directors are independent Directors, which is in excess of the listing requirement of one-third. Together, the Directors bring characteristics which allow a mix of qualifications, skills and experience which is necessary for the successful direction of the Group. A brief profile of each Director is presented on pages 4 to 9 of this annual report.

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

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

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

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

The Board is satisfied that the current Board composition fairly reflects the 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. All Directors are fully briefed in advance of Board meetings on the matters to be discussed and have access to any further information they may require. The Board may, whenever required, set up committees delegated with specific powers and responsibilities.

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

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

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

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

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

Corporate Governance

INFORMATION FOR THE BOARD

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

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

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

DIRECTORS' TRAINING

All Directors have successfully completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad (Bursa Malaysia). During the year, the Directors have also attended a Bursa Malaysia accredited continuing education programme for directors of public listed companies. The Directors continue to undergo other relevant training programmes as appropriate, to further enhance their skills and knowledge.

RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, all newly appointed Directors shall retire from office but shall be eligible for re-election in the next Annual General Meeting subsequent to their appointment. The Articles further provides that at least one third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting.

Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

BOARD COMMITTEES

Audit Committee

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

The report of the Audit Committee is set out on pages 16 and 21 of the annual report.

Employees' Share Option Scheme Committee (ESOS Committee)

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

The members of the Committee are:

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

Nomination Committee

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

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

The functions of the Nomination Committee shall be to:

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

Corporate Governance

Remuneration Committee

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

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

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

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

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

DIRECTORS' REMUNERATION

Details of the Directors' remuneration are set out on in Note 3 to the financial statements by applicable bands of RM50,000, which complies with the disclosure requirements under Bursa Malaysia's Listing Requirements.

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.

INVESTORS AND SHAREHOLDERS RELATIONSHIP (cont'd.)

Apart from the mandatory public announcements through Bursa Malaysia, the Group has also set up a website at www.boustead.com.my to provide corporate, financial and non-financial information.

The Group Managing Director and Director, Financial Services meet regularly with analysts, institutional shareholders and investors. At General Meetings, the Board encourages shareholder participation and respond to their questions. Shareholders can also leave written questions for the Board to respond. The Share Registrar is available to attend to matters relating to shareholder interests.

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

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

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 Audit Committee has always maintained a professional relationship with the external auditors, and the Committee Chairman meets with the external auditors without the presence of any Board member at least once a year.

Corporate Governance

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

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

In preparing these financial statements, the Directors have:

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

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

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

statement on internal control

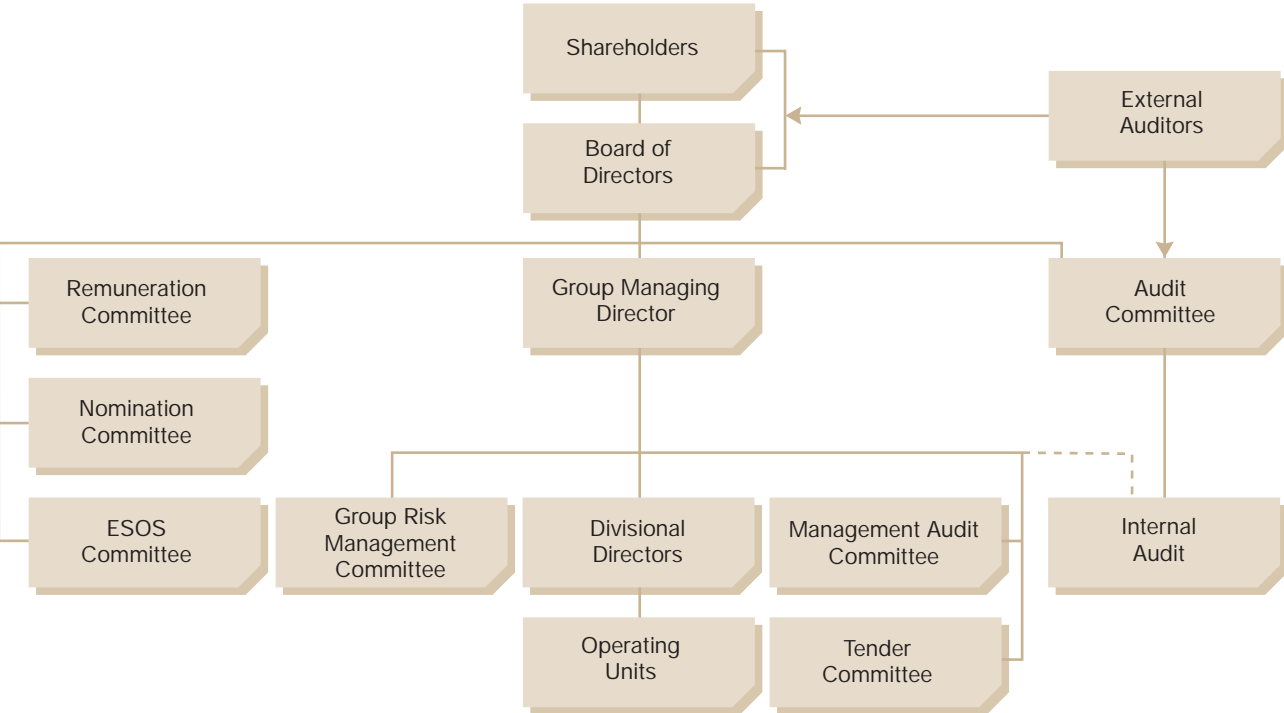
Statement on Internal Control

BOARD RESPONSIBILITY

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

The Group's system of internal control covers risk management and financial, operational and compliance controls. Except for insurable risks where insurance covers are purchased, other significant risks faced by the Group (excluding associated companies) are reported to, and managed by the respective Boards within the Group.

The internal control system of the Group is supported by an appropriate organisation structure with clear reporting lines, defined lines of responsibilities and authorities from respective business units up to the Board level as follows:



RISK MANAGEMENT

The Board recognises that effective risk management is an essential and indispensable part of corporate management. The Group strives to manage risk effectively with a view to protecting assets and stakeholders, ensuring achievement of the business objectives and enhancing shareholder value.

The Board and its various sub-committees have undertaken to address the need for risk management within the Group and have tasked Management with developing and maintaining the necessary systems to give effect to this responsibility.

The Group endeavours to develop, implement and maintain sound risk management practices and systems that are consistent with good corporate governance to address these objectives:

- communicate the vision, role, direction and priorities to staff and other stakeholders;

- identify, assess and manage risks in an effective and efficient manner;
- improve decision making, planning and prioritisation based on a comprehensive understanding of the reward to risk balance; and
- enable systematic and prompt reporting on any perceived new risks or failures of existing control measures.

In pursuing these objectives the Group has:

- implemented a comprehensive and systematic risk assessment and reporting process across the Group;
- created an environment that controls and mitigate risks within the accepted risk tolerance;
- heightened risk management awareness in the business processes;
- fostered a culture of continuous improvement in risk management through audit and review processes;
- produced a risk profile with a significance rating to each risk as a tool for prioritising risk treatment efforts; and
- presented a summary of significant risks on a half-yearly basis to the Audit Committee and Board with the assurance that the key risks are being identified and managed effectively.

INTERNAL AUDIT FUNCTION

The role of internal audit has moved towards a risk-based internal audit methodology. This approach includes focussing the internal audit work on the significant risks identified across the Group. Risk management and internal controls are firmly linked with the ability of the Group to fulfil clear business objectives.

Statement on Internal Control

INTERNAL AUDIT FUNCTION (cont'd.)

The internal audit function provides assurance of the effectiveness of the system of internal controls within the Group. It conducts independent reviews of the key activities within the Group's operating units based on a detailed annual internal audit plan which was approved by the Audit Committee, which will be moving towards a risk based approach.

KEY ELEMENTS OF INTERNAL CONTROL

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

- Clear organisation structure with defined reporting lines.
- Defined level of authorities and lines of responsibilities from operating units up to the Board level to ensure accountabilities for risk management and control activities.
- Regular Board and Management Meetings to assess the Group's performance and controls.
- Regular internal audit visits to review the effectiveness of the control procedures and ensure accurate and timely financial management reporting. Internal audit efforts are directed towards areas with significant risks as identified by Management, and the risk management process is being audited to provide assurance on the management of risk.
- Review of internal audit reports and follow-up on findings by Management Audit Committee. The internal audit reports are deliberated by the Audit Committee, and are subsequently presented to the Board on a quarterly basis or earlier, as appropriate.
- Review and award of major contracts by Tender Committee. A minimum of three quotations is called for and tenders are awarded based on criteria such as quality, track record and speed of delivery.
- Tender Committee comprising members of senior management which ensures transparency in the award of contracts.
- Clearly documented Standard Operating Procedures Manuals set out the policies and procedures for day to day operations to be carried out.
- Consolidated monthly management accounts and quarterly forecast performance which allow Management to focus on areas of concern.
- Regular visits to estates by Visiting Agents, and Estates Department, with the emphasis on the monitoring and control of expenditure at operating centres, agronomic practices and ad-hoc investigations.
- Strategic planning, target setting and detailed budgeting process for each area of business which are approved both at the operating level and by the Board.
- Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary.
- Regular visits to the operating units by members of the Board and Senior Management.

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

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

- Regular confirmation by the chief executive officer and chief financial officer of the respective operating units on the effectiveness of the system of internal control, highlighting any weaknesses and changes in risk profile. The same confirmation is provided by the Group Managing Director and Director, Financial Services to the Board annually.
- Periodic examination of business processes and the state of internal control by the internal audit function. Reports on the reviews carried out by the internal audit function are submitted on a regular basis to the Management Audit Committee 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, customers' interests and the Group's assets.

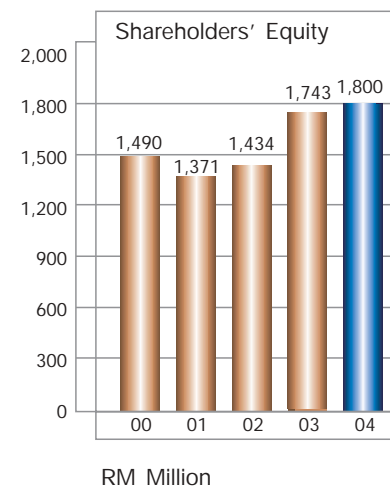
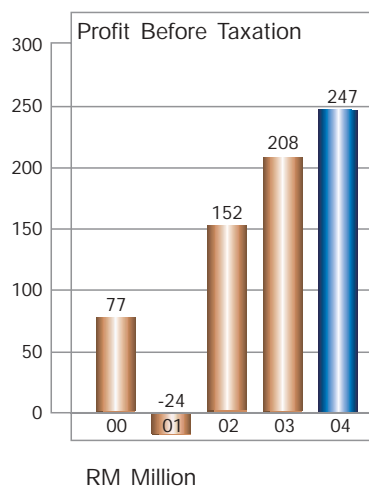
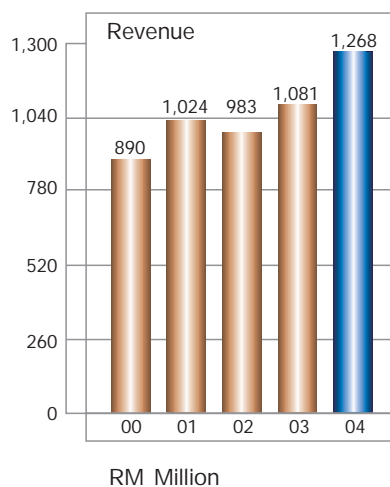
WEAKNESSES IN INTERNAL CONTROLS THAT RESULT IN MATERIAL LOSSES

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

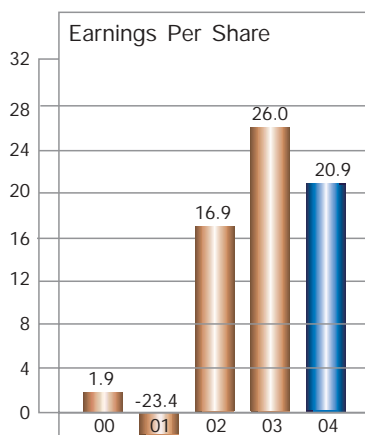
This statement is made in accordance with a resolution of the Board of Directors dated 24 February 2005.



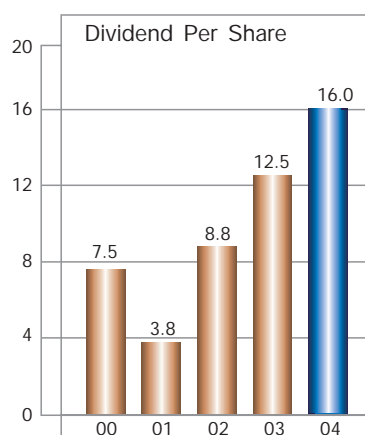
Five Year Group Financial Highlights



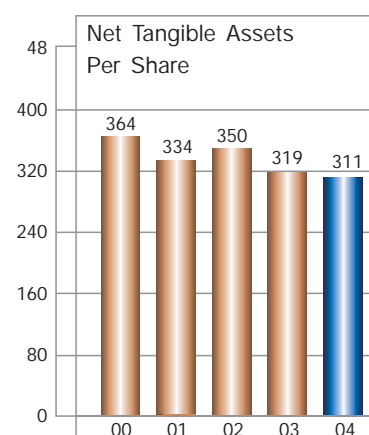
	2004	2003	2002	2001	2000
For Year Ended 31 December (RM Million)					
Revenue	1,268	1,081	983	1,024	890
Profit before taxation					
— Plantation	101	115	93	52	67
— Property	109	94	70	99	66
— Finance & investment	13	(16)	(8)	(188)	(59)
— Manufacturing & trading	26	20	22	28	18
— Service industry	(2)	(5)	(25)	(15)	(15)
	247	208	152	(24)	77
Profit/(loss) attributable to shareholders	119	113	69	(77)	3
Dividends	67	44	17	7	15
Profit/(loss) retained	52	69	52	(84)	(12)
At End of Year (RM Million)					
Paid-up share capital	290	273	136	136	136
Shareholders' equity	1,800	1,743	1,434	1,371	1,490
Total assets employed	4,643	4,341	4,048	3,955	4,004



Sen



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		2004	2003	2002	2001	2000
Per Share (nominal RM0.50)						
Earnings	(sen)	20.9	26.0	16.9	(23.4)	1.9
Gross dividend	(%)	32.0	25.0	17.5	7.5	15.0
Dividend Yield	(%)	9.5	9.5	5.9	3.1	2.9
Dividend cover	(times)	1.8	2.9	2.7	(8.7)	0.4
Net tangible assets	(sen)	311	319	350	334	364
Share price – high	(sen)	190	220	230	262	424
Share price – low	(sen)	147	129	165	171	242
Price earning ratio	(times)	8.1	5.1	8.8	(5.1)	135
Financial Statistics						
Return on revenue	(%)	9.9	12.2	6.8	8.1	7.0
Return on average shareholders' equity	(%)	6.7	7.1	4.9	(6.7)	0.5
Interest cover (profit before interest: interest)	(times)	3.8	3.8	3.8	0.7	3.6
Gearing (borrowings: shareholders' equity)		1.0	1.0	1.1	1.2	1.0

■ ■ ■

chairman's statement

DEAR SHAREHOLDER,
BOUSTEAD HOLDINGS BERHAD IS
RIDING THE WAVE OF ENHANCED
EARNINGS BACKED BY AN
ECONOMIC LANDSCAPE THAT
AUGURS WELL FOR THE GROUP.
IT IS ON THIS BULLISH NOTE THAT
IT GIVES ME GREAT PLEASURE
TO PRESENT OUR ANNUAL
REPORT FOR THE YEAR ENDED
DECEMBER 31, 2004.



Our strong profits have risen across the board in most divisions. Two particular divisions stand out as the driving force for the entire Group and these are our plantation and property divisions. This in no uncertain terms is the result of clear vision and foresight to strategise and plan, as well as excellent execution to achieve pre-determined targets.

Against this backdrop and despite facing multiple external challenges, the Group achieved a remarkable pre-tax profit of RM247 million. Clearly we are doing our utmost to improve our competitiveness with our key performance indicators in place, we hope to continue on this steady course in the coming year. The year 2004 was a challenging year as corporate structures were strengthened to maintain the Group's effectiveness and operational efficiency. This has been driven via the rationalisation of assets, reorganisation of some of our operating entities and our ongoing branding exercise.

working for a
stronger future

ECONOMIC LANDSCAPE

On the broader picture the global outlook took a turn for the better in 2004 as it experienced steady recovery from geo-political events. In Malaysia, strong economic activity was charted by the Malaysian Institute of Economic Research (MIER) and gross domestic product growth (GDP) is expected to be approximately 7.2% for 2004.

Bank Negara Malaysia also highlighted expansion of the Malaysian economy at an annual

rate of 6.8% in the third quarter of 2004, raising the real GDP growth to 7.6%. Growth was supported by strong expansion in private sector demand, consumption and investment, and continued expansion in exports.

Looking forward, MIER forecasts a slower growth of 5.7% for 2005, given the downside risks of high petroleum prices and the gradual deceleration of global growth. However the private sector is expected to make substantial contributions to growth as public spending declines.

Our Prime Minister at the Boustead booth during Invest Malaysia 2004.



Private consumption is projected to grow at 7.8% on the back of rising disposable income, positive wealth effects, improving employment market, firm commodity prices and positive consumer sentiments. In tandem, private investment is also expected to rebound in 2005 given renewed business confidence amidst sustained foreign direct investments inflows and favourable export trends. The optimistic local sentiment is further buoyed by the continued prospects that lie in China and India, with positive impact spilling over into the region. As a result,

trade within the region, especially South East Asia, grew healthily and is expected to augur well for the Group.

Growth rates of 2.3% and 1.4% are expected for the agriculture and construction sectors respectively. Manufacturing is expected to report a steady growth of 7.5% and services 5.7%. Barring unforeseen circumstances, the Boustead Group is confident that these indicators signal overall growth for the national economy and naturally this will have a positive effect on the Group's divisions.



Clonal planting at the pre-nursery.

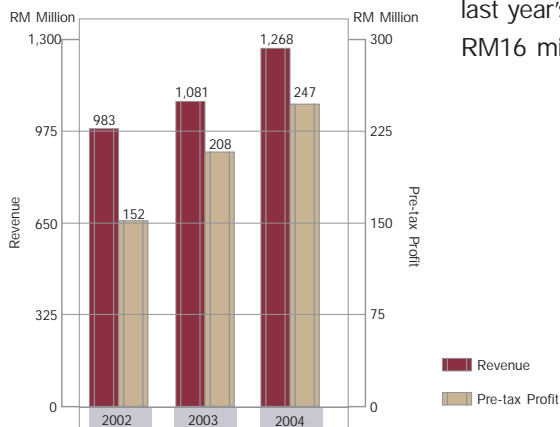
FINANCIAL PERFORMANCE

The facts are in the figures. We have had a favourable year on all fronts with impressive improvements in pre-tax profit, attributable profit and turnover. For 2004 the Group recorded a pre-tax profit of RM247 million on the back of a turnover of RM1,268 million. This represented a commendable increase of 19% compared to last year's pre-tax profit of RM208 million on the back of a turnover of RM1,081 million.

In terms of profit attributable to shareholders, we have seen an increase of 6% to RM119 million. Due to the enlarged share capital arising from the rights and bonus issues, earnings per share ended at 21 sen (2003: 26 sen) and net

tangible assets per share was RM3.11 (2003: RM3.19). As at the close of the financial year, our shareholders' funds were boosted to RM1,800 million (2003: RM1,743 million) due to the improved performance.

Our property and plantation divisions maintained their pole positions in delivering sterling pre-tax profits. The property division registered earnings of RM109 million, delivering a contribution of 44% to Group profitability, while the plantation division chalked up RM101 million which contributed 41% to the Group's bottom line. An additional contributor to Group profits this year has been our finance and investment division namely via our investments in Affin Holdings. This division registered a pre-tax profit of RM13 million, a turnaround from last year's negative contribution of RM16 million.



In line with our Group's prudent accounting policy, the Directors have decided to take a one-off write down of our investment in PSC Industries Berhad. This resulted in a provision for diminution in value of investment of RM100 million, but mitigated by a higher amortisation of reserve on consolidation amounting to RM62 million (2003: RM9 million). Despite this, the Group's strong financial position is not significantly impacted.

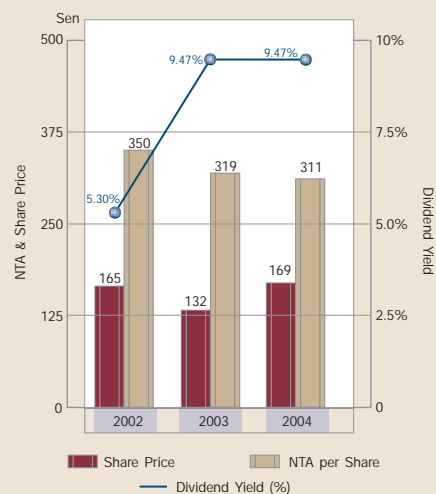
DIVIDEND

Your Group is committed to enhancing shareholder value and this is evidenced by a record distribution of dividends for the year under review. To date, 20% has been distributed and your Board is recommending a final dividend payment of 12% for the year. In real terms, total dividend for the Group will be RM66.7 million (2003: RM43.5 million).

The dividend yield of 9.5% provides an attractive return for the long term investor. We believe investor confidence is crucial to the Group and we hope to continue to provide strong yields.

FINANCE

In light of our ongoing asset rationalisation and value creation exercises, this year witnessed a very proactive effort by your Group to maximise the viability of our operating units and trim non-core and low income yielding assets. By doing so we hope to strengthen the balance sheet and reduce Group borrowings.



Although the privatisation of Boustead Plantations Berhad (formerly known as Kuala Sidim Berhad) has increased total borrowings to RM1,835 million (2003: RM1,665 million), this move has enabled the Group to recognise higher consolidated profits and reserves. There was also an increase in cash reserves to RM215 million (2003: RM133 million).

As a sophisticated corporate entity, your Group has tapped into the capital market by issuing Serial Bonds (RM250 million) and seven-year Redeemable Convertible Bonds (RM100 million) to lock in long term fixed rates. We will continue to explore

various other financial products such as asset-backed securities to improve gearing level and enhance our bottom line.

CORPORATE DEVELOPMENT

These are exciting times for the Group. As a diversified conglomerate, Boustead is constantly on the look out for viable investments to boost its earnings. One such investment is the recently announced proposed acquisition of a 70% stake in BP Malaysia Sdn Bhd. This acquisition presents a unique investment opportunity for the Group to expand its current portfolio of trading and retail businesses.



The Boustead Group has scored another first with the recent launch of the Curve which encapsulates a unique retail concept of lifestyle dining and shopping in an alfresco setting. We are confident this new project will generate attractive earnings in the future and position the Boustead Group in the forefront of the domestic retail scene.

We have successfully completed the entire acquisition of Boustead Plantations Berhad as part of our value creation exercise resulting in further economies of scale and streamlining of plantation operations.

HUMAN RESOURCE DEVELOPMENT

The Group's engines of growth are driven and fuelled by its work force and to date the Group has approximately 11,500 employees. This vast pool is vital in the day-to-day operations and to this end, we encourage a work culture that emphasises increased efficiency and effectiveness in order to collectively achieve our objectives.

Training is a vital element for our employees to achieve their full potential and 2004 saw training programmes such as the renowned *Seven Habits of Highly Effective People* by Steven Covey being offered.



Strengthening our human capital needs with in house training sessions.



In addition, other programmes were also undertaken to enhance the technical knowledge, business etiquette, risk management and corporate image of our staff. As leaders and front-line drivers of the organisation, our Directors benefited from the Continuing Education Programme which was specifically organised with their skill-sets in mind.

We believe in rewarding our employees and in recognition of their contributions, the Group extended the Employees Share Options Scheme to eligible members of staff. It is hoped that this move will motivate employees further.

CORPORATE SOCIAL RESPONSIBILITY

We believe in giving back to the community that supports us and in line with this we have been involved in various charitable undertakings. The year 2004 is no different as we continue to do our fair share for society.

Yayasan Warisan Perajurit was one of the organisations that benefited from our contribution. The Group is cognisant of its roots and believes that it is of national interest to offer financial assistance to the children of armed forces personnel who achieve academic excellence in their studies.



Community projects organised by the Group.

The Women's Aid Organisation was another NGO we supported financially. Our annual blood donation drive organised twice a year received very encouraging response from employees and members of the public.

ICT DEVELOPMENT

We have long recognised the need to remain technologically advanced and the year under review saw the implementation of new and innovative systems. This was in line with efforts of the past two years to enhance work efficiency and to improve

security and performance of our entire Information and Communications Technology network infrastructure.

The Group focused on streamlining existing hardware and software and this has resulted in the integration of our Human Resource, Payroll and Training systems which have been standardised for the main divisions. In addition, Plantation Division upgraded its Plantation Information Management System to provide timely information for better operational management.



OUTLOOK AND PROSPECTS

On a Group wide level we are committed to maintain leadership in our chosen areas of expertise. This translates into strategies that ensure the viability of each operating unit to maximise its contribution to the Group.

We are confident the stable geo-political and economic climate coupled with strong liquidity and sustained consumer demand will be better for the Group. The areas of the economy that we are involved in, particularly the plantation, property and financial sectors, will remain our driving force and are expected to

continue to yield handsome dividends to our profitability.

Prospects for our Plantation Division in light of reasonable CPO prices are bright. While rising petroleum prices threaten to drive up production costs, strategic initiatives and prudent cost control measures initiated over the years will mitigate price erosion and production cost.

The Plantation sector is poised to benefit from the strong off-take of palm oil from the US, China and EU countries. This is attributed in part to the impact of the widespread Asia rust fungus

Telok Sengat Estate, Johor.



which would affect soybean yields for 2005. In addition, a new ruling on the labelling of food products by the US Food and Drug Administration may favour the import of palm oil.

We foresee continued positive market sentiment in response to our property developments, especially in Mutiara Damansara. Public response to recent launches has been very encouraging and this trend is expected to continue in 2005. The opening of the Curve will broaden the product mix for the Property Division and add further impetus to its earnings growth.

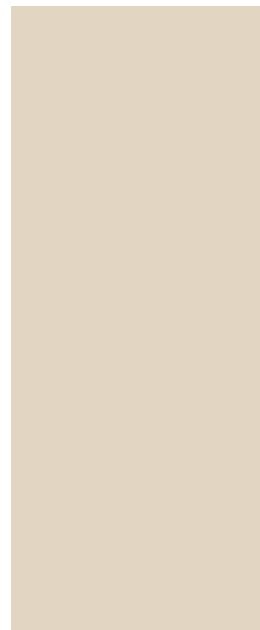
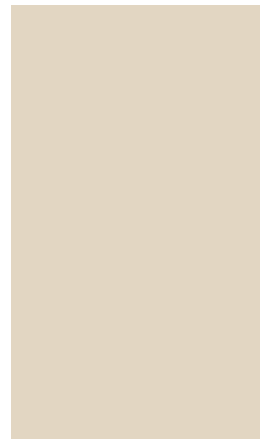
ACKNOWLEDGEMENTS

As a long established Malaysian listed corporation, the management team and staff have done their utmost to align the Group's growth strategies with the country's nation building objectives. I am confident we will continue to do so in the coming financial year. On this note a deep sense of gratitude to our management, work force, shareholders, financiers, consultants, business partners and government authorities who have helped us in one way or another to deliver our strong results for this financial year.

Terima kasih.



**Gen. (R) Tan Sri Dato'
Mohd Ghazali Hj. Che Mat**
Chairman
24 February 2005



chief executive's review

DEAR SHAREHOLDER
FOR THE YEAR UNDER REVIEW, YOUR
GROUP HAS CERTAINLY SEEN AMAZING
GROWTH, RIDING ON ATTRACTIVE PRICES
FOR CRUDE PALM OIL AND STRONG
DEMAND FOR OUR PROPERTY
DEVELOPMENTS. INVESTOR CONFIDENCE
HAS HAD A POSITIVE IMPACT ON US
PARTICULARLY IN THE SECTORS OF THE
ECONOMY THAT WE ARE INVOLVED IN.



Across the board, we are pleased with the progress made for the year under review although this was punctuated by epidemics in Asia, the war in Iraq, volatile petroleum prices and the increasingly weak US dollar. Decisive management policies, improved financial measures and the unwavering pursuit of the Group to ensure all operating entities deliver on the bottom line has been our beacon for this successful year. As with any progressive organisation we are not about to rest on our laurels. We will ensure the momentum continues to spur us to deliver better results.

FINANCIALS

The Group posted an improved pre-tax profit of RM247 million on the back of turnover of RM1,268 million. This significant financial milestone over the previous year's profit of RM208 million represents a commendable increase of 19%. As a result, the Group's capital base was strengthened with an increase in reserves which boosted shareholder funds to RM1.8 billion. Spurred on by the year-on-year growth that the Group has experienced, we are in a fortified position to take on future challenges while sustaining our performance.

fortified to take on
future challenges

Chief Executive's Review

CORPORATE GOVERNANCE

In the Group's ongoing efforts to maximise shareholder value, we are ever conscious of the developments taking place in the evolving business landscape. Corporate governance remains a top priority on the organisation's agenda. This year is no exception, thus we are taking extra initiatives to enhance our risk management framework in addition to the adoption of all applicable accounting standards set by the Malaysian Accounting Standards Board.

With the risk management regime well in place, financial transparency, managerial interests and stakeholder relations are some of the relevant issues related to corporate governance

that will continue to receive priority. Various sub-committees and procedures have been established to embrace improved corporate governance for the Group. This endeavour will filter down the ranks of the Group to instil a corporate culture that is committed to best practices.

CORPORATE VALUE CREATION

As we continue to see stronger profitability levels from our numerous operating units in the five divisions, we have made a continuous effort to implement ongoing programmes on a Group wide basis to enhance operational efficiency.

A step in this direction is the successful completion of the privatisation of Boustead Plantations Berhad. In addition, some 15 companies within the Group have been earmarked for voluntary liquidation as these companies have ceased operations after their income generating assets were sold to other companies within the Group.

Another feather in our cap was the ability of the Group to complete the disposal of some of its assets within the Real Property Gains Tax (RPGT) exemption period. Hence gains from these disposals will not be subject to RPGT. The rationalisation exercise will enable the Group to enjoy tax savings which will give rise to healthier cash flows.



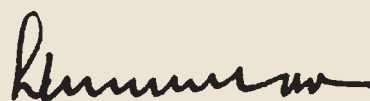
We will continue to leverage on our corporate brand identity which today remains a highly visible home grown conglomerate. For the year under review, 33 companies were rebranded to better reflect the Boustead brand name. Of these companies, the two most notable ones were SCB Developments Berhad to Boustead Properties Berhad and Kuala Sidim Berhad to Boustead Plantations Berhad.

MOVING FORWARD

Our divisions are poised for further growth, given ample opportunities that exist in the domestic economy in the coming year. We will maintain operational excellence and continue our ongoing business

expansion exercise in order to sustain growth for the longer term. Further upside potential is expected from the recently announced proposed acquisition of BP Malaysia Sdn Bhd.

For the year 2004, I present to you my review by divisions and their relevant operating entities. I trust you will find the information comprehensive and insightful.



**Tan Sri Dato' Lodin
Wok Kamaruddin**
Group Managing Director
24 February 2005



Panoramic view of the University of Nottingham Malaysia Campus under construction.

In 2004, the division registered a pre-tax profit of RM101 million on the back of a turnover of RM474 million, which is a contribution of 41% to the Group's overall profitability. Although there is a slight dip compared to last year's pre-tax profit of RM115 million, the performance is testament to sound management policies in the face of higher interest cost, commodity market fluctuations as well as escalating petroleum prices.

The division's performance was the result of prudent cost control measures and improved palm oil prices, which is attributed to an overall increase in demand. With strong soy oil prices and edible oil stock levels on the rise, palm oil registered a 62-month high of RM2,030 per metric tonnes (MT) in April. Although it dipped to

RM1,400 per MT in mid-year, prudent forward selling policies resulted in prices averaging at RM1,616 (2003: RM1,504) per MT.

The division's landbank currently stands at 107,000 hectares and of this 81,000 hectares are under cultivation. On this score, oil palm continues to dominate and forms the base of the pyramid with more than 80,000 hectares or 99% of the area under cultivation. Rubber remains a fringe crop with 60 hectares and forest plantation, namely teak and coconut, make up the balance of the planted area.

The year 2004 also saw an additional 5,500 hectares of oil palm coming into maturity bringing the total mature area to 72,000 hectares.

plantation

Highlights



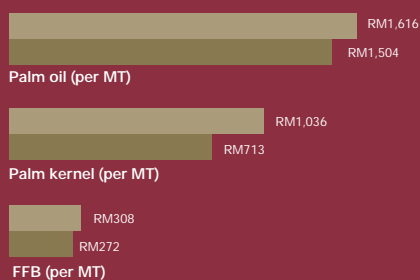
Despite mature palms making up 90% of the total area under oil palm, young mature palms (six years and below) formed 41% of this total, the majority of which are in their first and second year of production. The Group's immature oil palm holdings register at just about 8,000 hectares.

During the year, the full-scale implementation of our Yield Improvement Program (YIP) and Yield and Cost Benchmarkings profile on all our estates clearly boosted overall operational efficiency. With a complete system in place, managers have been able to precisely identify low yielding fields and pin-point specific factors to ensure estates achieve their optimal site yield potential.

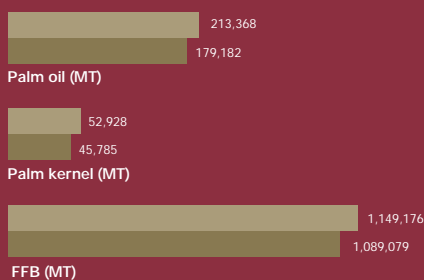
The up and running YIP will result in a progressive improvement in yield. In addition, we expect to reduce fertilisation costs related to dependence on expensive inorganic fertiliser through our Boustead Biotherm Palmass's research and development work, which converts empty fruit bunches into compost for fertilisation purposes.

Technology and innovation will continue to drive the division's growth. New cloning material developed with cutting edge technology will be used in all replanting programmes and operations are expected to experience enhanced efficiency and synergy through the deployment of state-of-the-art software and hardware in our precision agriculture approach.

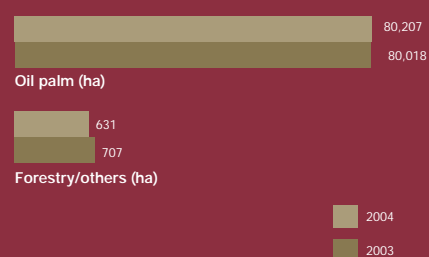
Average Prices Realised



Production



Planted Area



Newly commissioned palm oil mill at Loagan Bunut in Sarawak.



In addition, our commercial clonal planting programme which was put into motion over the last few years has been demonstrating encouraging yields and low incidences of abnormality. This has spurred the division to implement this programme in all future replanting efforts.

PRODUCTION

Although a series of stringent controls were put in place to mitigate price erosion and inflationary effects, production costs nevertheless experienced a marked increase from the previous year's RM151 to RM180 per MT of fresh fruit bunch (FFB). Contributing factors to the rise were a high percentage of young palms with lower yields as well as

a significant increase in petroleum prices, which have taken its toll on the fertilisation costs.

The Group's investments in Sumatera, Indonesia continue to show improvements as the country's geo-political and economic factors take a positive turn. Simultaneously, manpower in the estates strengthened with the arrival of additional workers from Jogjarkata when the necessary approvals were received from the authorities in the second half of 2004. This facilitated the intensification of the field upkeep programme to improve the conditions of the estates.

The main thrust of our Indonesian operations centred on the



improvement of productivity. Towards this end, the use of compound fertilizer resulted in better efficiency and eliminated logistic problems due to poor transport and weather conditions. Basic infrastructure features put in place during the year will pave the way towards workers' retention and productivity.

Where 2003 witnessed a bumper crop for FFB, 2004 was slightly more sedate due to unfavourable weather conditions. Despite an 8% increase in mature area, production increased by only 6% to register 1,149,000 MT. The mild climatic changes coupled with the extremely dry spell that sparked-off in February following

heavy downpour at the start of 2004 took its toll on production and average yield per hectare was low at 16 MT. However, average yield from prime mature areas (seven years and above) registered at a reasonable 22.9 MT per hectare.

MILLS

The mill operations, fuelled by the efforts of the Group Engineering Department, continued to maintain its competitive edge with regards to palm oil mills. To date it has played a significant role in the construction of almost 60 mills both domestically and in Indonesia. Another feather was

added in the Group's cap this year with the construction and the commissioning of a 45 tonnes per hour (TPH) mill in Loagan Bunut, Sarawak. This mill, which utilises the latest state-of-the-art automated cage handling system in the sterilisation station, will be the ninth oil mill for the Group. Of these mills, six have received the industry respected ISO9001:2000 Quality Management System accreditation.

Another notable milestone is the new mill design known as Modular Compact Mill, which has a basic throughput capacity of 20 TPH which can be upgraded to a maximum of 60 TPH.



Crop evacuation in hilly areas.



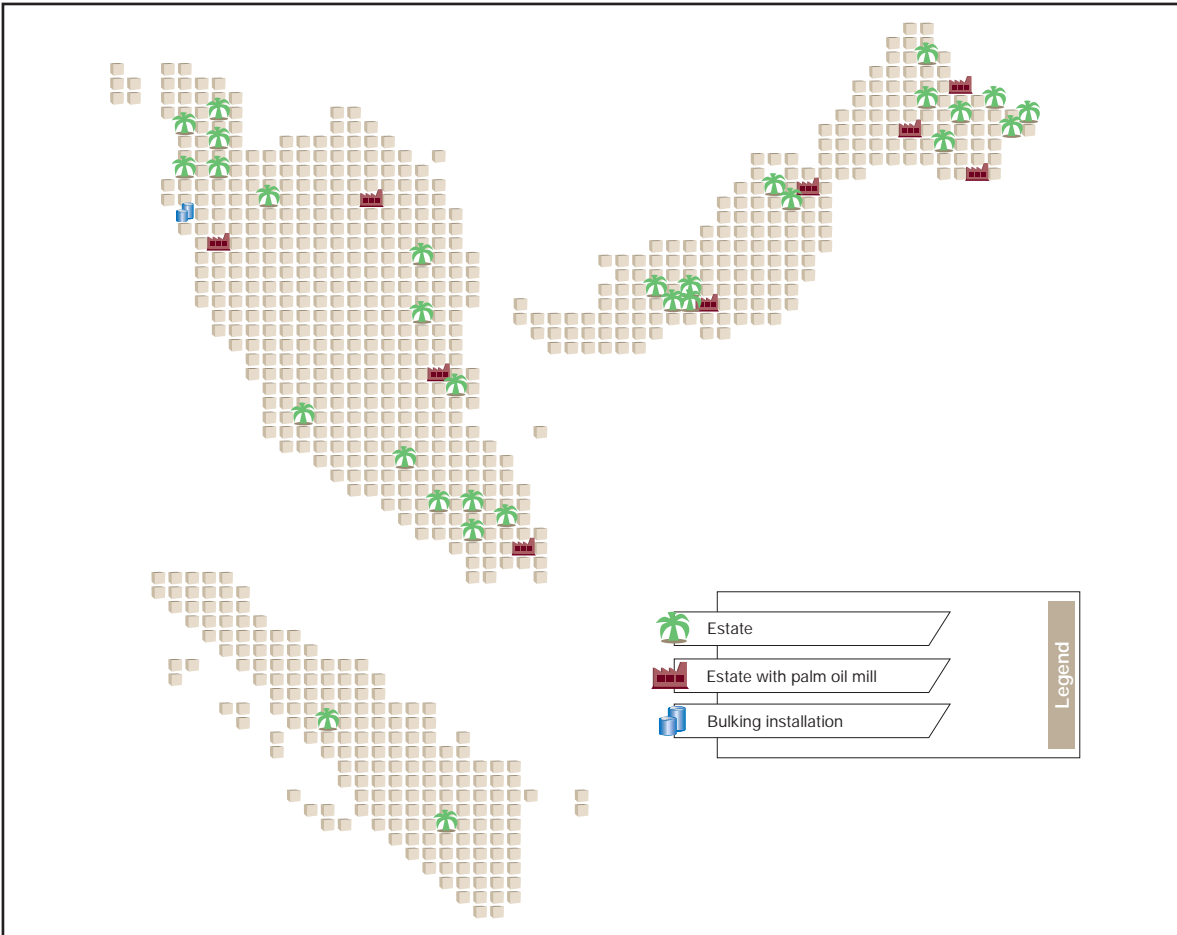
Newly completed research facility at AAR.

The appeal of this design lies in the fact that the mill will utilise a smaller area and provides cost savings.

Boustead Estates Agency Sdn Bhd continued to generate positive results for the division due to the commissions received from the sale of palm products. The Engineering Department also contributed positively through its consultation earnings from the Loagan Bunut mill.

Boustead Advisory and Consultancy Sdn Bhd successfully completed the construction and commissioning of the 45 TPH mill for Meridien Plantation and the 60 TPH mill for Persatuan Peladang Negeri Johor in Kahang.

In accordance with Indonesian legislation, *Boustead- Anwarsyukur Estates Agency Sdn Bhd* underwent a rationalisation exercise to incorporate a wholly owned subsidiary, *PT Boustead Indonesia Management and Consultancy Services*. Under the new structure, the former relinquished its agency and engineering services role in Indonesia and handed them over to the latter.



Applied Agricultural Research Sdn Bhd (AAR) was another company under the division to undergo a restructuring exercise so as to achieve enhanced efficiency and effectiveness. The exercise included the renaming of the company to *Applied Agricultural Resources Sdn Bhd*, to provide advisory services. In addition, *Advanced Agriecological Research Sdn Bhd*, wholly owned by the former and dedicated to spearheading all research, saw the completion of the new tissue culture laboratory, which has a production capacity of one million ramets.

Boustead Bulking Sdn Bhd and *Boustead Oil Bulking Sdn Bhd* continued to post positive contribution to the division in 2004 through its bulking facilities in Port Klang and Butterworth respectively.



FFB ready for despatch.

Year 2004 was an exceptional year for the Property Division with profits soaring to its highest peak ever to contribute 44% to Group earnings. This laudable achievement saw the division registering a profit of RM109 million on the back of a turnover of RM331 million for the period ended December 31, 2004. The surge of 16% is a marked improvement on the pre-tax profit of RM94 million on the back of a turnover of RM215 million achieved for 2003.

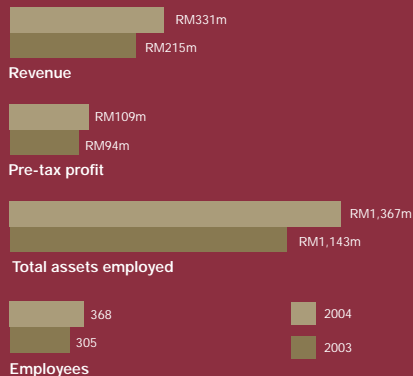
PROPERTY DEVELOPMENT

This sub-division forged ahead showing clear signs of being the driving force for the entire division. We have created a strong following in both Johor and Selangor by focusing on brand differentiation for our Mutiara Homes developments.

In Johor, the division's *Mutiara Rini* project, which spans 435 hectares and houses more than 3,500 families in the locale, has todate been well received by investors and more than 90% has been taken-up since its inception. We attribute this success to our commitment to meticulous planning coupled with ample facilities such as schools and open spaces as being central to all our development projects. The satisfaction of residents remains a top priority and the Group is ever cognisant of the community that supports it. As such, we continue to invest and infuse significant elements into the township, which will not only cater for its residents but of equal importance enhance the overall viability and appreciation of prices in the secondary market. We continue to cater to the varied needs of the residents living within Mutiara Rini and recent

property

Highlights



initiatives include the ground breaking of *Masjid Mutiara Rini*, where the Group has allocated a site and contributed towards its construction, which will be undertaken by the state. The Group also contributed a site for a Chinese School and both these facilities have enabled the Group to create a balanced township for the locale.

Property market investors have also been converging into *Mutiara Damansara*, Selangor as both our residential and commercial properties command an impressive premium in the secondary market. The division's wide array of different product mix has been incredibly well received by both investors and home owners alike. Our residential properties in the township continue to be well received with high take-up rates for our projects.

Our commercial development in Mutiara Damansara continues to break new ground by adding the elements of diversity and a well-planned infrastructure. We have successfully created a new sought after address which has distinguished us from our competitors.

Renowned retail names such as Ikea, Ikano, Tesco and the Curve offer shoppers a unique shopping experience with the wide range of retailers who offer complementing products and services. The choices of retailers reflect a synergy and an understanding of consumer needs.

The Group's offering of corporate lots have been released in stages for sale and have been well received, this time round by a wide diversity of Malaysian blue chip and multinational corporations. The division recently concluded the sale of four corporate lots and of late prices for corporate lots have breached the RM200 per sq ft mark and are expected to surpass RM300 per sq ft in early 2005. The projects distinguishing characteristics and special features attract renowned international and home-grown brands such as Mercedes Benz, BMW, Proton, Lexus and UAC to house their flagship offices and showrooms. Through their day-to-day operations, these entities will provide healthy feeder traffic to the Curve and cement Mutiara Damansara's reputation as a preferred corporate address.



Year round attractions at the Curve.





Commercial precinct in Mutiara Damansara.

Up north in Bukit Mertajam, *Jernih Rezeki Sdn Bhd* saw huge success with the last phase of its development spanning over 36 acres. 94% of the 513 launched units, comprising mostly double storey terrace houses, have been taken up to date.

Year 2004 saw the continuation of *Boustead Construction Sdn Bhd's* role in providing project management services for the construction project of the University of Nottingham, which is located on a 100-acre plot in Semenyih, Selangor. In addition, the company is also providing the same services to a heritage hotel and office complex along Jalan Conlay in Kuala Lumpur.

PROPERTY INVESTMENT

The opening of the Curve in the tail-end of 2004 marked exciting beginnings and this development is indeed the focal point in the Mutiara Damansara commercial precinct. This first-of-its-kind lifestyle mall in Malaysia is distinctly unique and sets itself apart from the conventional shopping malls in the country.

Detailed market research coupled with years of analysis undertaken by the division confirmed the Curve's viability in view of the high purchasing power and the refined taste of the surrounding households. In addition, the brands under the banner of the Curve also came under meticulous scrutiny, as

these brands which were specially hand-picked are not viewed as rental revenue driven but instead as business partners who share the essence of the Curve's brand identity.

This division delivers consistent rental revenue as strategic investments in key locations within the city make up the Group's stable of office properties. This stable includes landmarks such as Menara Boustead, Wisma Boustead and Menara Affin, which enjoyed high tenancy rates of 85% and more. On going refurbishment efforts and the expansion of the Group's wholly-owned Royale Bintang have been the key factors in contributing to the hotel's

impressive occupancy rate of 80%. Building on the success of the Mutiara Damansara development, the Division is expected to officially launch its second hotel, Royale Bintang Damansara in mid 2005. The 140 room hotel will be planned, constructed and managed with the same set of principles and business concepts that have proven to be the recipe for the division's success in 2004.

In 2005, the Group will achieve yet another milestone with the completion of Cineleisure Damansara. This project once completed, will feature a wide variety of entertainment attractions including a 10 screen

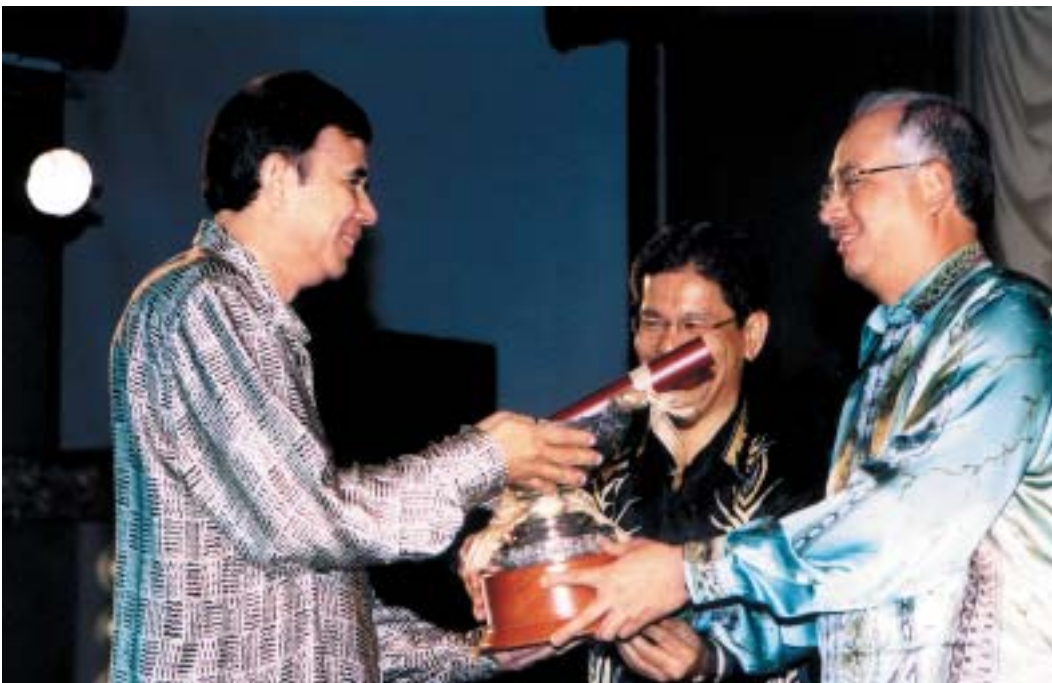
Cineplex, 24 lane bowling alley and entertainment centred retailers catering to both children and adults.

In addition, *Pavillion Entertainment Centre Sdn Bhd* is awaiting approval for its proposed development on a 2.8-acre plot of land in the prime-shopping district along Jalan Bukit Bintang. The project will include an entertainment complex, a hotel and office suites.

Boustead Linear Corporation Sdn Bhd which manages the District Cooling Plant (DCP) at the Curve, was commissioned during the year under review. The DCP utilises an integrated

ice thermal energy storage system, which has the capacity to supply chilled water to the Curve, Cineleisure Damansara and Royal Bintang Damansara.

The steady stream of both pedestrian and vehicular traffic into the Mutiara Damansara area is testament to its strategic location. The commercial front is linked to four major highways in and out to all parts of the Klang Valley. Some RM30 million will eventually be spent to upgrade Persiaran Surian and to build the connection to the Penchala Link. This should enhance further the visibility and accessibility to the development.



Our Deputy Prime Minister presenting the award for best performing LTAT subsidiary 2003/2004, won by Mutiara Rini Sdn Bhd.

The division's contribution of RM13 million to the Group's overall earnings was a marked improvement from the previous year's deficit of RM16 million. This bounce back into the black is indeed a laudable performance and is primarily attributed to stronger results from the Affin Group.

During recent months, the market price of our quoted investment in PSC Industries Berhad (PSCI) has seen a sharp erosion. The Board is concerned with the widening of the gap between the acquisition cost and its market valuation. However, having considered at length the track record and earnings potential of PSCI, in particular the company's lucrative contract to supply offshore patrol vessels to the Malaysian Navy, it remains the Board's belief that in the long term, our investment

in PSCI has intrinsic value. Nevertheless, being cognisant of the temporary impairment that has occurred, we have decided to make a provision of RM100 million during the year under review.

Affin Holdings Berhad posted a pre-tax profit of RM332 million on the back of a turnover of RM1,836 million in 2004. This significant surge in profitability is a hefty 133% increase compared to last year's pre-tax profit of RM142 million on the back of a turnover of RM1,904 million.

Affin Holdings' profitability track record was very much spearheaded by *Affin Bank's* planned and sustained efforts to fortify its risk management policies and practices while vigilantly strengthening its credit strategy. The Group is encouraged by

finance & investment

Highlights



Affin Bank's initiatives which led to the bank's impressive twelve-fold increase in pre-tax profit from RM15 million in 2003 to RM175 million this year. In addition, the Bank's net non-performing loans declined to 23.6% compared to the previous year's 24.6%. Its risk weighted capital ratio reached 14.6% for 2004 as compared to 12.3% the year before.

In 2004, *Affin-ACF Holdings Berhad Group* recorded a pre-tax profit of RM114 million that was modestly lower by 12% compared to that of 2003, primarily attributed to lower loan yield. *Affin Merchant Bank*, achieved a pre-tax profit of RM35 million representing a significant increase of 200%. This outstanding performance was due to higher interest income from investment securities complemented by reducing non-performing loans. *Affin Discount* also notched an improvement, tripling its efforts in 2004 by recording a surplus of RM31 million driven by a hike in trading and accretion income.

Affin Securities became a wholly owned subsidiary of the Group in 2004 and closed the year with a gain of RM8.2 million. This can be attributed to positive sentiments in the local capital market and higher trading volumes on the Exchange. *Affin*

Money Broker's results were consistent with the previous year, reporting a profit of RM1.7 million. *AXA-Affin Assurance* ended the year with a 8% dip in pre-tax surplus of RM42 million due to lower unrealised gain on investments.

Royal & Sun Alliance Insurance (M) Bhd recorded a pre-tax profit of RM43 million, which is marginally lower than last year's profit. This profitability has been built on growing gross premium, which increased by 8% and in real terms RM226 million for the year, mainly due to strong growth from the engineering class of insurance. In the same instance, underwriting results decreased by 6% to RM20 million as both income and commissions took a plunge and higher claims took its toll on profits.

Boustead Credit Sdn Bhd has beaten the odds of tightening margins and narrowing secondary car market dynamics to post a surplus compared to the previous year's deficit. However, in response to lacklustre market conditions, the company has undertaken a proactive approach to realign its focus to the consumer finance segment, which promises more attractive yields.

Newly renovated barrier-free Affin Bank's branch in Bangsar.



The division recorded strengthened contribution to the Group's overall earnings by posting a profit of RM26 million which is a notable improvement from the RM21 million posted in 2003.

BUILDING MATERIALS

This category was driven by contributions from *UAC Berhad* which fared well for the year under review. The year was a trying period for the local building and construction industry as in general the industry faced challenges ranging from pricing and supply of steel based products to uncertainties as a result of

escalating petroleum prices and the shortage of new construction projects.

Nevertheless, UAC Berhad achieved a pre-tax profit of RM48.9 million which showed a 7% improvement from the figure recorded for 2003. This better performance was attributed to improved export sales of fibre cement boards, which compensated for the reduced demand in the domestic market. Steel roof truss operations registered a steady growth while polyethylene pipe operations had to contend with the sharp increase in the prices of polyethylene resin, a by-product of the petroleum industry.

manufacturing & trading

Highlights



Revenue



Pre-tax profit



Total assets employed



Employees

Boustead Sissons Paints' new factory in Nilai.



Boustead Sissons Paints Sdn Bhd recorded lacklustre growth due to declining sales volume as a result of reduced construction projects. However, the company is confident of strengthening its brand position and improving marketability. This is reflected by the investment made for the new plant in Nilai, Negeri Sembilan, which will ease production bottlenecks. In line with streamlining efforts, the China factory will be closed in the coming year.

CONSUMER BRANDS

Kao Malaysia Sdn Bhd weathered stormy market conditions driven by fierce competition and managed to report an increase of 28% in profit contribution. Pro-active and innovative branding and distribution initiatives resulted in maintaining market share of its core products specifically in the sanitary and facial categories.

Cadbury Confectionery Malaysia Sdn Bhd further reinforced its firm grip on the local confectionery market to maintain its status as a leader in the sector and posted a 116% increase in profit contribution. Comprehensive and innovative branding efforts kept the company's core products in a commanding position.

TRADING

Boustead Global Trade Network Sdn Bhd registered an improved performance with strong support from all Principals that resulted in surging sales volumes while adhering to stringent cost control measures.

Riche Monde Sdn Bhd also recorded a very successful year by once again making a strong contribution to the division's earnings. The announcement of a hike in excise duty did little to hamper the sales volume of duty free and domestic duty paid markets, which were buoyed by an influx of tourists and a string of promotions.

Though the shortage of steel bars in the first half of the financial year was an industry

wide concern, *Boustead Building Materials Sdn Bhd* was able to record improved growth due to its focus in other building products which boosted higher margins. The Curve at Mutiara Damansara and projects at Mutiara Rini played a significant role to contribute to its growth.

Boustead Engineering Sdn Bhd maintained its profitable streak due to the healthy performance of both the Mechanical Industrial Supplies and Chemicals departments.

In contrast, *Drew Ameroid Sdn Bhd* only saw a marginal increase in sales turnover while *Boustead Emastulin Sdn Bhd* suffered a loss as a result of the discouraging sales of BMC trucks and the non-availability of desired models of Proton cars.



The longest outdoor billboard in Malaysia.

The division recorded a reduced deficit of RM2 million given that the university has yet to realise its full potential. In tandem with the Government's objectives of developing a k-economy and achieving developed nation status, the Group is confident and optimistic that the education industry holds immense potential.

EDUCATION

The University of Nottingham in Malaysia Sdn Bhd has firmly established itself as the education institution of choice in Malaysia. Its unique positioning as the first branch campus of a British University in Malaysia, the quality of the disciplines offered and the obvious dedication of its staff bodes well for the University's prospects. The University

had an encouraging year, meeting its recruitment target of 900 students in 2004 and this figure is expected to be surpassed by more than 40% to reach 1,300 students in late 2005.

In addition, with the new Semenyih campus anticipated to be completed in May 2005, a diverse range of new disciplines will be offered from September 2005 onwards. Once these courses are fully operational, the landmark campus will reach its Phase 1 capacity of 2,500 students.

TRANSPORTATION

P&O Nedlloyd M.A. Sdn Bhd navigated through 2004 with renewed vigour. Its improving results in the container shipping sector is testament to

service industry

Highlights



improving supply and demand trends and this is expected to be retained in the coming fiscal year.

Boustead Shipping Agencies Sdn Bhd continued on its growth curve recording improved revenue mainly from its liner trade. Its air division succeeded in posting a modest profit despite constricting margins.

LEISURE

Boustead Travel Services Sdn Bhd, returned to robust growth from a challenging year in 2003. Crucial contributing factors were the increase in tourist traffic, as well as air traffic into KLIA by major airlines, which spurred the growth for Malaysia's tourism sector. Focusing on its niche business, the corporate ticketing service helmed revenue growth for the year.

Boustead Emasewa Sdn Bhd, franchise holder of the National Car Rental, experienced improved performance for 2004 due to a recovering tourism

sector as well as a calendar year packed with international sporting events.

TECHNOLOGY

Boustead Information Technology Sdn Bhd continued its focus in expanding its product range through partnerships and alliances with other Information and Communications Technology companies in the face of heightened competition. The exchange of technical know-how between the company and its various partners has seen the development of better products resulting in various software solutions, for its wide clientele base.

Asia Smart Card Centre (M) Sdn Bhd was clearly the leader in the PMPC (Payment Multi Purpose Card) ATM cards market with a vast 75% share. Visa and MasterCard International also provided the company with the prestigious certification to personalise chip based credit cards.



Boustead Travel at MATTA Fair.



EU-Heads of Mission visit onboard P&O Nedlloyd Houtman.

financial statements

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Directors' Report

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

PRINCIPAL ACTIVITIES

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

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

RESULTS

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

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the effects arising from the impairment loss and amortisation of reserve on consolidation referred to in Note 5 to the financial statements.

DIVIDENDS

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

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

DIVIDENDS (cont'd.)

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

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

DIRECTORS

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

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

Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin

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

Tuan Hj. Johari Muhamad Abbas

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

Y. Bhg. Datuk Azzat Kamaludin

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Boustead Holdings Berhad Employees' Share Option Scheme, and the option granted by the holding corporation, Lembaga Tabung Angkatan Tentera.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 3 to the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which he has a substantial financial interest, except as disclosed in Note 33 to the financial statements.

Directors' Report

DIRECTORS' INTERESTS

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

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

DIRECTORS' INTERESTS (cont'd.)

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

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

ISSUE OF SHARES

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

ISSUE OF DEBT SECURITIES

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

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

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

Directors' Report

EMPLOYEES' SHARE OPTION SCHEME

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

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

EMPLOYEES' SHARE OPTION SCHEME (cont'd.)

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

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

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

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

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

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

Directors' Report

OTHER STATUTORY INFORMATION (cont'd.)

- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SUBSEQUENT EVENT

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

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

AUDITORS

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

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

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

Kuala Lumpur
24 February 2005

TAN SRI DATO' LODIN WOK KAMARUDDIN

Statement by Directors and Statutory Declaration

STATEMENT BY DIRECTORS

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

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

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

Kuala Lumpur
24 February 2005

TAN SRI DATO' LODIN WOK KAMARUDDIN

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

I, DANIEL EBINESAN, being the Officer responsible for the financial management of BOUSTEAD HOLDINGS BERHAD do solemnly and sincerely declare that the financial statements set out on pages 83 to 142 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 24 February 2005.

Before me

ZAINALABIDIN BIN NAN
Commissioner for Oaths
Kuala Lumpur

DANIEL EBINESAN

Auditors' Report

TO THE MEMBERS OF BOUSTEAD HOLDINGS BERHAD

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

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

In our opinion,

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

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

Auditors' Report

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

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

ERNST & YOUNG

AF: 0039

Chartered Accountants

Kuala Lumpur

24 February 2005

CHOONG MEI LING

No. 1918/09/06(J)

Partner

Income Statements

For the year ended 31 December 2004

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

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

Balance Sheets

For the year ended 31 December 2004

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

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

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

Statements of Changes in Equity

For the year ended 31 December 2004

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

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

Statements of Changes in Equity

For the year ended 31 December 2004

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

* Denotes non-distributable reserves

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

Cash Flow Statements

For the year ended 31 December 2004

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

Cash Flow Statements

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

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

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

Accounting Policies

(a) BASIS OF PREPARATION

The financial statements of the Group and the Company are prepared under the historical cost convention unless otherwise indicated in the accounting policies below, and comply with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965.

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

(b) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the audited financial statements of the Company and its Subsidiaries made up to the end of the year. Subsidiaries are companies in which the Group owns, directly or indirectly, more than 50% of the equity share capital and has control over its financial and operating policies so as to obtain benefits from its activities. Details of Subsidiaries are given on pages 139 to 142.

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

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

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

Accounting Policies

(c) ASSOCIATES

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

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

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

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

(d) INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

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

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

(e) CURRENCY CONVERSION

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

(e) CURRENCY CONVERSION (cont'd.)

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

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

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

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

(f) PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

All property, plant and equipment are initially stated at cost. Certain land and buildings are subsequently shown at market value, based on external independent valuation, less subsequent depreciation. All other property, plant and equipment are stated at historical cost less accumulated depreciation.

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

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

Accounting Policies

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

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

(g) NEW PLANTING AND REPLANTING EXPENDITURE

The expenditure on new planting and replanting of a different produce crop incurred up to the time of maturity is added to the cost of the land, initial costs of planting on the area replanted are charged to the income statement. Depreciation charges and external borrowing costs related to the development of new plantations are included as part of the capitalisation of immature planting costs. Replanting expenditure incurred in respect of the same crop is charged to the income statement in the year in which it is incurred.

(h) INVESTMENT PROPERTIES

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

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

(i) DEVELOPMENT PROPERTIES

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

(j) REVENUE RECOGNITION

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

Dividends from Subsidiaries, Associates and other investee companies are recognised in the income statements when the right to receive payment is established.

Interest income is recognised as it accrues unless collection is doubtful. Sales and other revenue earned from intra-group companies are eliminated on consolidation, and the revenue of Associates is excluded from Group revenue.

(k) INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax, and is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the balance sheet date.

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

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

Accounting Policies

(l) EMPLOYEE BENEFITS

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

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

(m) JOINT VENTURE PLANTATION

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

(n) CASH AND CASH EQUIVALENTS

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

(o) RESEARCH AND DEVELOPMENT

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

(p) FINANCIAL INSTRUMENTS

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

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

(i) Other non current investments

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

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

(ii) Trade receivables

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

(iii) Inventories

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

Accounting Policies

(p) FINANCIAL INSTRUMENTS (cont'd.)

(iv) Property development in progress

Property development in progress comprises cost of land currently being developed together with related development costs common to the whole project and direct building costs, and less anticipated losses, if any. Development revenue and expenses are recognised in the income statement when the financial outcome of the development activity can be reliably estimated. Where the outcome cannot be reliably estimated, revenue is recognised to the extent that costs are recoverable, and costs on properties sold are expensed in the period incurred.

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

(v) Payables and provisions

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether billed or unbilled.

Provisions are recognised when the Group and the Company have present obligations as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amounts of the obligations.

(vi) Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received.

Costs incurred on external borrowings to finance long term qualifying assets are capitalised until the assets are ready for their intended use, after which such expenses are charged to the income statement. All other borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(vii) Redeemable convertible bonds

Redeemable convertible bonds are regarded as compound instruments consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible bond. The difference between the proceeds of issue of the redeemable convertible bonds and the fair value assigned to the liability component representing the conversion option is included in shareholders' equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or redemption whilst the value of equity component is not adjusted in subsequent periods. Attributable transaction costs are apportioned and deducted directly from the liability and equity component based on their carrying amounts at the date of issue.

(p) FINANCIAL INSTRUMENTS (cont'd.)

(viii) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period that they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributed to equity transactions which would otherwise have been avoided.

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

(q) SEGMENTAL REPORTING

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

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

(r) IMPAIRMENT OF ASSETS

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

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

Notes to the Financial Statements

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Interest rate risk

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

Liquidity and cash flow risk

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

Credit risk

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

Fair values

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

The fair values of the non current quoted investments are represented by their market values as disclosed in Note 15 to the financial statements.

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

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

Fair values (cont'd.)

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

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

2. REVENUE

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

Notes to the Financial Statements

3. OPERATING COST

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

3. OPERATING COST (cont'd.)

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

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

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

4. INTEREST INCOME

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

Notes to the Financial Statements

5. OTHER INVESTMENT RESULTS

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

7. TAXATION

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

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

Notes to the Financial Statements

7. TAXATION (cont'd.)

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

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

8. EARNINGS PER SHARE

Basic earnings per share

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

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

Diluted earnings per share

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

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

Notes to the Financial Statements

9. DIVIDENDS

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

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

Notes to the Financial Statements

10. PROPERTY, PLANT AND EQUIPMENT

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

Notes to the Financial Statements

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

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

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

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

Notes to the Financial Statements

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

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

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

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

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

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

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

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

11. INVESTMENT PROPERTIES

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

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

Notes to the Financial Statements

12. DEVELOPMENT PROPERTIES

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

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

13. SUBSIDIARIES

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

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

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

Notes to the Financial Statements

14. ASSOCIATES

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

15. INVESTMENTS

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

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

Notes to the Financial Statements

16. GOODWILL ON CONSOLIDATION

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

17. INVENTORIES

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

18. PROPERTY DEVELOPMENT IN PROGRESS

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

Notes to the Financial Statements

19. RECEIVABLES

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

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

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

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

20. DEPOSITS, CASH AND BANK BALANCES

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

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

21. BORROWINGS

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

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

Notes to the Financial Statements

22. PAYABLES

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

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

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

23. LONG TERM BORROWINGS

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

Notes to the Financial Statements

23. LONG TERM BORROWINGS (cont'd.)

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

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

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

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

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

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

23. LONG TERM BORROWINGS (cont'd.)

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

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

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

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

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

Notes to the Financial Statements

24. DEFERRED TAXATION

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

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

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

24. DEFERRED TAXATION (cont'd.)

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

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

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

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

Notes to the Financial Statements

25. SHARE CAPITAL

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

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

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

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

26. RESERVES

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

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

27. RESERVE ON CONSOLIDATION

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

Notes to the Financial Statements

28. SEGMENTAL INFORMATION

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

28. SEGMENTAL INFORMATION (cont'd.)

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

Notes to the Financial Statements

28. SEGMENTAL INFORMATION (cont'd.)

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

28. SEGMENTAL INFORMATION (cont'd.)

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

Notes to the Financial Statements

29. INTEREST IN JOINT VENTURE PLANTATION

The Group has a 50% interest in Kuala Muda Estate, which is being held at a book value of RM22,284,000 (2003: RM22,284,000). The following amounts represent the Group's share of the assets and liabilities and revenue and expenses of the joint venture plantation that have been included in the balance sheet and income statement:

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

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

30. COMMITMENTS

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

31. CONTINGENT ASSET

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

32. CONTINGENT LIABILITIES

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

Notes to the Financial Statements

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

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

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

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

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

Pursuant to a supplementary agreement between a Subsidiary and two of its directors for the sub-lease of 12,140.6 hectares of leasehold plantation land for a total consideration of RM39 million, the Subsidiary sub-leased 7,256 (2003: 7,256) hectares of the leasehold plantation land as at 31 December 2004. Balances at year end with these directors are as follows:

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

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

Notes to the Financial Statements

34. HOLDING COMPANY

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

35. SUBSEQUENT EVENT

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

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

36. COMPARATIVES

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

37. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

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

Boustead Group

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

Boustead Group

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

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

Boustead Group

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

* Incorporated in Malaysia unless otherwise indicated

** Subsidiaries not audited by Ernst & Young Global

*** Incorporated in Brunei

Incorporated in Singapore

+ Incorporated in Indonesia

^ Incorporated in Myanmar

@ Incorporated in China

& commenced members' voluntary liquidation in 2004

Recurrent Related Party Transactions

At the Annual General Meeting held on 2 April 2004, the Company obtained Shareholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Section 4.1.5 of Practice Note No. 12/2001 of the Bursa Malaysia Securities Berhad Listing Requirements, the details of recurrent related party transactions conducted during the financial year ended 31 December 2004 pursuant to the Shareholders' Mandate are disclosed as follows:

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

Recurrent Related Party Transactions

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

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

Recurrent Related Party Transactions

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

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

Group Property Portfolio

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

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

Group Property Portfolio

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

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

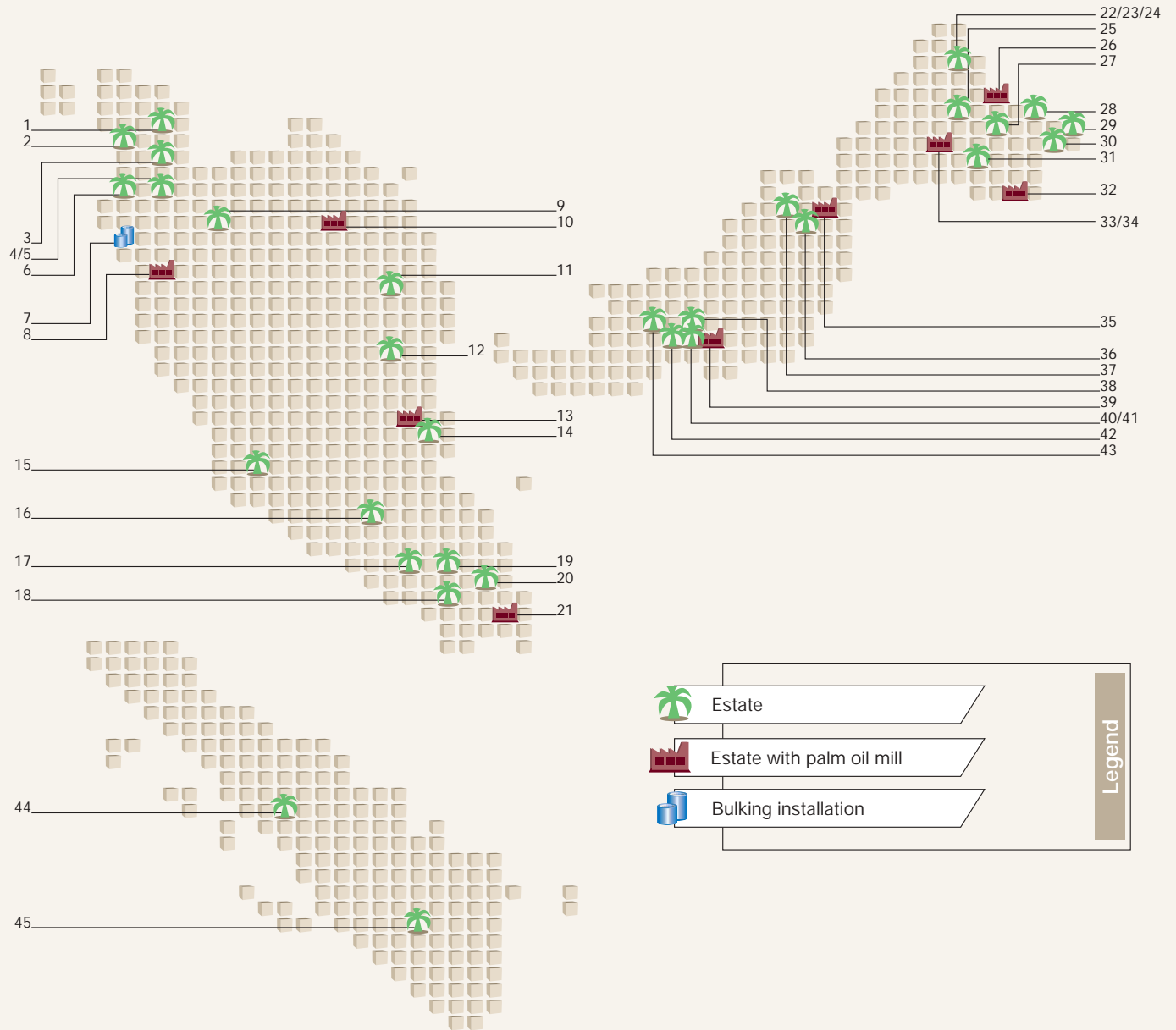
Group Property Portfolio

Location	Hectares	Description	Age of Tenure	Book Buildings	Value
At 31 December 2004				Years	RM Million
Pedai Estate, Kanowit, Sarawak	3,421	Oil palm estate	1998 – 2058		57.1
Bawan Estate, Kanowit, Sarawak	1,832	Oil palm estate	1998 – 2058		32.4
AKO Estate, Muara Kiawi, Sumatra, Indonesia	4,789	Oil palm estate	1999 – 2029		56.4
Bingin Rupit Estates, Musi Rawas, Sumatra, Indonesia	17,791	Oil palm estate	1998 – 2028		126.4
Lot 70, Mutiara Damansara, Mukim Sungai Buloh, Selangor	42.13	Development land	Freehold		72.1
Lot 1385, Bandar Selayang, Gombak	0.64	Industrial land & building	Freehold	5	4.6
26, Jalan Tun Sambanthan 3, Brickfields	0.02	Office building	Freehold	21	1.5
Lot 265, Bandar Butterworth	0.15	Vacant land	Freehold		1.1
Lot 26, Phase NUIA, Nilai Utama Enterprise Park	1.93	Industrial land	Freehold		16.8
Grant No. 5314, Semenyih, Selangor	41.2	University campus under construction	Freehold		23.3
Ulu Sedili	995	Oil palm estate	2004 – 2093		7.1
Trunkline	2,730	Oil palm estate	2001 – 2099		38.9

Group Oil Palm Agricultural Statistics

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

Location of Group Plantation Properties



PENINSULAR MALAYSIA

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

SABAH & SARAWAK

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

INDONESIA

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

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

Shareholding Statistics

Analysis of shareholdings as at 31 January 2005

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

List of top 30 shareholders as at 31 January 2005

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

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

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

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

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

RM0.50 ordinary shares
1 vote per share

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

Notice of Annual General Meeting

ORDINARY BUSINESS

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

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

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

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

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

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

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

Resolution Number

1

2

3

4

5

6

ORDINARY BUSINESS (cont'd.)

To approve Directors' Fees.

7

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

8

SPECIAL BUSINESS

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

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

9

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

**Resolution
Number**

Notice of Annual General Meeting

Resolution
Number

SPECIAL BUSINESS (cont'd.)

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

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

10

Terms:

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

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

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

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

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

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

whichever is the earlier.”

**Resolution
Number**

SPECIAL BUSINESS (cont'd.)

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

11

"THAT, subject to the Companies Act, 1965 (Act), the Memorandum and Articles of Association of the Company and the Listing Requirements of the Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its Subsidiaries to enter into all transactions involving the Related Parties as specified in Section 2.3.1 of the Circular to Shareholders dated 3 March 2005 provided that such transactions are:-

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

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

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

whichever is the earlier.

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

Notice of Annual General Meeting

SPECIAL BUSINESS (cont'd.)

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

"THAT, subject always to the Listing Requirements of the Bursa Malaysia Securities Berhad, the Company and its Subsidiaries shall be mandated to enter into recurrent transactions of a revenue or trading nature with the Related Party as specified in Section 2.3.2 of the Circular to Shareholders dated 3 March 2005 subject further to the following:

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

Resolution
Number

12

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

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

To transact any other ordinary business of the Company.

Kuala Lumpur
3 March 2005

By Order of the Board
SHARIFAH MALEK
Secretary

FINAL DIVIDEND AND BOOKS CLOSURE

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

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

Notice of Annual General Meeting

Note:-

- (a) Any member entitled to attend and vote may appoint a Proxy, who need not be a member, to attend and vote on his or her behalf. A corporation being a member of the Company may appoint one of its officers or any other person as its Proxy. Ordinary Shareholders are being sent herewith a Form of Proxy with provision for two way voting on the foregoing numbered resolutions. The instrument appointing a Proxy must be lodged at the Registered Office not less than forty-eight hours before the time of the Meeting.
- (b) The ordinary resolution proposed under item 9 above, if passed, will give powers to the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company. This authority will, unless revoked or varied by the Company in a General Meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting required by law to be held, whichever is earlier.
- (c) Section 132E of the Companies Act, 1965, prohibits a company or its subsidiaries from entering into any arrangements or transactions with its directors or persons connected with such directors in respect of the acquisition from or disposal to such directors or connected persons any non-cash assets of the 'requisite value' without prior approval of the company in a General Meeting. According to the Act, a non-cash asset is considered to be of the 'requisite value' if, at the time of the arrangements or transactions, its value is greater than two hundred and fifty thousand ringgit or 10% of the Company's net assets, subject to a minimum of ten thousand ringgit. The ordinary resolution 10 if passed, will authorise the Company and each of its Subsidiaries to dispose to its Directors or connected persons, non-cash assets which may fall within the definition of 'requisite value'. The Board member is required to serve 2 years before he is entitled to the graduated discount. The Board member is entitled to the same benefit for the purchase of a second unit provided it is made five years after the first purchase.
- (d) The proposed resolutions 11 and 12, if passed, will enable the Company and/or its Subsidiaries to enter into recurrent transactions involving the interests of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

Statement Accompanying the Notice of Annual General Meeting

DETAILS OF BOARD MEETINGS

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

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

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

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

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Proxy Form

I/We _____

of _____

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

_____ as my/our proxy to attend and vote as indicated hereon and on my/our behalf at the Annual General Meeting of the Company to be held on 25 March 2005 and at any adjournment thereof.

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

No. of Shares _____

Dated this _____ day of _____ 2005 _____

Signature

Notes:-

1. If you wish to appoint as a Proxy some person other than the Chairman of the Meeting, please insert in block letters the full name and address of the person of your choice and initial the insertion at the same time deleting the words "the Chairman of the Meeting or". A Proxy need not be a member of the Company but must attend the Meeting in person to vote. Please indicate with an "X" in the appropriate box how you wish your vote to be cast in respect of each Resolution.
2. In the absence of any specific direction the Proxy will vote, or abstain from voting, as he thinks fit.
3. In the case of a Corporation, the Proxy should be executed under its Common Seal or under the hand of some officer duly authorised in writing in that behalf.
4. If you have appointed more than one proxy, please specify the proportion of your shares to be represented by each proxy.
5. Article 73. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, shall be deposited at the registered office of the Company located at 28th Floor, Menara Boustead, 69, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia, not less than 48 hours before the time for holding the Meeting or adjourned Meeting at which the person or persons named in such instrument proposes to vote.

FOLD HERE

FOLD HERE

STAMP

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