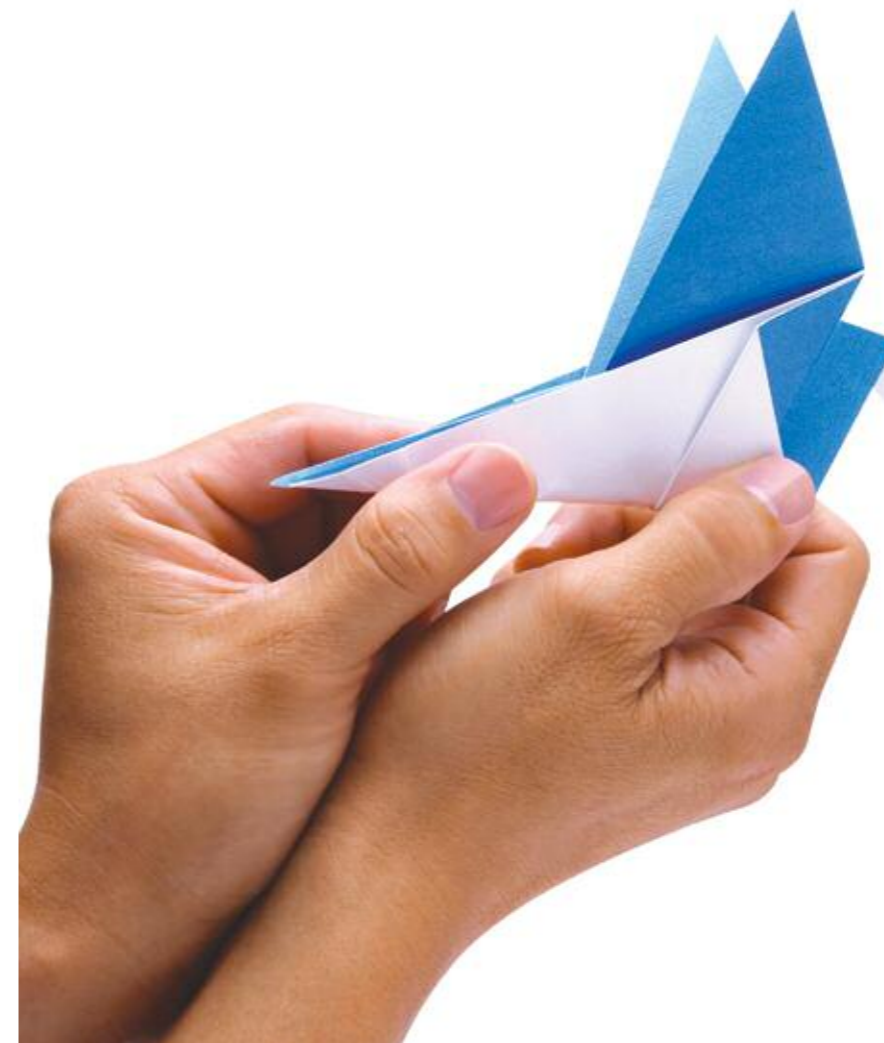


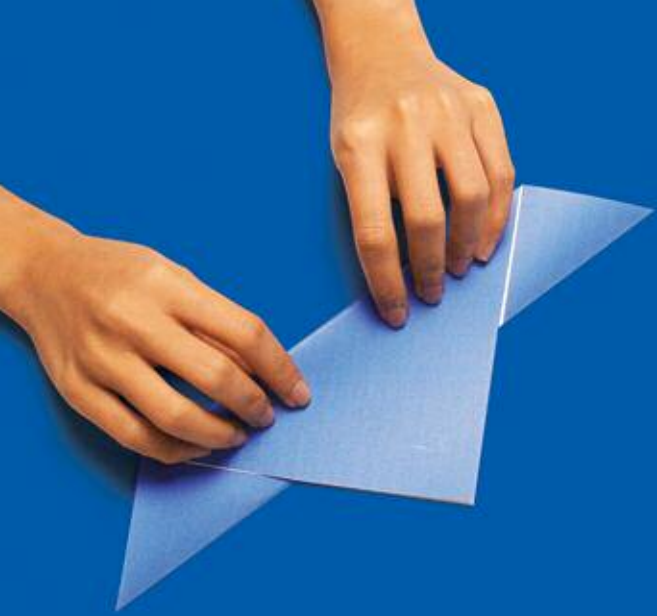


www.boustead.com.my

Boustead Holdings Berhad 3871-H
28th Floor, Menara Boustead
69 Jalan Raja Chulan
50200 Kuala Lumpur, Malaysia

shaping a journey of excellence

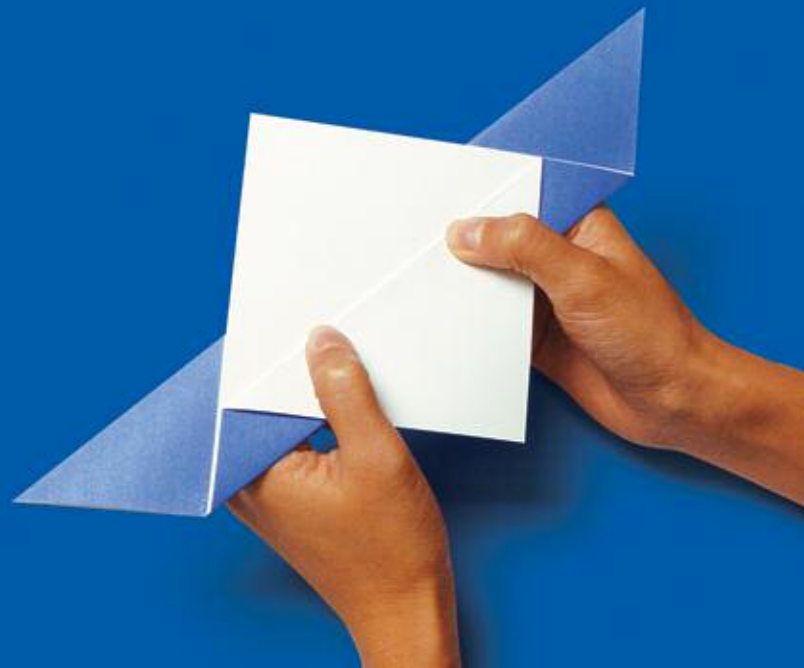




shaping a journey of excellence

This year's cover design which depicts origami is apt as this art of paper folding creates a given result using geometric folds and crease patterns. This depiction reflects our carefully crafted business objectives for the Group.

Origami is normally used without gluing or cutting the paper and yet it achieves its results of producing unique designs. Mirroring this aspect, the Boustead Group is committed to creating value without cutting corners and excel no matter what the difficulties that lie ahead.



Contents



2	Chairman's Statement	44	Corporate Information	147	Boustead Group
8	Chief Executive's Review	45	Financial Calendar	152	Additional Disclosures
12	Plantation Division	46	Board of Directors	153	Recurrent Related Party Transactions
18	Heavy Industries Division	48	Profile of Directors	158	Top 30 Properties of the Group
22	Property Division	52	Senior Management Team	160	Group Oil Palm Agricultural Statistics
26	Finance & Investment Division	58	Audit Committee Report	161	Plantation Area Statement
30	Trading Division	62	Statement on Corporate Governance	162	Location of Group Plantations
34	Manufacturing & Services Division	69	Directors' Responsibility Statement	164	Shareholding Statistics
38	Corporate Social Responsibility	70	Statement on Internal Control	166	Statement of Directors' Interest
42	Five-Year Financial Highlights	73	Financial Statements	167	Notice of Annual General Meeting
				171	Statement Accompanying Notice of Annual General Meeting
					<ul style="list-style-type: none">• Proxy Form



Chairman's Statement



Dear Shareholder,

If indeed there was a challenging year for the Group over the last two decades, 2008 came very close to be one of the most challenging ones for us. Uncertainty seems to abound from all spheres, internationally, regionally and of course domestically.

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



In the midst of these circumstances, the Boustead Group has remained resilient, registering an increase in profit after tax of RM668 million compared with the previous year's RM655 million. Despite the challenging market conditions, the Group has realised most of its targets in delivering positively to the bottom-line.

I am pleased once again to present you with our annual report for the year ended 31 December 2008.

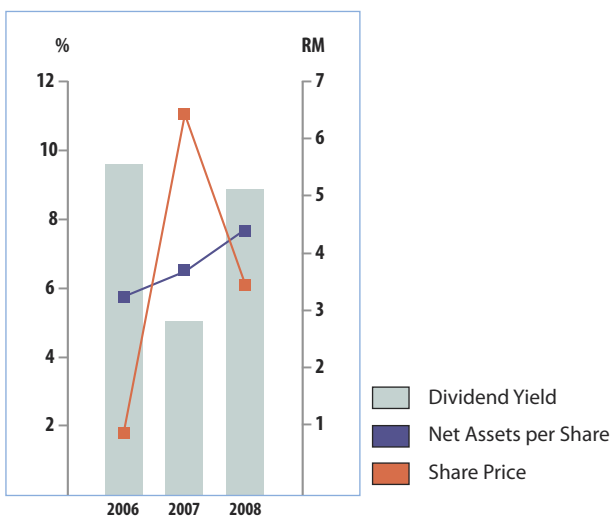
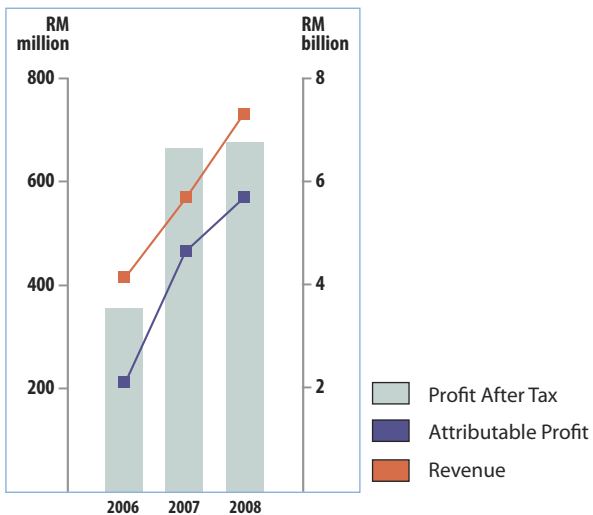
ECONOMIC LANDSCAPE

The global economy has been hard hit particularly the European and American zones which saw a massive falling out of their equity markets, which then led to an unprecedented impact on their respective economies. Leading nations in Asia have not been spared in the aftermath of what took place in the Western economies.

The Malaysian economy for 2008 has also seen a tightening in certain sectors. Global uncertainties haunt us, even as the Government has put in place stimulus packages. We expect such good measures to mitigate the global economic fall-out that has yet to reach our shores completely.

The domestic economy underpinned by Malaysia's rich diversified sources of revenue along with strong fiscal measures such as keeping interest rates low and extending sectoral assistance will augur well in preparing for what may come our way. In addition, the real economy is in good shape despite the local capital market having softened to some extent.

Chairman's Statement



FINANCIAL PERFORMANCE

Our Plantation and Property Divisions took center stage in delivering record profits while the Heavy Industries Division delivered another year of strong profit accompanied by satisfactory results from the Manufacturing and Services Division. The Trading Division recorded a loss as a result of extreme volatility in crude oil prices globally. The Finance and Investment Division was also hit with a modest loss due to funding cost of investments acquired and impairment losses.

Profit after tax increased to RM668 million compared with RM655 million a year ago. Profit attributable to shareholders jumped significantly to RM579 million compared with RM478 million last year. These improvements were due to the drop in minority interests



Floating hotel under construction.

and lower tax expenses as a result of a writeback of deferred tax. Tax exemption was granted by the Inland Revenue Department for our vessel construction project. We recorded a pre-tax profit of RM679 million compared with RM829 million last year.

Earnings per share ended at 91 sen (2007: 79 sen) and net assets per share was RM4.47 (2007: RM3.75). Shareholders' funds stood at RM2.9 billion for the year ended 31 December 2008 compared with RM2.4 billion a year ago.

DIVIDEND

We are conscious of the gloomy economic backdrop that prevails. Being committed to provide investors with positive yields which are hard to come by during such

times, the Group is maintaining a dividend payout of 30 sen per share. To date, dividends totaling 17.5 sen have been paid. The remaining 12.5 sen will be paid on 18 May 2009 to shareholders on the register as at 30 April 2009.

HUMAN CAPITAL DEVELOPMENT

Boustead has the responsibility of ensuring that our employees have the relevant skills to contribute positively to the Group's performance. In view of this, we completed various training programmes to provide our staff with the necessary skills to ensure they reach their potential. This year, we introduced new developmental programmes for our non-executive employees specifically secretaries, supervisors, clerical and non-clerical staff.

Chairman's Statement



We believe that experience is the father of wisdom. As such, we remain committed to continuing our Internship Programme. In line with this, we recruited a batch of unemployed graduates as interns to provide them with hands-on training to equip them with sufficient skills and knowledge to gain employment in the future. We also provided them with classroom style training sessions as well as mentorship with our managers.

The current volatile economic landscape has also brought into focus the need to be more prudent and vigilant particularly from a human resource perspective. We expect our employees to be conscientious and ensure their work performance is never compromised. Commitment and

efficiency has always been a priority area and we will continue on this course given the fact that the Group is insistent on ensuring future growth.

OUTLOOK

With so much already analysed about the year 2009 accompanied by inflation risk and economic imbalances, it might be hard to remain positive. Nevertheless, we shall remain positive.

Malaysia has seen many challenges in its 51 years of independence. I am certain we will weather through 2009 as well. Your Group is built on a strong foundation which



Asia Pacific Entrepreneurship Awards 2008



will most certainly see us through the volatility of the coming year. Suffice to note, we will increase productivity and deliver another year of satisfactory returns.

ACKNOWLEDGEMENT

Our growth to date has been a collective effort. I would like to express my sincere appreciation to my fellow Board members for their support and contribution. My condolences to the family of our director, the late Tuan Hj. Johari Muhamad Abbas who passed away in May 2008. Allahyarham Tuan Hj. Johari was a worthy Board member and advisor to the Group. We have benefited from his vast knowledge and his counsel will be greatly missed.

As we conclude the financial year, my appreciation to the management team and our employees for their dedication and commitment. I extend my deepest gratitude to our shareholders, financiers, business partners, consultants and relevant approving authorities who have cooperated and worked alongside with the Group to achieve our goals.

A handwritten signature in black ink, consisting of a stylized 'G' followed by a horizontal line and a small flourish.

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

Chairman

3 March 2009

Chief Executive's Review

Dear Shareholder,

The cornerstone of your Group's success lies in our ability to leverage on our core streams of business. This is all the more crucial at times like these when economic uncertainties seem so evident.



TAN SRI DATO' LODIN WOK KAMARUDDIN
Group Managing Director

Against this backdrop, I am glad to note that the Boustead Group has achieved top-line and bottom-line growth. I must admit, it has not been easy to do so given the context of the year.

FINANCIAL PERFORMANCE

As you will note from our results, profit attributable to shareholders increased to RM579 million compared with RM478 million a year ago. A large portion of this increase was from two major contributors, Boustead Plantations Berhad and Boustead Properties Berhad. As these companies are now wholly owned, there are no profits accruing to minority shareholders.

These results were achieved on the back of a significant 22% jump in turnover amounting to RM7.03 billion. Testament to our sustainable organic growth, it provides validation of our desire to manage our six divisions under one consolidated conglomerate.

We are heartened that in spite of the trying conditions we have exceeded on all our key performance indicators (KPI) for GLC's, except one.

KPI	Actual	Target
Return on Equity (ROE)	22.0%	14%
Return on Assets (ROA)	9.7%	11%
Dividend	60%	40%

In keeping with our plans, we have reduced our gearing from 1.4 to 1.2 times despite the increase in borrowings to RM3.5 billion. The single primary factor for this reduction was the increase in shareholder funds to RM2.9 billion. The Board is aware of our responsibility to further reduce gearing and is reviewing various means to do so in the foreseeable future.

Although crude palm oil (CPO) saw highly volatile price movements, the Plantation Division achieved commendable results delivering very strong profits for the Group. Our focus on improving yield and strengthening oil extraction rates was on going as we pursued various measures for our plantations.

The Property Division set a significant benchmark, registering a large jump in profit. This was primarily attributable to the sale of corporate lots at our highly successful Mutiara Damansara development in Selangor.

Our Heavy Industries Division registered a lower profit due to lower progress billings. The Finance and Investment Division recorded a modest loss reflective of adverse market conditions accompanied by higher interest costs and impairment of investments.

The Manufacturing & Services Division performed well despite very tough operating conditions, particularly on the domestic front. Unfortunately, our Trading Division was not spared due to the sharp volatility of crude oil prices globally. This single factor caused the Division to register a loss which demonstrates the impact external factors can have, no matter how resilient the Group is.

CORPORATE INITIATIVES

Continuing on our course to improve our investments and extract greater value from our businesses, we undertook a major exercise which saw the privatisation of our listed property arm. We view the property sector as a cornerstone of the Malaysian economy and with the market maturing, particularly in the areas of business we are involved in, it was imperative that we remain focused on anticipating market trends and keeping the competition at bay. Its impact has been immediate, given the reduction in minority interests.

Chief Executive's Review

Given our intention to build the hospitality business further, we are in the final stages of completing our acquisition of Royale Bintang Seremban which was formerly known as the Hilton Seremban. Our confidence in Mutiara Damansara is unwavering, as such we are in the midst of finalising the acquisition of the remaining 50% of Cineleisure Damansara not held by the Group. This will give us the opportunity to own and manage two premium shopping centres within this vibrant commercial enclave.

As I have noted on numerous occasions, the Boustead Group is serious about unlocking value and disposing of non-core assets or businesses that do not have a role in enhancing the Group's potential. In our efforts to maintain only strong yielding plantation assets, we disposed of loss-making PT Anam Koto estate in Indonesia for a total cash consideration of RM34 million.

Under the Asset Backed Securitisation structure undertaken in 2005, we exercised our first call option during the year whereby we bought back 3,700 hectares of plantation assets. We subsequently injected these assets via a sale and leaseback arrangement into the Al-Hadharah Boustead REIT. This exercise netted the Group a gain of RM75 million while maintaining the productive use of the assets and increased our stake in Malaysia's only Islamic plantation real estate investment trust.



OUTLOOK

The Boustead Group has an interest in multiple sectors of the Malaysian economy. As such, I am confident we will weather this economic storm, more so as we enter the new year with our solid track record in place.

The Plantation Division will face volatility as a result of the trend impacting CPO prices which will then have an effect on its profit contribution to our bottom-line. Nevertheless, as the Malaysian Government implements the usage of biofuel for government vehicles, this should drive demand for palm oil further. We are also heartened by the Government's replanting incentive which should have a positive impact on CPO prices in the foreseeable future.

I expect the Property Division to feel the heat of the economic weather in the coming financial year. Nonetheless, I am optimistic that our very viable developments in Selangor and Johor along with our investment properties will perform well.





The hospitality business has established itself and its recent achievement will be the management of the Royale Chulan Kuala Lumpur, a 5-star 400-room masterpiece in the heart of the capital. We will also be completing the construction of Royale Bintang Penang in Weld Quay, George Town and commencing work on Royale Bintang Surian which will complement the existing Royale Bintang Damansara. With the completion of these initiatives, we will have six hotels managed by us.

Our Heavy Industries Division is expected to deliver strong recurring profits thanks to the patrol vessel project, a positive orderbook for commercial marine projects and our foray into the oil and gas segment.

The Finance and Investment Division will be burdened by a downtrend in investment banking and stock broking businesses given depressed market conditions. However, I am optimistic that the consumer banking segment of this Division will perform well in the coming financial year.

The Manufacturing and Services accompanied with the Trading Divisions will need to review cost structures, increase productivity and find all means possible to generate earnings in challenging market conditions. On this score, BH Petrol is already exploring prospects to make further inroads into the liquefied petroleum gas segment.

Our goal during these trying times will be in the form of unlocking value, organic growth, reducing gearing and generating earnings. We are fully aware of our responsibility to our stakeholders, along this premise we will plough through this year, certain that hard work coupled with innovative ideas is the only way forward.

The following pages will provide you with an indepth perspective of the developments that have taken place at divisional level. I trust you will find it insightful and informative. This year we have included a new section in our annual report highlighting our social responsibility initiatives which reflects our role as a responsible corporate citizen. We remain committed and we look forward to a collective positive effort to pull through the coming year.

TAN SRI DATO' LODIN WOK KAMARUDDIN

Group Managing Director

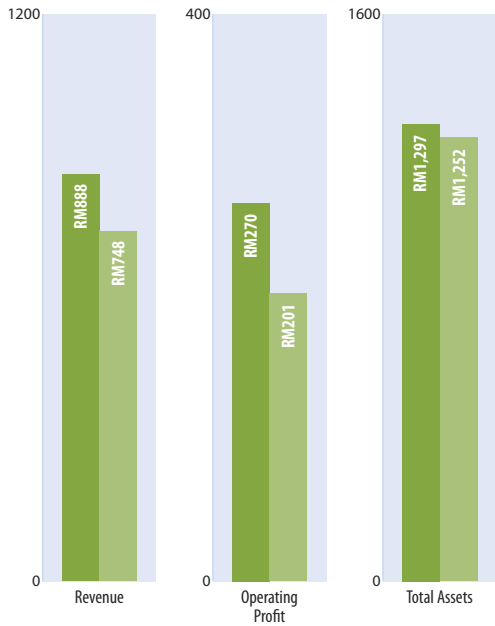
3 March 2009

Plantation Division

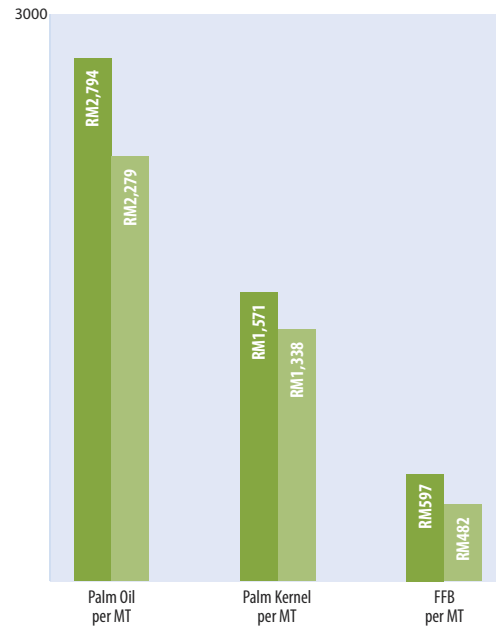


**RM270
million**

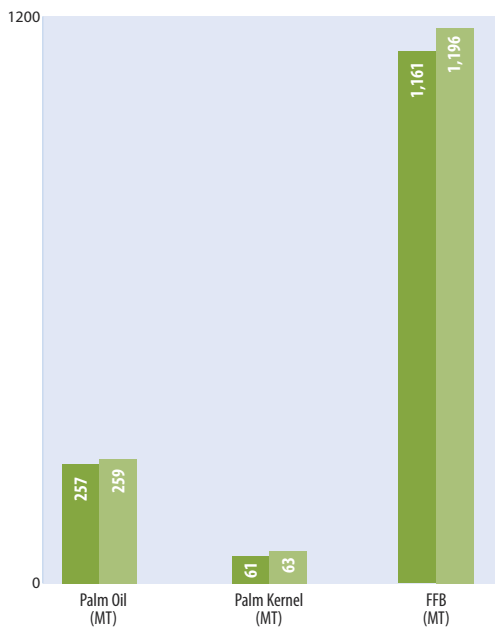
The Division recorded a significant **profit amounting to RM270 million** compared with last year's RM201 million. This was despite a sudden drop in CPO prices from a historic high of RM4,400 per MT during the first half of the year to a low of RM1,390 per MT during the second half.



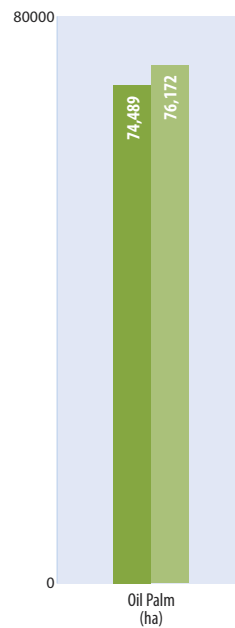
Financial Highlights (RM Million)



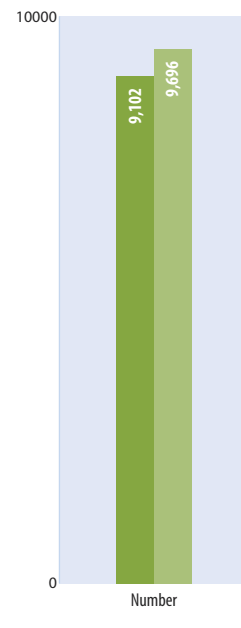
Average Prices (RM)



Production ('000)



Planted Area



Employees

Plantation Division

The Division was the major contributor to the Group's bottom-line, recording a substantially higher profit. Record CPO prices saw the Division register a higher average selling price of RM2,794 per MT compared with RM2,279 per MT, an increase of 23% from a year ago. These results were achieved despite the sharp correction in CPO prices during the second half of the financial period.

MARKET REVIEW

This was a record year for the palm oil industry. Never has this sector seen CPO trading above RM4,400 per MT. Unfortunately, all good things must come to an end, as CPO prices spiralled downwards hitting an industry low of just

under RM1,400 per MT. Other commodities followed suit, with prices of crude oil, platinum, steel, copper and zinc decreasing by 35% to 40% by the tail end of 2008, while agro-based commodities such as corn and soybean came off by 50% to 60%.

Despite the sudden drop in prices, palm oil will continue to gain a strong footing as it is the undisputed vegetable oil that has gained appeal of the world population. As demand for this much needed commodity grows and with an expected reduction in global stocks, early forecast point to below normal yields of soybean crop prospects. We expect a strengthening demand for Malaysian palm oil, especially if South American crop prospects deteriorate further.



ESTATE AND MILL OPERATIONS

The total land bank under our management was 97,933 hectares (ha) of which 74,489 ha was under oil palm cultivation. Our prime mature fields increased by 113 ha, bringing total mature areas to 67,781 ha. The immature area was 6,708 ha.

Fresh Fruit Bunches (FFB) production was 1,161,000 MT, a drop of 3%. Production cost was higher at RM236 per MT, above last year's cost of RM180 per MT. This was driven primarily by higher wages from stronger CPO prices, accompanied by escalating cost of fuel that resulted in higher fertiliser cost as well as fuel related materials.

In our bid to continuously reduce costs and enhance yields, our estates are successfully adopting various precision farming techniques such as our very own in-house Boustead-Applied Agriculture Research Management Information System – Map Management system, which has been assisting us in improving yields and field upkeep standards. Additionally, infield mechanised collection along with the use of mechanised fertiliser spreaders is now more widespread amongst our estates.

Currently, we are at the early stages of introducing compact oil palm planting material. The shorter frond and slower height increment will enable us to increase oil palm stand per ha from 136 to 160 stands. For 2009, we are aiming to plant 200 hectares using compact oil palm planting materials.



Biotherm Palmass Plant



EFB Pretreatment Plant

Plantation Division

The Division's eleven mills, out of which nine are accredited with the ISO9001:2000 Quality Management System, processed a total crop of 1,294,000 MT. Oil extraction rate has remained steady at 19.9% while kernel extraction rate was 4.7% compared with last year's 4.9%.

We are introducing our first composting plant which will convert palm oil mill effluent and empty fruit bunches into fertilisers. In the long term, we expect such efforts to reduce fertiliser cost which should have an impact on the Division's bottom-line.

The Division's Group Engineering Department has been certified by SIRIM QAS International for its expertise in Mill Management and Engineering Consultancy Services. This department has also secured the consultancy for the construction of a new 40/60 MT per hour capacity mill for a reputable client in Sarawak.

RESEARCH AND DEVELOPMENT

The clonal planting materials developed by Applied Agricultural Resources Sdn Bhd (AAR) for commercial planting continues to impact our estates positively. For the year 1,795 ha have been replanted with these clones bringing the total area planted to 8,029 ha. Over the long term, we are confident oil yield per ha will improve, thanks to such research developments.

AAR's efforts to expedite oil palm genetic development have resulted in it embarking on joint molecular and biotechnology research programmes with the University of Nottingham Malaysia Campus. With this project, we expect to develop biotechnological methods that are rapid, sensitive and reliable to complement our plant breeding, tissue culture and agronomy activities. In addition, AAR has commenced a collaborative research with the Malaysian Palm Oil Board on embryogenesis to improve tissue culture protocol.



OUTLOOK

We expect CPO prices to remain steady with the Government's proactive measures to incentivise replanting and increase demand through implementation of a biofuel policy.

As we take steps to comply with the Roundtable on Sustainable Palm Oil (RSPO) requirements, we are confident once this certification is in place, our potential to grow new markets will strengthen. We are working towards certification of all our estates by 2015.

The prospect of increasing hectare continues to be a dimming one given that good yielding plots of land are few and far between. Our focus then is to maintain strong yielding plantation assets.



Boustead Plantations receives 'Industry Excellence Award'



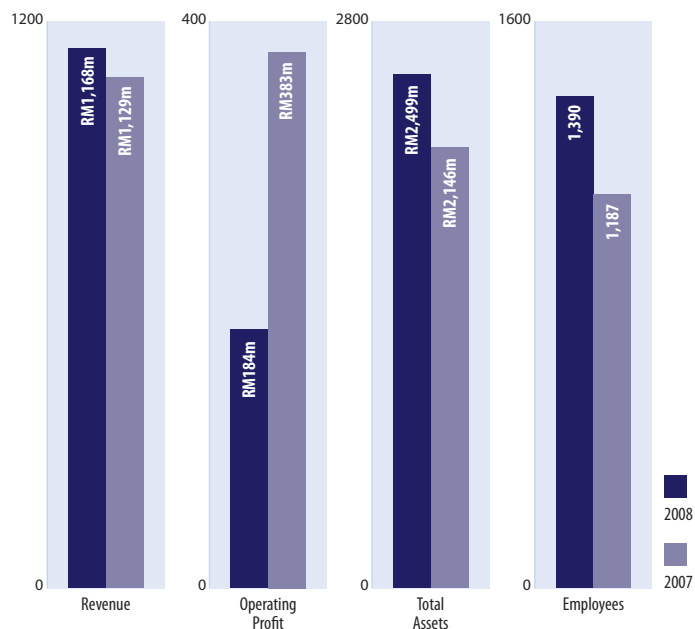
Heavy Industries Division



KD Perak

**RM184
million**

The Division **registered a profit of RM184 million** on the back of a strong orderbook. Its primary thrust is in shipbuilding, fabrication of offshore structures as well as repair and maintenance of vessels and equipment.



Financial Highlights

BOUSTEAD HEAVY INDUSTRIES CORPORATION BERHAD (BHIC)

This listed entity has performed well, increasing its orderbook with a revenue of RM496 million, a four-fold increase from RM117 million achieved last year. In line with this growth, its contribution prior to share of profit from its associate Boustead Naval Shipyard Sdn Bhd (BN Shipyard) was a significant RM90 million against last year's RM25 million.

We are intensifying our involvement in the oil and gas sector as we obtained our licence from Petroliam Nasional Berhad. This effort brought about a contract from Carigali-PTTEPI Operating Company Sdn Bhd to provide engineering, procurement, construction and on-shore commissioning of the Muda living quarters building which is currently under construction at our Jerejak Yard in Penang.

The construction of several marine vessels including three chemical tankers and one 60-metre well testing and servicing vessel is underway. In addition, two contracts from Swire Pacific Offshore Operations Pte Ltd to construct hulls for two accommodation work barges were secured.

BHIC continues to explore potential business opportunities focusing on higher value added projects through strategic alliances and partnerships. To strengthen our competency in shipbuilding, we have formed a joint venture company with Yonca-Onuk Savunma Sanayii A.S. Turkey to build, market and sell fast patrol crafts. The boats are capable of carrying out a wide range of coastal water law enforcement duties including search and rescue as well as protection of offshore installation structures.

Rising direct costs and operating expenses due to sharp increases in raw material and fuel prices are challenges that will impact this listed entity moving forward.

Heavy Industries Division

BOUSTEAD NAVAL SHIPYARD SDN BHD

BN Shipyard registered a profit of RM116 million due to lower progress billings based on milestones achieved. In addition, the previous year's profit included write backs from revived projects which did not occur for this financial year.

Construction and final outfitting of the remaining four patrol vessels are ongoing and delivery to the Royal Malaysian Navy (RMN) is scheduled in 2009 and 2010. The company engages in repair, overhaul and conversion work of other RMN vessels. The services provided range from minor repairs to the provision of support services, which include supplying spare parts, provision of preventive and corrective maintenance programmes and logistics support.

The naming ceremony of PV5 (KD Kelantan) by DYMM Raja Perempuan Kelantan, Tengku Anis binti Almarhum Tengku Abdul Hamid in the presence of KDYMM Al-Sultan Kelantan Tuanku Ismail Petra Ibni Almarhum Sultan Yahya; YTM Tengku Mahkota Kelantan, Tengku Mohd Faris Petra Ibni Sultan Ismail Petra; Chief of Navy, YBhg Laksamana Dato' Seri Abdul Aziz Haji Jaafar; Deputy Minister of Defence, YB Dato' Wira Abu Seman Haji Yusop; YBhg Tan Sri Dato' Lodin Wok Kamaruddin and YBhg Laksamana Madya Dato' Seri Ahmad Ramli Haji Mohd Nor (R).



Moving beyond naval contracts, our Lumut Yard undertook the construction of a 60-metre anchor handling tug supply vessel and construction of a hull for a floating hotel. Both are scheduled for delivery within the first half of 2009.

This Division is leading the way in developing a vendor programme for the maritime industry in Malaysia. The initiative will bear long term benefits as it will strengthen the sector and provide Malaysia a more competitive, competent and self reliant industry.

A significant milestone towards this effort was the conclusion of a Memorandum of Understanding (MoU) between BN Shipyard, the Government of Malaysia via the Ministry of Entrepreneur and Cooperative Development and SME Bank. The MoU provides the basis for the three parties to render assistance in various areas with the objective of grooming local vendors into capable entities.

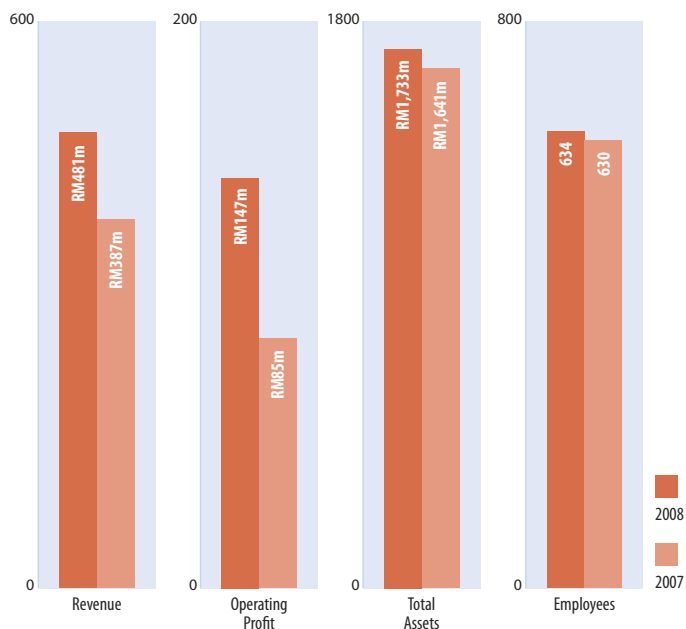


Property Division



**RM147
million**

The Division maintained its position as a strong contributor to the Group's bottom line, registering a significant 73% jump in **profit to RM147 million**, its best profit performance to date, compared with RM85 million last year.



Financial Highlights

Our philosophy of taking a long term view in our investments and strategies for this Division over the last few years is bearing fruit as it delivered strong earnings.

This performance stems primarily from the contribution of property development activities at its well-established townships of Mutiara Damansara in Selangor and Mutiara Rini in Johor. In addition, the Division enjoyed fair value gains on its investment properties.

PROPERTY DEVELOPMENT

From the onset, the Group has been committed to 'set the pace' in terms of product quality, facilities and amenities as well as innovation in developing our existing landbanks into vibrant residential and commercial townships.

This all-encompassing philosophy has paid off handsomely, especially in our signature lifestyle and sub-urban township of Mutiara Damansara. When it was launched eight years ago, the average value of the land was RM99 per square foot. Today, it has soared to RM380 per square foot.

In addition, we earned a placing amongst the Edge's Top Ten Property Developers for 2008. This is the fourth time we have won this award.

The Property Development segment registered a profit of RM104 million, a 74% increase compared with a year ago, primarily from the sale of its corporate lots in Mutiara Damansara.

The township also saw the completion and successful handing over of 54 units of semi-detached and super-linked homes to proud new homeowners. Meanwhile, a total of 123 units of semi-detached and super-linked homes along with nine bungalow units are still under construction.

Mutiara Damansara will soon be sporting an iconic landmark in the form of Surian Tower which is being built on behalf of Lembaga Tabung Angkatan Tentera. Set to be completed by the first quarter of 2009, this 26-level Grade A office building anchoring the township's commercial hub has already been well-received with over 40% of its space being reserved by multi-national companies. The tower will be linked to Cineleisure Damansara as well as the soon-to-be constructed Royale Bintang Surian Hotel.

Property Division

In Johor, Taman Mutiara Rini saw the handing over of a total of 229 units of shops and terrace houses during the year. At the same time, we also successfully launched 256 units of single and double-storey terrace houses, which were well-received by both homeowners and investors despite the challenging economic landscape.

PROPERTY INVESTMENT

The most basic rule of property investment is location, which becomes all the more important during uncertain market conditions. On this score, our investment in properties that are located in prime areas augur well for us as these properties continue to deliver stable and recurring returns.

Three office properties in the heart of KL's central business district, namely Menara Boustead, Wisma Boustead and Menara Affin, saw an increase in rental rates at the

beginning of the year. Coupled with the almost 100% occupancy in these premises throughout the year, the Property Investment segment was able to deliver good returns.

Our investment in the Curve also experienced significant improvements after the initial incubation period. This shopping centre has indeed come of age in terms of being one of the most innovative and well-supported lifestyle shopping destinations in Malaysia. It now enjoys an almost full occupancy rate and today there is even a wait list for prime retail lots.

Several international retailers were brought into the Curve such as Bubba Gump & Shrimp, Debenhams, Garmin, Daiso, Ideko and The Face Shop. As retailers continue to do well, Metrojaya and FOS have also expanded their stores to meet with the demand of more than two million visitors who shop at the Curve every month.



As the retailers enjoy the ever-growing influx of shoppers to the Curve, the venue also benefits from its growing popularity as a centre for events and promotions. The Curve played host to a series of major and high-profile events including CLEO magazine's Most Eligible Bachelor 2008, CIMB Malaysian Open Squash Tournament 2008, BHP Orange Run and NTV7's Futsal Euro Challenge, amongst many others.

Cineleisure Damansara has also made its mark as an entertainment hub for young adults with its numerous youth, lifestyle-based retail activities and its anchor cineplexes. We are confident it will continue to grow dynamically more so as further enhancements are currently being undertaken to improve connectivity with other surrounding buildings.

With the maturity and growth of Mutiara Damansara's retail hub, we plan to redevelop the present McDonalds' drive-thru restaurant into a multi-storey car park to accommodate an additional 800 bays and at the same time provide space for a new drive-thru restaurant, offices and indoor theme park.

The Property Investment segment is also expected to benefit from our highly exclusive 43-unit condominium called 183 Ampang. Strategically located close to the British High Commissioner's Office, this high end condominium will be ideal for the high net-worth market segment.

HOSPITALITY

The hospitality segment holds much potential for the Group as demonstrated by our existing hotels, the Royale Bintang Kuala Lumpur and Royale Bintang Damansara which enjoyed an average occupancy rate in excess of 80% and 90% respectively. We have also been managing the Royale Bintang Seremban, a 5-star 300-room hotel located in the Lake Gardens district of Seremban.

Moving forward, the recent listing of George Town as a UNESCO World Heritage site, will strengthen the appeal of Royale Bintang Penang at Weld Quay, as a popular tourist and family holiday destination.

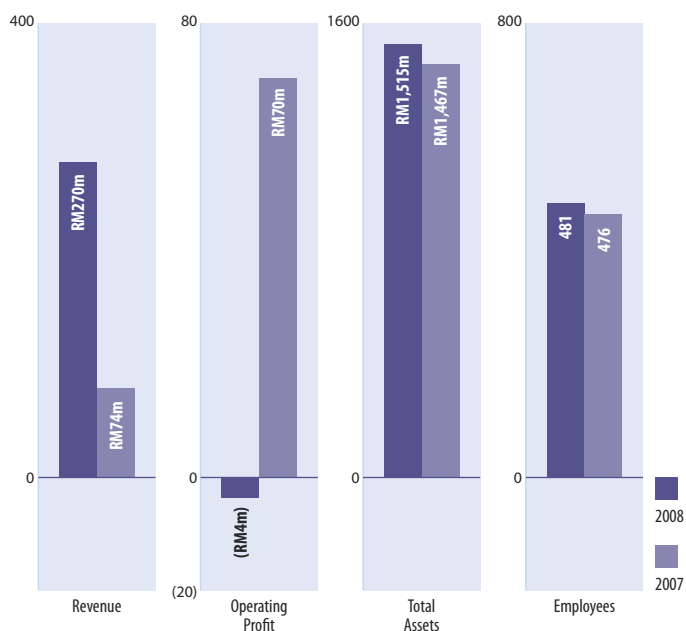


The Royale Bintang Seremban



Finance & Investment Division





Financial Highlights

Impacted by global market conditions, higher interest costs as well as impairment of investments, the Division recorded a loss of RM4 million.

Nevertheless, the key contributor to the Division, **Affin Holdings Berhad (Affin Group)**, closed the year with a record profit of RM404 million compared with RM353 million last year as a result of positive contributions across its core businesses.

Affin Bank Berhad (Affin Bank) closed the year with a profit of RM414 million, its highest to date, compared with RM264 million last year.

The Bank also made significant progress in loan recovery where it successfully reduced its non-performing loans (NPL) ratio from 8.38% to 3.49%. As testament to the Bank's commitment towards managing NPLs and its goal to achieve a double-A rating in the foreseeable future, the long term credit rating was upgraded a notch, from A3 to A2, by Rating Agency Malaysia while its short term rating was reaffirmed at P1.

In terms of strengthening its position as a niche mid-sized participant in the local banking sector, the Bank successfully introduced various innovative products and services catering specifically to its target market segment. One of these initiatives was the launch of its retail internet banking portal, which was designed to assist customers with banking transactions that are easy, convenient and safe.

Finance & Investment Division

Affin Investment Bank Berhad (AIBB) recorded a loss as it undertook steps to improve the quality of its balance sheet by making necessary provisions for legacy loans. Operationally, AIBB's research team performed well for the year and was ranked amongst the top 10 of ASIAMONEY's Brokers Poll in the Best Local Brokerage category.

AIBB continues to be involved in several notable corporate financial advisory initiatives for its clients during the year. This included being the principal advisor for a conditional takeover, the privatisation of a listed entity and the disposal of significant assets. It was the main advisor for a proposed debt restructuring as well as the independent advisor for a proposed voluntary take-over.

Affin Islamic Bank Berhad (Affin Islamic) registered a profit of RM41 million compared with RM58 million last year. The year saw many successes for Affin Islamic as it embarked on Malaysia's first hybrid Musharakah financing agreement for a land development project. It also introduced Asia Pacific's first Islamic Bank Debit MasterCard which offers cardholders' acceptance at merchant locations around the globe.

AXA-AFFIN General Insurance Berhad registered a reduced profit of RM24 million, reflecting the general trend experienced by all insurance companies under the current economic conditions. Though gross premium grew by 68%, higher claims and lower investment income reduced overall profitability. The life insurance business under *AXA-AFFIN Life Insurance Berhad* recorded a lower loss through effective management of operating expenses and increased revenue.



BH Insurance Berhad recorded a profit of RM27 million particularly from synergies within the Boustead Group. This is demonstrated by the fact that gross premium written and underwriting segment saw strong jumps of 10% and 67% respectively. Its motor segment's gross premium increased by 21% due to the expansion of its agency network and organic growth. Engineering insurance grew 38% specifically from its clientele base of independent power producers. BH Insurance opened its Sungai Petani branch to serve its growing clientele base in the northern region of Peninsula Malaysia.

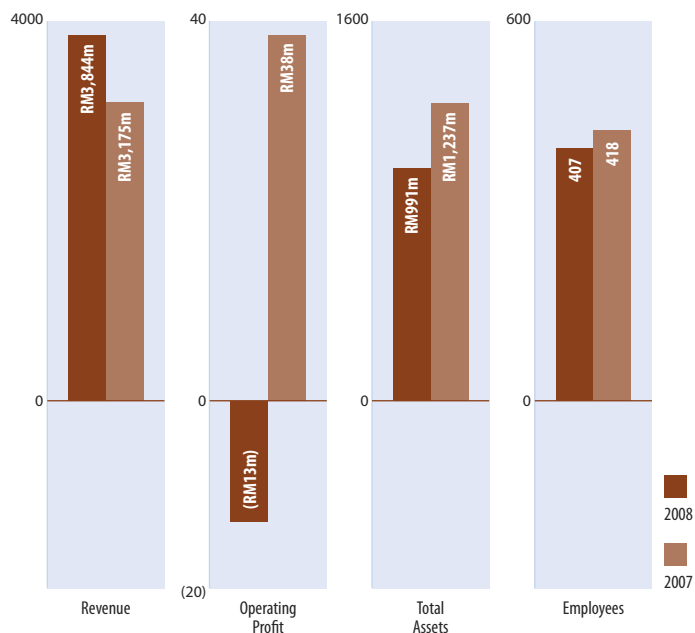
Though BH Insurance had contributions from investment income, the fallout from the equities market and the provision for diminution in value of investments resulted in lower investment income. This resulted in a return on capital of 6% compared with 11% in 2007. Solvency margin remains strong at 181% with a surplus of RM148.5 million over the statutory solvency minimum requirement.

Despite the slowdown in the second hand car market, **Boustead Credit Sdn Bhd** was able to improve on its performance on the back of increased new loans and lower bad debts provisioning.



Trading Division





Financial Highlights

The Trading Division suffered a loss of RM13 million due to the sudden drop in global crude oil prices in the second half of the year which in turn impacted the petroleum marketing business.

Boustead Petroleum Marketing Sdn Bhd (BH Petrol) posted a smaller profit as a result of substantial inventory holding losses. BH Petrol invested a total of RM38 million to strengthen its market position in the retail petroleum, liquefied petroleum gas (LPG) and lubricant businesses. A significant portion of this investment was for the acquisition and construction of twelve new service stations strategically located across Peninsular Malaysia.

Meanwhile, BH Petrol's brand awareness and market acceptance continue to be enhanced via effective marketing programmes. Testament to this is the growing popularity of its Infiniti brand of petrol based on customer feedback and increase in customer usage.

We also remain committed to growing our non-fuel business, specifically the service station's retail segment. In the LPG segment, BH Petrol completed the acquisition of the remaining 50% of the LPG bottling plant in Pasir Gudang.

Boustead Engineering Sdn Bhd turned in another profitable year with the completion of the baggage handling system at Kuala Terengganu Airport, as well as the supply of engineering products to the oil and gas industry.

Trading Division

Kao Malaysia Sdn Bhd made progress on its recovery plan, registering a 7% increase in sales volume. New and innovative products as well as a better sales mix of higher margin products contributed to this development.

Boustead Global Trade Network Sdn Bhd derived positive earnings growth from its warehousing and logistics operations as well as its insurance agency business. Its operations continue to receive the support of principals, namely Sara Lee and Riche Monde.

The insurance business earnings growth was achieved via an increase in new classes of coverage offered, including the marine builder's all-risks policy for the ship building industries. In addition, it was appointed as a Takaful agent, bolstering its prospects for further growth.

Riche Monde Sdn Bhd remained profitable as all of its key brands recorded positive growth both in the domestic and duty free channels due to its effective marketing initiatives.



Launching of BHPetrol.Iru1 Racing Team

Boustead Building Materials Sdn Bhd had a good year arising from the successful completion of Hospital Angkatan Tentera and the Royale Chulan Kuala Lumpur projects. These results were also due to higher selling prices and favourable margins derived from a better product mix of building and construction materials.

Boustead Emastulin Sdn Bhd underwent a rationalisation exercise that resulted in a reduction of losses. It became a distributor of Chery Alado vehicles in Malaysia.

Drew Ameroid Sdn Bhd closed the year with a higher profit on the back of an increase in revenue despite competition in the water treatment chemical market. It also expanded its business base, achieving growth by pursuing global accounts via its association with the US-based Ashland Inc.



Johan Ceramics' tiles on display



Hyperbaric Chamber

Manufacturing & Services Division



**RM20
million**

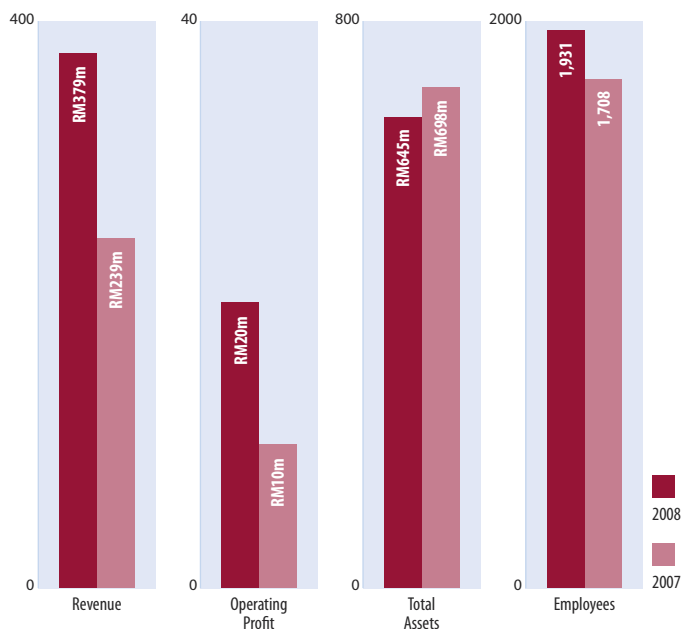
Amidst a challenging period marked by a slowdown in demand, the Division closed the year with a **profit of RM20 million** compared with RM10 million achieved in 2007.



MANUFACTURING

UAC Berhad (UAC) ended the year with a pre-tax profit of RM18 million compared with RM27 million achieved last year. Operating margins were significantly impacted by the increase in electricity tariffs, petrol and diesel prices as well as inflationary cost of steel and cement. These pressures on manufacturing and operating costs were further exacerbated by the reduction in demand in our export market due to the global slowdown.

As part of our plan to introduce new innovative applications and systems into the market place, UAC launched the UCO SolidWall System in 2008. This cost effective and labour saving wall construction system was well received by the building industry locally as well as in overseas markets.



Financial Highlights

On a corporate level, Menara UAC in Mutiara Damansara was successfully completed. Its appeal was evident as the building was able to generate positive cash flow within the first six months of its opening and was 80% tenanted by year end. This has been a positive investment, given that the land value of the property has increased handsomely since it was purchased five years ago.

Boustead Sissons Paints Sdn Bhd delivered a reduced loss. Escalating cost of raw materials and transportation continued to adversely affect this business. Nevertheless, it achieved a 3% growth in sales and a 7% increase in average selling price which had an immediate impact on reducing losses for the year. Future growth will be premised on its thrust into the retail market by expanding the network of dealers that carries the Sissons Omnicolor machines.

Manufacturing & Services Division

Cadbury Confectionery Malaysia Sdn Bhd registered five consecutive years of outstanding growth. Sales grew by 14% stemming from both food and confectionery categories. The brand successfully strengthened its leadership position in confectionery with just over 20% market share. Innovation is a key growth driver for this category with new introductions in both the chocolate and gums segments.

Idaman Pharma Manufacturing Sdn Bhd turned around with a profit. The three year contract with Pharmaniaga Berhad to supply pharmaceutical products to government hospitals will raise demand for its products by 150%. The company also clinched a couple of awards, namely from Pharmaniaga Berhad for its Vendor Excellence and from the Ministry of Health in adhering to strict guidelines set by the Ministry.

SERVICES

While operating conditions during the year were difficult, **Boustead Travel Services Sdn Bhd** managed to deliver a strong set of operating results by registering a revenue growth of 7% over the previous year. This was mainly derived from the growth of corporate ticketing and Eurail products coupled with the company's four strategically located outlets in the Klang Valley.

Boustead Shipping Agencies Sdn Bhd remained profitable although import and export activities were reduced. Liner agency IRISL performed well due to transshipment activities in Port Klang for the European sector. The increase in palm oil exports to the Middle East also boosted revenue along with freight forwarding.



Boustead Information Technology Sdn Bhd reported revenue growth with the successful conclusion of trunking work for information and communication infrastructure of the Army 95 Hospital and the implementation of ICT solutions for the new Royale Chulan Kuala Lumpur.

Asia Smart Cards Centre Sdn Bhd registered a profit, reflecting a growth of ATM user population in the country, along with demand in the Islamic banking segment as well as Europay Visa and Master credit cards.

EDUCATION

University of Nottingham in Malaysia Sdn Bhd solidified its reputation as one of Malaysia's premier education institutions with a student population in excess of 3,200, with 38% originating from 65 nationalities.

In developing its research strengths, the University was chosen to co-host a major agricultural research on 'Crops for the Future' which studies all underutilised crops to produce food and non-food products of commercial value. This research initiative was further supported by the establishment of a Graduate School on the campus.

In addition, a Biotechnology Research facility has been completed and is fully operational via a collaborative effort with Applied Agricultural Resources Sdn Bhd.



Corporate Social Responsibility

As a diversified GLC that has a long and established history in Malaysia, we are fully aware of the need to be a responsible corporate citizen. On this premise, we continue to reach out to the communities in which we operate in as corporate responsibility is the cornerstone of our efforts to improve and nurture a more balanced society.

Our efforts have been towards the community, environment and its stakeholders in general. This is aligned with the Government's call for GLCs to assist Malaysia's progress in becoming a developed nation via the Silver Book framework which was introduced as part of the Government's GLC Transformation Programme.

In addition, our Corporate Social Responsibility (CSR) policy acts as the impetus for our initiatives which transcend the community, environment, workplace and marketplace. The purpose of this policy is to make clear our stand on CSR and our continued efforts in achieving them. The CSR policy is applied throughout the Group and governs our approach to all our CSR initiatives.

In practice, our CSR framework can be categorised into seven segments namely human rights, employee welfare, customer service, supplier partnership, environmental protection, community involvement and ethical business behaviour.

HUMAN CAPITAL

The Group recognises the importance of our human capital and the role our personnel have in the overall success of the Group. Developing our human capital remains our core priority as we recognise that competent employees form the foundation and backbone of our successful conglomerate.

Our employees are continuously provided with training and development opportunities to ensure that they reach their fullest potential. Skills and technical training programmes are also given equal emphasis to ensure that our people remain technically skilled, proficient and ready to meet the challenges ahead.

As a responsible employer, we have taken steps to provide a conducive working environment for our employees. This includes ensuring that our health and safety policies are in place and continuously practised.

Recognising the importance of our corporate family, divisions, operating companies and departments organised a number of teambuilding activities.

In addition to developing the skills of our personnel, it is also a priority for the Group to support the well-being of our employees. During the financial year, at the height of the rise of petrol prices, our employees were provided with a transportation allowance to cope with this rise.

We also encourage our employees to be actively involved in our community activities. By lending a personal hand, our staff is able to connect and interact with the community in which we operate.

COMMUNITY INVOLVEMENT

As a primary area of our reach, we continued to support Yayasan Warisan Perajurit, a foundation established by Lembaga Tabung Angkatan Tentera (LTAT) Group of Companies to provide the necessary assistance for children and disadvantaged members of the Armed Forces. I am pleased to inform that to date Boustead via the Yayasan has touched the lives of more than 20,000 children with contributions exceeding RM18 million through this worthy cause.



In collaboration with LTAT, we lent our patriotic support to Tabung Kempen Hari Pahlawan as well. This is premised on our commitment to pay tribute for sacrifices by the Armed Forces personnel to safeguard the prosperity and peace that our country enjoys today.

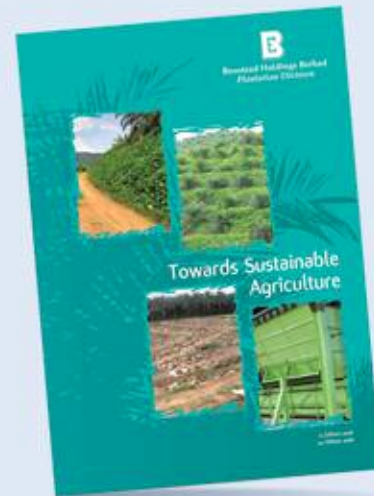
There is also a need to support the larger community in which we operate in. As such, we took a proactive approach in providing monetary assistance whenever possible for family days and charity dinners. Apart from this, we have reached out to victims of natural disasters. This is evidenced by our donations for flood and earthquake victims in Malaysia and China, respectively.

Funds were also channeled to children shelters such as Rumah Harapan and Rumah Juara. Additionally, we have extended our reach to children suffering from cancer via the Pertubuhan Kanak-kanak Kanser Malaysia.

Our support for the Government's PINTAR project remains steadfast in improving the standards of education in under-performing schools. Monetary contribution were made to SK Mutiara Perdana in Bayan Lepas with the purpose of providing them the platform to carve themselves a brighter future. Donations were also made for the construction of a kindergarten at our property development at Mutiara Rini in Johor.

ENVIRONMENT

As one of the key participant in the plantation sector, the Group is fully aware of the importance of prudent management of natural resources. To this end, various environment custodian efforts have been initiated.



Several best practices have been implemented to conserve and protect the environment. This includes a zero-burning policy which is aimed at minimising pollution.

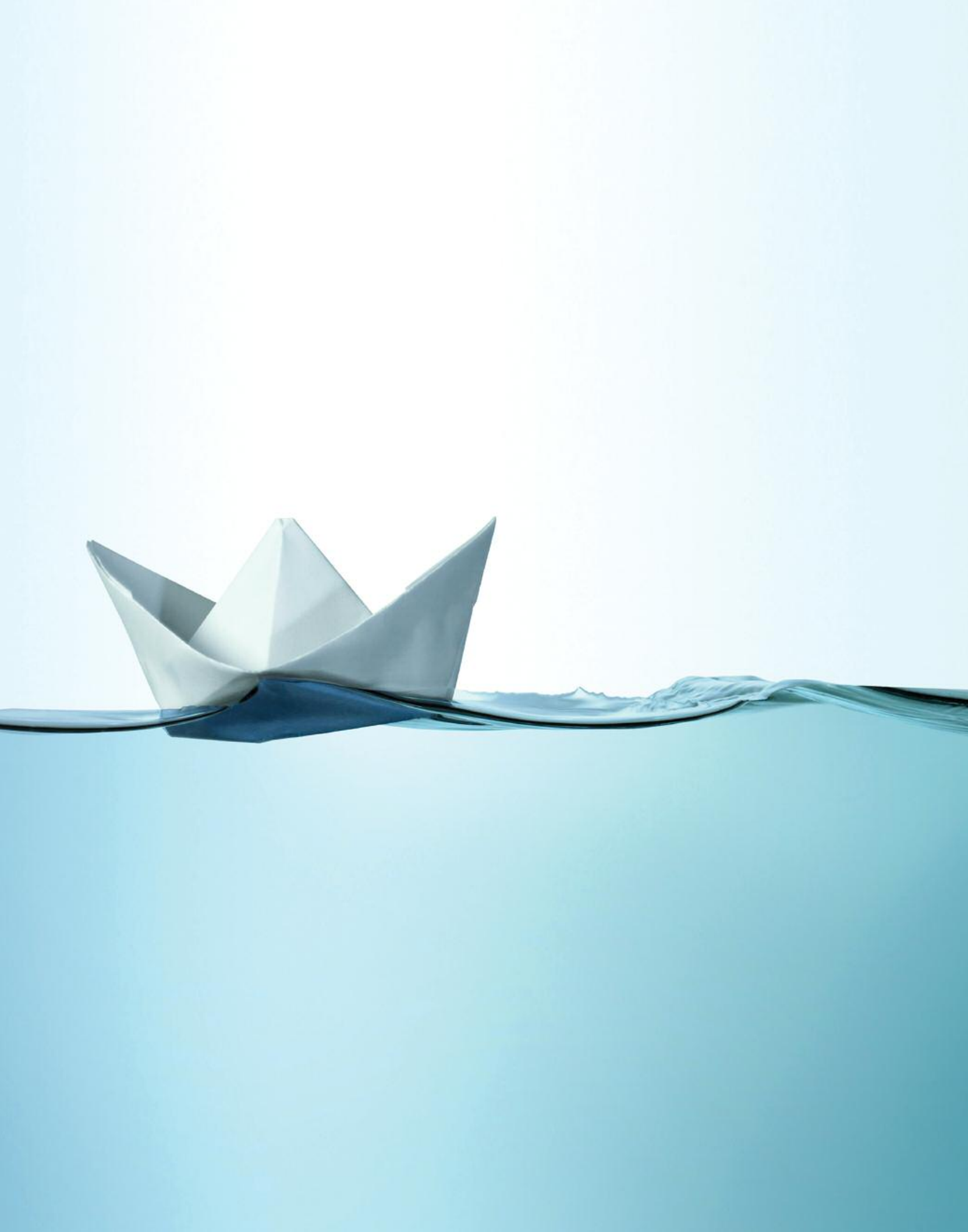
Additionally, we are taking the initiative to mitigate global warming by reducing the emission of green house gases. Operations to reduce methane generation have started via the introduction of our first composting plant which has been certified as a Clean Development Mechanism project. This 'zero-waste zero-discharge' plant is known as the Boustead Biotherm Palmass Plant located at our Teluk Sengat estate in Johor.

We are also a founding member of the Roundtable on Sustainable Palm Oil which encourages the implementation of good agricultural practices. We have commenced the process of self assessment programmes to ensure that we remain a conscious oil palm grower as preservation of the environment cannot be taken for granted.



Replanting using zero-burning technique.

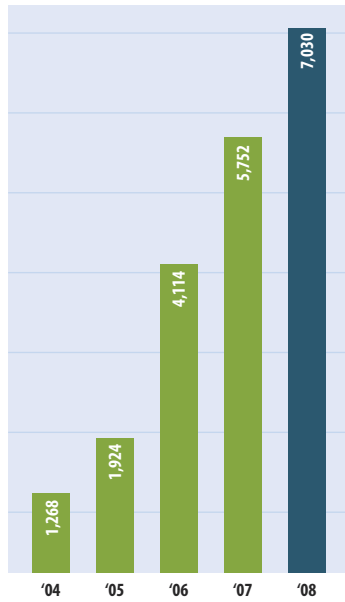




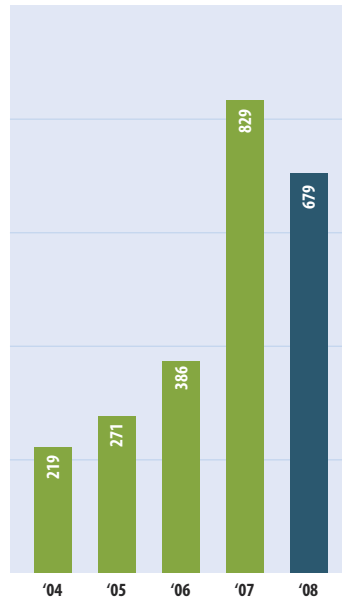
Developing growth

The Group's solid strategy in unlocking the value of our core assets and seizing opportunities prevalent in the market place has clearly strengthened our position as a dynamic organisation.

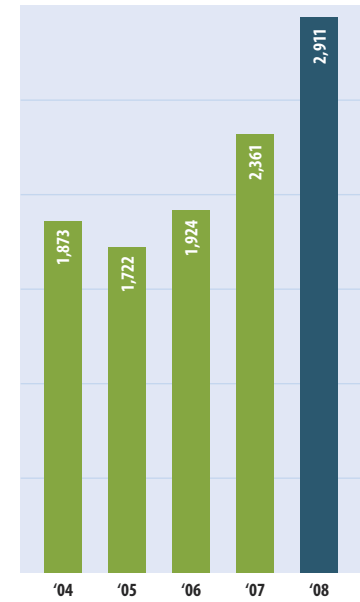
Five-Year Financial Highlights



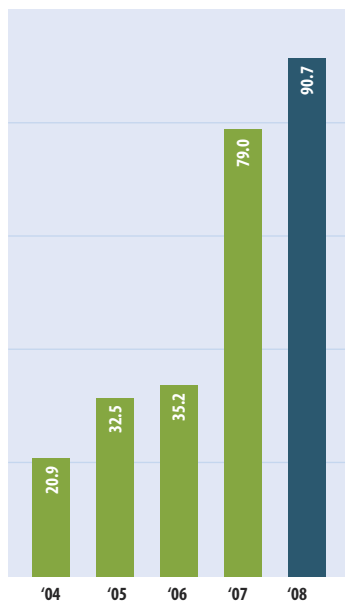
Revenue
(RM Million)



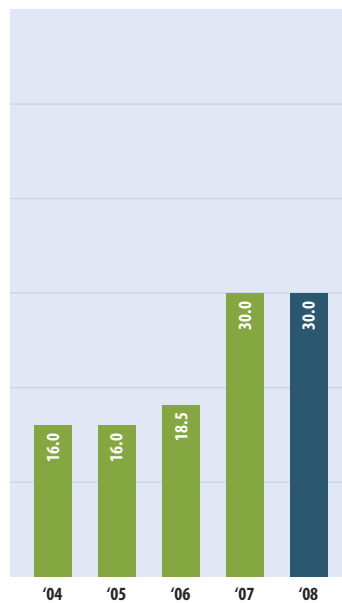
Profit Before Taxation
(RM Million)



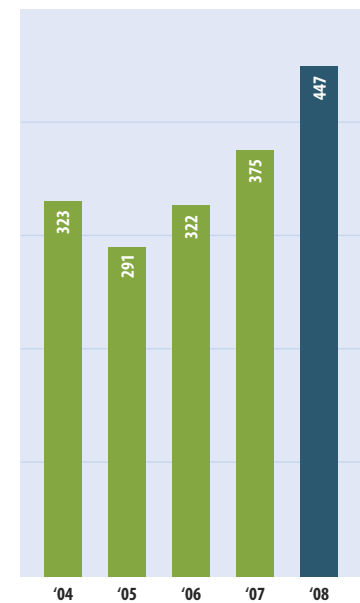
Shareholders' Equity
(RM Million)



Earnings Per Share
(Sen)



Gross Dividend Per Share
(Sen)



Net Assets Per Share
(Sen)

		2008	2007	2006	2005	2004
FINANCIAL PERFORMANCE						
Revenue		7,030	5,752	4,114	1,924	1,268
Profit before taxation		679	829	386	271	219
Profit for the year		668	655	351	230	176
Profit attributable to shareholders		579	478	210	191	119
Earnings per share	sen	90.7	79.0	35.2	32.5	20.9
Return on equity	%	22.0	22.3	11.5	10.6	6.6
Return on assets	%	9.7	13.4	9.2	7.7	7.5
Return on revenue	%	8.7	13.0	7.4	9.8	9.9
DIVIDENDS						
Dividend payment		145	138	80	68	67
Gross dividend per share	%	60	60	37	32	32
Dividend yield	%	8.8	4.7	9.6	9.0	9.5
Dividend cover	times	4.0	3.5	2.6	2.8	1.8
GEARING						
Borrowings		3,503	3,383	2,301	2,013	1,831
Gearing (borrowings: shareholders' equity)	times	1.2	1.4	1.2	1.2	1.0
Gearing (borrowings: total equity)	times	1.1	1.1	0.9	0.8	0.8
Interest cover	times	5.4	7.6	4.3	3.5	3.8
OTHER FINANCIAL STATISTICS						
Net assets per share	sen	447	375	322	291	323
Share price - high	sen	725	685	195	200	190
Share price - low	sen	218	183	157	167	147
Price earning ratio	times	3.8	8.2	5.5	5.4	8.1
Paid up share capital		326	315	299	296	290
Shareholders' equity		2,911	2,361	1,924	1,722	1,873
Total equity		3,296	3,209	2,707	2,405	2,404
Total assets		8,679	8,441	5,766	5,221	4,643
All figures are in RM Million unless otherwise stated.						

Corporate Information

DIRECTORS

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

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

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

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

Y. Bhg. Datuk Azzat Kamaludin

Y. Bhg. Dato' Ghazali Mohd Ali

REGISTERED OFFICE

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

REGISTRAR

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

SECRETARY

Pn. Sharifah Malek

PRINCIPAL BANKERS

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

AUDITORS

Ernst & Young

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

HOLDING CORPORATION

Lembaga Tabung Angkatan Tentera

Financial Calendar

Financial Year	Results	Annual Report	Annual General Meeting	Dividends
1 January to 31 December 2008	First Quarter Announced 20 May 2008	Issued 11 March 2009	To be held 2 April 2009	First Interim Announced 20 May 2008 Entitlement date 23 June 2008 Payment date 14 July 2008
	Second Quarter Announced 19 August 2008			Second Interim Announced 19 August 2008 Entitlement date 30 September 2008 Payment date 17 October 2008
	Third Quarter Announced 19 November 2008			Third Interim Announced 19 November 2008 Entitlement date 22 December 2008 Payment date 16 January 2009
	Fourth Quarter Announced 26 February 2009			Final Announced 26 February 2009 Entitlement date 30 April 2009 Payment date 18 May 2009

Board of Directors





from left:

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

Profile of Directors



**Y. BHG. GEN. TAN SRI DATO'
MOHD GHAZALI HJ. CHE MAT (R)**
Chairman
Independent
Non-Executive Director
78 years of age, Malaysian

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

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

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

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

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

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



**Y. BHG. TAN SRI DATO'
LODIN WOK KAMARUDDIN**
Group Managing Director
Non-Independent
Executive Director
59 years of age, Malaysian



**Y. BHG. LT. GEN. DATO'
MOHD YUSOF DIN (R)**
Independent
Non-Executive Director
78 years of age, Malaysian

Profile of Directors



Y. BHG. DATO' GHAZALI MOHD ALI

**Non-Independent
Executive Director
60 years of age, Malaysian**

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

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



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

**Independent
Non-Executive Director
69 years of age, Malaysian**

Dato' Megat 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.

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

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

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



Y. BHG. DATUK AZZAT KAMALUDIN

Non-Independent

Non-Executive Director

63 years of age, Malaysian

Note:

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

Senior Management Team



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



from left:

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

Mr. Daniel Ebinesan
Director, Financial Services

Y. Bhg. Laksamana Madya Dato' Seri Ahmad Ramli
Hj. Mohd Nor (R)

Divisional Director, Heavy Industries
Mr. Koo Hock Fee
Director, Manufacturing & Corporate Planning

from left:

Mr. Teng Peng Khen
Boustead Estates Agency
Mr. Chow Kok Choy
Boustead Estates Agency
En. Shoib Abdullah
Boustead Estates Agency
En. Sharudin Jaffar
Boustead Estates Agency



from left:

Mr. Tan Kim Thiam
Boustead Petroleum Marketing
Mr. Paul Lim
BH Insurance
En. Mokhtar Khir
Boustead Hotels and Resorts

Senior Management Team



from left:

- En. Musa Hj Sulaiman**
Boustead Global Trade Network
- En. Rahim Mohd Som**
Boustead Emastulin & Boustead Credit
- Pn. Farshila Imran**
Idaman Pharma Manufacturing
- Mr. Ting Sik Fatt**
Boustead Engineering



from left:

- Ms. Serena Ngiam**
Boustead Travel Services
- En. Khushairi Mohd Hashim**
Mutiara Rini
- Mr. Chew Chik Soo**
Boustead Building Materials & Boustead Sissons Paints



from left:

Mr. Koh Chor Meng
Asia Smart Cards Centre
Professor Ian Pashby
University of Nottingham Malaysia
Campus
Dr. Rodaina Ibrahim
Boustead Information Technology
Mr. Bernard Khit
Boustead Shipping Agencies



from left:

Pn. Sharifah Malek
Group Company Secretary
Pn. Nawal Hanafiah
Group Human Resource
Pn. Zalily Mohamed Zaman Khan
Group Internal Audit

Focused vision

While the Group will continue to be surrounded by global and local developments, we will remain true to our philosophy of growth and excellence as we move forward into the next financial year.



Audit Committee Report

The Board of Directors of Boustead Holdings Berhad is pleased to present the following report of the Audit Committee of the Board for the financial year ended 31 December 2008.

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

MEMBERS AND MEETINGS

During the year, the Committee held meetings on 18 February 2008, 28 February 2008, 14 May 2008, 13 August 2008 and 12 November 2008, a total of five meetings. The composition of the Audit Committee and the attendance by each member at the Committee meetings held during the year are set out below:

Name of Director	Status of Directorship	Independent	Attendance of Meetings
Y. Bhg. Dato' (Dr.) Megat Abdul Rahman Megat Ahmad	Non-executive Director Chairman of the Committee	Yes	5/5
Y. Bhg. Lt. Gen. Dato' Mohd Yusof Din (R)	Non-executive Director	Yes	5/5
Tuan Hj. Johari Muhamad Abbas (Demised 19 May 2008)	Non-executive Director	Yes	2/3
Y. Bhg. Datuk Azzat Kamaludin (Appointed 13 November 2008)	Non-executive Director	No	N/A

The Director, Financial Services, General Manager, Group Internal Audit 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 members. All the members of the Audit Committee are now non-executive Directors, with a majority of them being independent 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, the Board shall within 3 months of that event appoint such number of new members as may be necessary to make up the minimum number of three members.

Quorum and Committee's Procedures

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

Authority

The 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. The Audit Committee is able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other Directors and management, whenever deemed necessary.

Responsibilities and Duties

The Committee shall undertake the following responsibilities and duties:

1. To review with the external auditors, the audit plan, the scope of audit and the audit report.
2. To review the evaluation of the system of internal control with the internal and external auditors.
3. To review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work.
4. To review the internal audit programme, processes, the results of the internal audit programme or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
5. To provide an independent assessment of the adequacy and reliability of the risk assessment process.

Audit Committee Report

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 policies;
 - significant and unusual events; and
 - compliance with accounting standards and other regulatory requirements.
7. To review any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
8. To review with the external auditors with regards to problems and reservations arising from their interim and final audits.
9. To assess the performance of the external auditors and make recommendations to the Board of Directors on their appointment and removal.
10. To recommend the nomination of a person or persons as external auditors.
11. To review any letter of resignation from the external auditors and any questions of resignation or dismissal.
12. To report promptly to 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.
13. 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.
- The Committee met with the external auditors twice during the year, of which one meeting was conducted without the presence of management.

INTERNAL AUDIT FUNCTION

The Group has an in-house Internal Audit Department whose principal responsibility is to undertake regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Company and the Group. The Internal Audit function reports directly to the Audit Committee, and is independent of the activities it audits.

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.
- To review related party transactions.

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.

Statement on Corporate Governance

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 2008.

BOARD RESPONSIBILITIES

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

COMPOSITION OF THE BOARD

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

A brief profile of each Director is presented on pages 48 to 51 of this Annual Report.

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

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

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

BOARD MEETINGS

Board meetings are held at quarterly intervals with additional meetings convened for particular matters, when necessary. 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
Nomination Committee	2 meetings
Remuneration Committee	2 meetings

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

Name of Director	Status of Directorship	Independent	Attendance of Meetings
Y. Bhg. Gen. Tan Sri Dato' Mohd. Ghazali Hj. Che Mat (R)	Non-executive Chairman	Yes *	4/4
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	Group Managing Director	No	4/4
Y. Bhg. Lt. Gen. Dato' Mohd Yusof Din (R)	Non-executive Director	Yes	3/4
Tuan Hj. Johari Muhamad Abbas (Demised 19 May 2008)	Non-executive Director	Yes	1/2
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
Y. Bhg. Dato' Ghazali Mohd Ali	Executive Director	No	4/4

* Declared an independent Director with effect from 24 September 2008.

Statement on Corporate Governance

INFORMATION FOR THE BOARD

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

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

DIRECTORS' TRAINING

All Directors have successfully completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia. The Directors will continue to attend other relevant training programmes to keep abreast with developments on a continuous basis in compliance with paragraph 15.09 of Bursa Malaysia Listing Requirements. During the year, the Directors have attended various accredited courses and seminars to further enhance their skill 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 Company has an Audit Committee whose composition meets with the Bursa Malaysia Listing Requirements, where independent Directors form the majority and a member is a qualified accountant. The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with external auditors.

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

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

Nomination Committee

The Board has established a Nomination Committee comprising entirely independent and non-executive Directors. The composition of the Nomination Committee and the attendance of each Director at the Committee meetings held during the year are as follows:

Name of Director	Status of Directorship	Independent	Attendance of Meetings
Y. Bhg. Gen. Tan Sri Dato' Mohd. Ghazali Hj. Che Mat (R)	Non-executive Chairman	Yes	2/2
Y. Bhg. Lt. Gen. Dato' Mohd Yusof Din (R)	Non-executive Director	Yes	1/2
Tuan Hj. Johari Muhamad Abbas (Demised 19 May 2008)	Non-executive Director	Yes	1/1
Y. Bhg. Dato' (Dr.) Megat Abdul Rahman Megat Ahmad	Non-executive Director	Yes	2/2

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

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

Meetings of the Nomination Committee are held as and when necessary, and at least once a year. The Nomination Committee met 2 times during the year.

The Nomination Committee upon its recent annual review carried out is satisfied that the size of the Board is optimum and that there is an appropriate mix of experience and expertise in the composition of the Board.

Statement on Corporate Governance

Remuneration Committee

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

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

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

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

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

- To review annually and make recommendations to the Board the remuneration packages, reward structure and fringe benefits applicable to all executive Directors and senior executives to ensure that rewards commensurate with their contributions to the Group's growth and profitability.

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

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. The Remuneration Committee met 2 times during the year and all the members registered full attendance.

DIRECTORS' REMUNERATION

The details on the aggregate remuneration of Directors for the financial year ended 31 December 2008 are as follows:

	Executive Directors RM'000	Non-executive Directors RM'000	Total RM'000
Directors' fees	191	595	786
Meeting allowances	20	59	79
Salaries	1,479	–	1,479
Bonuses	765	–	765
Employees provident fund contribution	340	–	340
Benefits in kind & allowances	501	157	658
Total	3,296	811	4,107

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

	Executive Directors	Non-executive Directors
Up to RM50,001 to RM100,000		1
From RM100,001 to RM150,000		3
From RM300,001 to RM350,000		1
From RM950,001 to RM1,000,000	1	
From RM2,300,001 to RM2,350,000	1	

INVESTORS AND SHAREHOLDERS RELATIONSHIP

The Group recognises the importance of timely and thorough dissemination of information to shareholders. In this regard, the Group strictly adheres to the disclosure requirements of Bursa Malaysia and the Malaysian Accounting Standards Board. The Annual Report has comprehensive information pertaining to the Group, while various disclosures on quarterly and annual results provide investors with financial information. Apart from the mandatory public announcements through Bursa Malaysia, the Group's website at www.boustead.com.my provides corporate, financial and non-financial information. Through the website, shareholders are able to direct queries to the Company.

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

Mr. Daniel Ebinesan

Designation – Director, Financial Services

Contact details – telephone number: 03-21427257

email: de.gfn@boustead.com.my

Mr. Daniel Ebinesan is a Fellow of the Chartered Institute of Management Accountants and a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. He joined the Boustead Group on 1 April 1974 as the Group Accountant, and was promoted to Group Chief Accountant on 1 January 1982 and on 1 January 1993, to General Manager, Finance & Administration. On July 1996, he assumed the role of Chief Financial Officer of the Boustead Group. He is responsible for all financial matters for the Boustead Group including treasury management, risk management strategies and formulation of the Boustead Group's financial policies and tax planning.

Statement on Corporate Governance

En. Fahmy bin Ismail

Designation – **Manager, Corporate Planning**
Contact details – **telephone number: 03-20317749**
email: fahmy.cpd@boustead.com.my

En. Fahmy graduated with a Bachelor of Commerce in Accounting and Finance from University of Sydney, Australia in 1998. He is a Chartered Accountant under Malaysian Institute of Accountants and is also a Certified Practising Accountant under CPA Australia. En. Fahmy joined Boustead Holdings Berhad in January 2006 as its Corporate Planning Manager. He subsequently advanced to Deputy Chief Executive Officer of Boustead REIT Managers Sdn Bhd in 2007. In January 2009, he also assumed the position of Chief Executive Officer of Al-Hadharah Boustead REIT. Prior to joining Boustead, he held managerial positions in corporate finance and treasury with several public listed companies.

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

Related Party Transactions

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

Internal Control

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

Relationship with External Auditors

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

This statement is made in accordance with a resolution of the Board of Directors dated 3 March 2009.

Directors' Responsibility Statement

The Board of Directors is required under paragraph 15.27(a) of the Listing Requirements of Bursa Malaysia Securities Berhad to issue a statement on its responsibility in the preparation of the annual 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:

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

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

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

This statement is made in accordance with a resolution of the Board of Directors dated 3 March 2009.

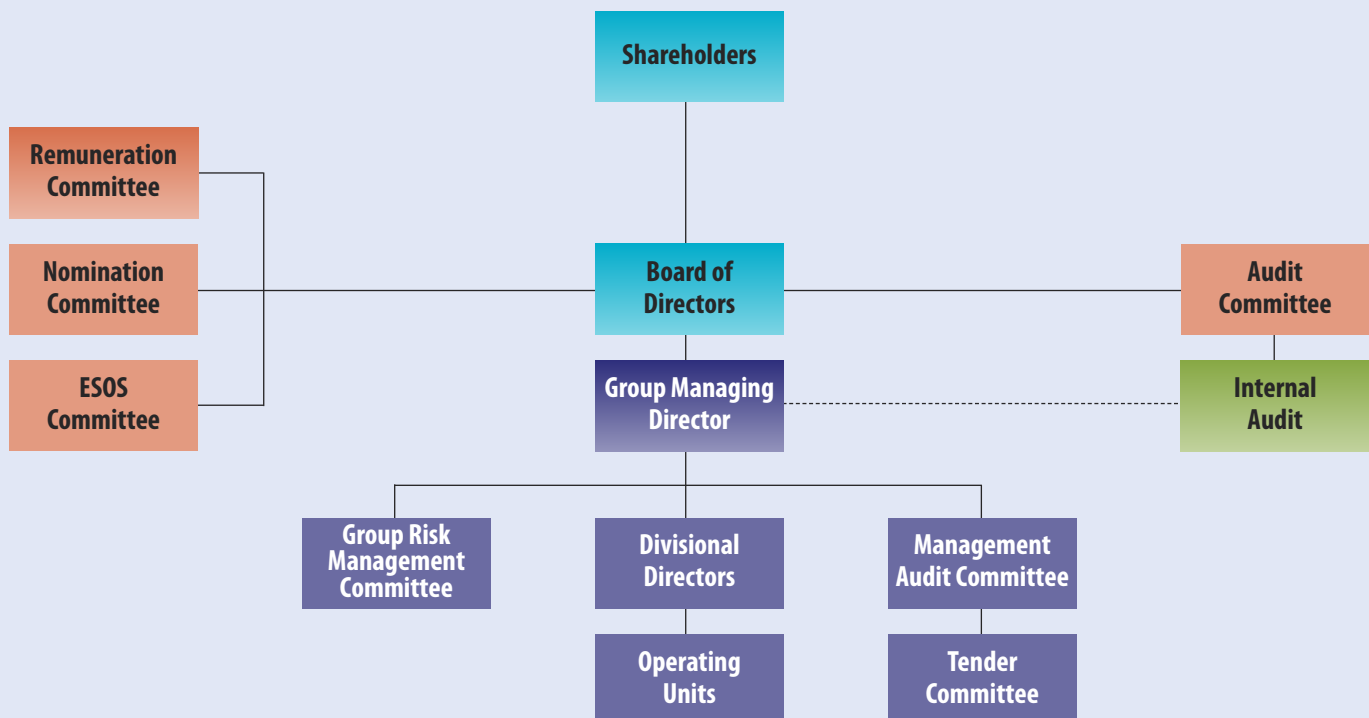
Statement on Internal Control

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.

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.

INTERNAL AUDIT FUNCTION

The role of internal audit has moved towards a risk-based internal audit methodology. This approach includes focusing 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.

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.

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.

Statement on Internal Control

- 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, stakeholders' interests and the Group's assets.

WEAKNESSES IN INTERNAL CONTROLS THAT RESULT IN MATERIAL LOSSES

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

This statement is made in accordance with a resolution of the Board of Directors dated 3 March 2009.

Financial Statements

74 Directors' Report

79 Statement by Directors

80 Statutory Declaration

81 Independent Auditors' Report

83 Income Statements

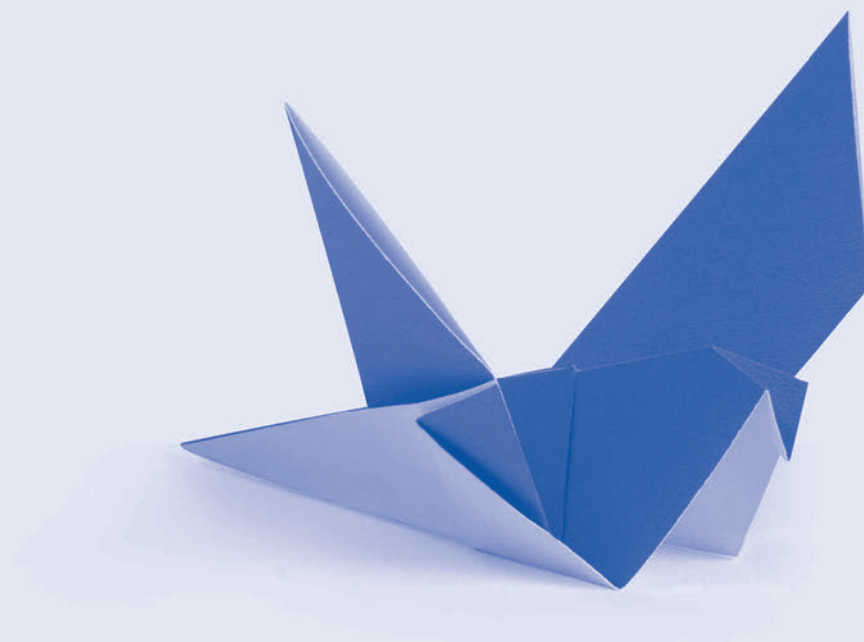
84 Balance Sheets

86 Statements of Changes in Equity

89 Cash Flow Statements

91 Accounting Policies

102 Notes to the Financial Statements



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 2008.

PRINCIPAL ACTIVITIES

Boustead Holdings Berhad was incorporated in Malaysia in 1960 and its principal activities are investment holding and oil palm cultivation. The Group currently comprises more than seventy Subsidiary and Associated Companies, the principal activities of which are described on pages 147 to 151. There have been no significant changes in the nature of these activities during the financial year under review.

RESULTS

	Group RM'000	Company RM'000
Profit after taxation	667,674	126,549
Minority interests	(88,888)	–
Profit attributable to shareholders of the Company	578,786	126,549

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the effects arising from the gain on disposal of plantation assets and the reversal of prior year's over-provision of tax as disclosed in the notes to the financial statements.

DIVIDENDS

	RM'000
<i>In respect of the financial year ended 31 December 2007:</i>	
Second interim dividend of 14% per share less 26% tax paid on 18 January 2008	32,584
Final dividend and bonus dividend of 16% and 20% per share less 26% tax paid on 12 May 2008	83,788
<i>In respect of the financial year ended 31 December 2008:</i>	
First interim dividend of 10% per share less 26% tax paid on 14 July 2008	23,274
Second interim dividend of 10% per share less 26% tax paid on 17 October 2008	24,088
Third interim dividend of 15% per share less 25% tax payable on 16 January 2009	36,621
	200,355

DIVIDENDS (CONT'D.)

The Directors have proposed a final dividend of 25% per share less 25% tax, amounting to RM61.0 million making the total dividends for the year of 60% per share less tax, amounting to RM145.0 million. 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 2009.

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. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)
 Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin
 Y. Bhg. Lt. Gen. Dato' Mohd Yusof Din (R)
 Tuan Hj. Johari Muhamad Abbas (demised on 19 May 2008)
 Y. Bhg. Dato' (Dr.) Megat Abdul Rahman Megat Ahmad
 Y. Bhg. Datuk Azzat Kamaludin
 Y. Bhg. Dato' Ghazali Mohd Ali

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate. Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 4 to the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which he has a substantial financial interest, except as disclosed in Note 42 to the financial statements.

REMUNERATION COMMITTEE

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

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

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 1/1/08	Acquired	Sold	At 31/12/08
<i>Ordinary shares of RM0.50 each</i>				
Boustead Holdings Berhad				
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	21,695,000	–	(1,879,000)	19,816,000
Y. Bhg. Datuk Azzat Kamaludin	–	10,000	–	10,000
<i>Ordinary shares of RM1.00 each</i>				
Boustead Properties Berhad				
Y. Bhg. Datuk Azzat Kamaludin	5,000	–	(5,000)	–
Boustead Heavy Industries Corporation Berhad				
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	2,000,000	–	–	2,000,000
Y. Bhg. Datuk Azzat Kamaludin	515,300	–	–	515,300
Y. Bhg. Dato' Ghazali Mohd Ali	75,000	–	–	75,000
Boustead Petroleum Sdn Bhd				
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	5,466,465	–	–	5,466,465
Affin Holdings Berhad				
Y. Bhg. Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	91,708	–	–	91,708
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	8,714	800,000	–	808,714
Y. Bhg. Datuk Azzat Kamaludin	110,000	–	–	110,000
Y. Bhg. Dato' Ghazali Mohd Ali	51,000	–	–	51,000
<i>Number of units</i>				
Affin Holdings Berhad – Warrants				
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	1,500	–	–	1,500
	At 1/1/08	Granted	Exercised	At 31/12/08
<i>Option over ordinary shares of RM1.00 each</i>				
Affin Holdings Berhad				
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	800,000	–	(800,000)	–
	At 1/1/08	Granted	Lapsed	At 31/12/08
<i>Option to purchase ordinary shares of RM0.50 each</i>				
Boustead Holdings Berhad				
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	* 5,912,699	–	(5,912,699)	–

* Tan Sri Dato' Lodin Wok Kamaruddin had on 22 February 2007 signed an agreement with Lembaga Tabung Angkatan Tentera (LTAT) to purchase 29,912,699 Boustead Holdings Berhad shares (Boustead Shares) which are part of the shares approved by LTAT's Investment Panel on 14 June 2004 and the Board of Directors of LTAT on 28 June 2004 to be sold via placement at the price of RM1.70 per share. The agreement has expired on 14 November 2008.

DIRECTORS' INTERESTS (CONT'D.)

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

ISSUE OF SHARES

During the financial year, the Company's issued and paid-up share capital was increased from RM314,519,610 to RM325,515,911, whereby 21,992,603 ordinary shares of RM0.50 each at RM6.25 per share were issued to holders of shares of Boustead Properties Berhad who had accepted the share exchange option pursuant to the Company's voluntary acquisition of the remaining shares of Boustead Properties Berhad. The new ordinary shares issued during the financial year rank pari passu with the existing ordinary shares.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances 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.

Directors' Report

SIGNIFICANT EVENTS

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

SUBSEQUENT EVENT

Details of the subsequent event are disclosed in Note 44 to the financial statements.

AUDITORS

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

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

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

TAN SRI DATO' LODIN WOK KAMARUDDIN

Kuala Lumpur
3 March 2009

Statement by Directors

We, GEN. TAN SRI DATO' MOHD GHAZALI HJ. CHE MAT (R) and TAN SRI DATO' LODIN WOK KAMARUDDIN, being two of the Directors of BOUSTEAD HOLDINGS BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 83 to 151 are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

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

TAN SRI DATO' LODIN WOK KAMARUDDIN

Kuala Lumpur
3 March 2009

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 151 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 3 March 2009.

Before me

ZAINALABIDIN BIN NAN
Commissioner for Oaths
Kuala Lumpur

DANIEL EBINESAN

Independent Auditors' Report

To the members of Boustead Holdings Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Boustead Holdings Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 83 to 151.

Directors' responsibility for the financial statements

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

Auditors' responsibility

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

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

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

OPINION

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

Independent Auditors' Report

To the members of Boustead Holdings Berhad

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its Subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' report of all the Subsidiaries of which we have not acted as auditors, which are indicated in pages 147 to 150.
- (c) We are satisfied that the accounts of the Subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the accounts 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 Act.

OTHER MATTERS

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

ERNST & YOUNG
AF: 0039
Chartered Accountants

HABIBAH BTE ABDUL
No. 1210/05/10(J)
Chartered Accountant

Kuala Lumpur, Malaysia
3 March 2009

Income Statements

For the year ended 31 December 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue	3	7,029,818	5,751,919	129,854	100,338
Operating cost	4	(6,415,838)	(5,017,948)	(130,898)	(101,556)
Results from operations		613,980	733,971	(1,044)	(1,218)
Gain on disposal of plantation assets		75,603	41,200	49,190	–
Interest income	5	22,100	12,439	33,465	38,221
Other investment result	6	51,519	82,869	244,501	489,182
Finance cost	7	(153,042)	(125,607)	(162,314)	(133,160)
Share of results of Associates		68,742	83,942	–	–
Profit before taxation		678,902	828,814	163,798	393,025
Taxation	8	(11,228)	(174,278)	(37,249)	(42,329)
Profit for the year		667,674	654,536	126,549	350,696
Attributable to:					
Shareholders of the Company		578,786	477,736	126,549	350,696
Minority interests		88,888	176,800	–	–
Profit for the year		667,674	654,536	126,549	350,696
Earnings per share - sen	9				
Basic		90.69	79.04		
Fully diluted		90.69	78.87		
Gross dividend per share - sen	10	30.00	30.00	30.00	30.00

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

Balance Sheets

As at 31 December 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	1,817,193	1,661,484	6,348	5,393
Biological assets	12	357,142	345,468	–	–
Investment properties	13	763,050	634,562	60,926	56,002
Development properties	14	208,347	190,936	–	–
Prepaid land lease payments	15	157,510	150,935	1,695	1,708
Long term prepayments	16	134,050	134,132	–	–
Deferred tax assets	33	67,969	81,225	–	–
Subsidiaries	17	–	–	2,645,560	2,095,144
Associates	18	1,045,947	983,475	689,532	695,362
Investments	19	524,926	603,458	4,419	3,161
Patrol vessel expenditure	20	455,341	455,341	–	–
Goodwill on consolidation	21	1,068,458	972,284	–	–
		6,599,933	6,213,300	3,408,480	2,856,770
Current assets					
Inventories	22	230,752	195,370	4,058	4,982
Property development in progress	23	49,329	111,225	–	–
Due from customers on contracts	24	76,783	53,972	–	–
Receivables	25	1,052,845	1,015,937	507,563	722,059
Deposits, cash and bank balances	26	669,449	753,831	795	7,333
		2,079,158	2,130,335	512,416	734,374
Assets of disposal group classified as held for sale	27	–	97,475	–	–
		2,079,158	2,227,810	512,416	734,374
TOTAL ASSETS		8,679,091	8,441,110	3,920,896	3,591,144

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
EQUITY AND LIABILITIES					
Equity attributable to shareholders of the Company					
Share capital	28	325,516	314,520	325,516	314,520
Non-distributable reserves	29	853,822	701,311	565,509	439,052
Retained earnings	30	1,731,433	1,345,090	449,006	490,228
Shareholders' equity		2,910,771	2,360,921	1,340,031	1,243,800
Minority interests		385,244	847,913	–	–
TOTAL EQUITY		3,296,015	3,208,834	1,340,031	1,243,800
Non-current liabilities					
Long term borrowings	31	624,719	1,152,124	42,500	320,000
Payables	32	20,217	19,992	–	–
Deferred tax liabilities	33	105,714	97,638	394	30
		750,650	1,269,754	42,894	320,030
Current liabilities					
Borrowings	34	2,878,661	2,231,109	1,193,388	1,085,797
Payables	32	1,065,553	1,432,817	1,307,962	908,933
Due to customers on contracts	24	630,232	231,392	–	–
Taxation		21,359	22,392	–	–
Dividend payable		36,621	32,584	36,621	32,584
		4,632,426	3,950,294	2,537,971	2,027,314
Liabilities of disposal group associated with assets classified as held for sale	27	–	12,228	–	–
		4,632,426	3,962,522	2,537,971	2,027,314
TOTAL LIABILITIES		5,383,076	5,232,276	2,580,865	2,347,344
TOTAL EQUITY AND LIABILITIES		8,679,091	8,441,110	3,920,896	3,591,144
NET ASSETS PER SHARE – RM					
Attributable to shareholders of the Company		4.47	3.75		

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

Statements of Changes in Equity

For the year ended 31 December 2008

	Attributable to Shareholders of the Company				Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Non- Distributable Reserves RM'000	Retained Earnings RM'000	Total RM'000		
GROUP – 2008						
At 1 January 2008	314,520	701,311	1,345,090	2,360,921	847,913	3,208,834
Net loss not recognised in the income statement						
– exchange fluctuation	–	(8,022)	–	(8,022)	239	(7,783)
Transfers during the year	–	24,672	(24,672)	–	–	–
Changes in Group structure						
– additional investment in Subsidiaries	–	–	–	–	(525,558)	(525,558)
– disposal of Subsidiaries (Note 17)	–	9,404	–	9,404	(3,163)	6,241
Issue of shares pursuant to the voluntary acquisition of a Subsidiary	10,996	126,457	–	137,453	–	137,453
Issue of shares by a Subsidiary to minority interest	–	–	–	–	4,410	4,410
Profit for the year	–	–	578,786	578,786	88,888	667,674
Dividends (Note 10)						
– final of the previous year	–	–	(37,239)	(37,239)	–	(37,239)
– bonus of the previous year	–	–	(46,549)	(46,549)	–	(46,549)
– interim of the current year	–	–	(83,983)	(83,983)	–	(83,983)
– payable by Subsidiaries	–	–	–	–	(27,485)	(27,485)
At 31 December 2008	325,516	853,822	1,731,433	2,910,771	385,244	3,296,015

	Attributable to Shareholders of the Company					
	Share Capital RM'000	Non-Distributable Reserves RM'000	Retained Earnings RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
GROUP – 2007						
At 1 January 2007	299,135	637,670	986,860	1,923,665	783,220	2,706,885
Exchange fluctuation	–	(4,189)	–	(4,189)	35	(4,154)
Writeback of deferred tax provision	–	264	–	264	141	405
Goodwill transferred to minority interests	–	–	–	–	(12,551)	(12,551)
Dilution in an Associate	–	(1,892)	(3,108)	(5,000)	–	(5,000)
Net losses not recognised in the income statement	–	(5,817)	(3,108)	(8,925)	(12,375)	(21,300)
Transfer during the year	–	24,854	(24,854)	–	–	–
Changes in Group structure						
– additional investment in Subsidiaries	–	–	–	–	(209,547)	(209,547)
– minority interests acquired upon additional investment in Associates (Note 17)	–	–	–	–	156,886	156,886
– disposal of shares in a Subsidiary	–	(11)	–	(11)	1,667	1,656
Issue of shares pursuant to the conversion of bank guaranteed redeemable convertible bonds	15,385	44,615	–	60,000	–	60,000
Issue of shares by Subsidiaries to minority interests	–	–	–	–	80,837	80,837
Repayment of redeemable preference shares	–	–	–	–	(3,584)	(3,584)
Profit for the year	–	–	477,736	477,736	176,800	654,536
Dividends (Note 10)						
– final of the previous year	–	–	(26,204)	(26,204)	–	(26,204)
– bonus of the previous year	–	–	(10,919)	(10,919)	–	(10,919)
– interim of the current year	–	–	(54,421)	(54,421)	–	(54,421)
– payable by Subsidiaries	–	–	–	–	(125,991)	(125,991)
At 31 December 2007	314,520	701,311	1,345,090	2,360,921	847,913	3,208,834

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

Statements of Changes in Equity

For the year ended 31 December 2008

	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Total RM'000
COMPANY - 2008				
At 1 January 2008	314,520	439,052	490,228	1,243,800
Issue of shares pursuant to the voluntary acquisition of a Subsidiary	10,996	126,457	–	137,453
Profit for the year	–	–	126,549	126,549
Dividends (Note 10)				
– final of the previous year	–	–	(37,239)	(37,239)
– bonus of the previous year	–	–	(46,549)	(46,549)
– interim of the current year	–	–	(83,983)	(83,983)
At 31 December 2008	325,516	565,509	449,006	1,340,031
COMPANY - 2007				
At 1 January 2007	299,135	394,437	231,076	924,648
Issue of shares pursuant to the conversion of bank guaranteed redeemable convertible bonds	15,385	44,615	–	60,000
Profit for the year	–	–	350,696	350,696
Dividends (Note 10)				
– final of the previous year	–	–	(26,204)	(26,204)
– bonus of the previous year	–	–	(10,919)	(10,919)
– interim of the current year	–	–	(54,421)	(54,421)
At 31 December 2007	314,520	439,052	490,228	1,243,800

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

Cash Flow Statements

For the year ended 31 December 2008

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Operating activities				
Cash receipts from customers	7,217,501	5,817,884	135,322	97,454
Cash paid to suppliers and employees	(6,373,389)	(5,318,203)	(123,903)	(99,742)
Cash generated from/(used in) operations	844,112	499,681	11,419	(2,288)
Income taxes (paid)/refunded	(87,710)	(35,594)	24,716	46,525
Net cash from operating activities	756,402	464,087	36,135	44,237
Investing activities				
Acquisition of Subsidiaries (Note 17)	–	123,601	–	(452,918)
Additional investment in Subsidiaries and Associates	(443,559)	(280,019)	(422,059)	(246,223)
Disposal of shares in a Subsidiary	–	4,756	–	4,756
Disposal of Subsidiaries (Note 17)	35,507	–	–	–
Investments purchased	(213,905)	(44,944)	(1,368)	(1,828)
Proceeds from disposal of plantation assets	95,300	219,900	88,300	–
Proceeds from disposal of investment property	834	–	–	–
Proceeds from disposal of investments	362,263	23,807	127	2,257
Biological assets and property, plant and equipment				
– purchases	(439,854)	(214,453)	(41,608)	(1,008)
– disposals	13,879	32,668	385	10,487
Purchase and development of investment properties	(6,605)	(64,215)	(327)	(56,002)
Dividends received	44,536	39,049	117,097	195,619
Interest received	22,100	12,439	33,465	38,238
Net cash used in investing activities	(529,504)	(147,411)	(225,988)	(506,622)

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

Cash Flow Statements

For the year ended 31 December 2008

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Financing activities				
Issue of shares by a Subsidiary to minority interest	4,410	-	-	-
Dividends paid				
– by the Company	(163,734)	(80,797)	(163,734)	(80,797)
– by Subsidiaries to minority interests	(27,485)	(45,154)	-	-
Proceeds from long term loans	343,479	520,435	50,000	50,000
Repayment of long term loans	(649,419)	(410,141)	(270,000)	(60,000)
Increase of revolving credits and bankers' acceptances	413,743	492,896	29,250	495,750
Receipts from Group companies	-	-	1,266,530	861,926
Payments to Group companies	-	-	(581,441)	(624,041)
Interest paid	(247,423)	(178,954)	(168,131)	(140,411)
Repayment of redeemable preference shares	-	(3,584)	-	-
Net cash (used in)/from financing activities	(326,429)	294,701	162,474	502,427
Net (decrease)/increase in cash and cash equivalents	(99,531)	611,377	(27,379)	40,042
Foreign currency translation difference	(468)	(300)	-	-
Cash and cash equivalents at beginning of year	714,693	103,616	2,286	(37,756)
Cash and cash equivalents at end of year	614,694	714,693	(25,093)	2,286
Cash and cash equivalents at end of year				
Deposits, cash and bank balances (Note 26)	669,449	753,831	795	7,333
Overdrafts (Note 34)	(54,755)	(44,443)	(25,888)	(5,047)
Cash and bank balances classified as held for sale (Note 27)	-	5,305	-	-
	614,694	709,388	(25,093)	2,286
	614,694	714,693	(25,093)	2,286

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

Accounting Policies

(A) BASIS OF PREPARATION

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

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise stated.

(B) BASIS OF CONSOLIDATION

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

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

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

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

(C) ASSOCIATES

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

Accounting Policies

(C) ASSOCIATES (CONT'D.)

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

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

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

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

(D) INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

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

(E) CURRENCY CONVERSION

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

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

(E) CURRENCY CONVERSION (CONT'D.)

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

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

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

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

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

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

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

Foreign currency	2008	2007
1 US Dollar	RM3.47	RM3.31
1 Euro	RM4.89	RM4.87
1 Great Britain Pound	RM5.01	RM6.61
1,000 Indonesian Rupiah	RM0.32	RM0.35
1 Singapore Dollar	RM2.41	RM2.30

Accounting Policies

(F) PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

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

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

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

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

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

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

(G) BIOLOGICAL ASSETS

The expenditure on new planting and replanting of a different produce crop incurred up to the time of maturity is capitalised while the initial costs of planting on the area replanted are charged to the income statement. Depreciation charges and external borrowing costs related to the development of new plantations are included as part of the capitalisation of immature planting costs. Replanting expenditure incurred in respect of the same crop is charged to the income statement in the year in which it is incurred. Plantation development expenditure is not amortised other than for those planted on short term leases held in Indonesia which are amortised over the life of the leases.

(H) INVESTMENT PROPERTIES

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

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

(I) GOODWILL

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

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

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

(J) DEVELOPMENT PROPERTIES AND PROPERTY DEVELOPMENT IN PROGRESS**(i) Development properties**

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

(ii) Property development in progress

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

(K) CONSTRUCTION CONTRACTS

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

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

Accounting Policies

(L) REVENUE RECOGNITION

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

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

(M) GENERAL INSURANCE UNDERWRITING RESULTS

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

(i) Premium income

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

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

(ii) Unearned premium reserves

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

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

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

(M) GENERAL INSURANCE UNDERWRITING RESULTS (CONT'D.)**(iii) Provision for claims**

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

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

(iv) Acquisition costs

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

(N) INCOME TAX

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

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

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

(O) EMPLOYEE BENEFITS

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

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

Accounting Policies

(P) JOINT VENTURE PLANTATION

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

(Q) INVENTORIES

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

(R) RESEARCH AND DEVELOPMENT

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

(S) FINANCIAL INSTRUMENTS

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

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

(i) Cash and cash equivalents

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

(ii) Non-current investments

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

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

(S) FINANCIAL INSTRUMENTS (CONT'D.)**(ii) Non-current investments (cont'd)**

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

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

(iii) Trade receivables

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

(iv) Payables and provision

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

(v) Borrowings

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

(vi) Redeemable convertible bonds

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

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

(vii) Equity instruments

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

Accounting Policies

(T) IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

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

(U) SEGMENTAL REPORTING

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

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

(V) LEASES

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

(i) Operating lease – the Group as a lessee

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

(V) LEASES (CONT'D.)**(ii) Lease of land and building**

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

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

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

(W) ASSETS HELD FOR SALE

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

(X) PATROL VESSEL EXPENDITURE

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

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

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

Notes to the Financial Statements

1. CHANGES IN ACCOUNTING POLICIES

On 1 January 2008, the Group and the Company adopted the following Financial Reporting Standards (FRSs), amendment to FRS, and Issues Committee (IC) Interpretations:

- FRS 107 : Cash flow statements
- FRS 111 : Construction contracts
- FRS 112 : Income taxes
- FRS 118 : Revenue
- FRS 120 : Accounting for government grants and disclosures of government assistance
- FRS 134 : Interim financial reporting
- FRS 137 : Provisions, contingent liabilities and contingent assets
- Amendment to FRS 121 : The effects of changes in foreign exchange rates - net investment in a foreign operation
- IC Interpretation 1 : Changes in existing decommissioning, restoration and similar liabilities
- IC Interpretation 2 : Members' shares in co-operative entities and similar instruments
- IC Interpretation 5 : Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
- IC Interpretation 6 : Liabilities arising from participating in a specific market waste electrical and electronic equipment
- IC Interpretation 7 : Applying the restatement approach under FRS 129 financial reporting in hyperinflationary economies
- IC Interpretation 8 : Scope of FRS 2

The adoption of the above FRSs, amendment to FRS and IC Interpretations does not have a significant impact on the Group and the Company.

The Group has not early adopted the following FRSs and IC Interpretations that are mandatory for financial years beginning on or after 1 January 2009 or later periods:

- FRS 139 : Financial instruments: recognition and measurement
- FRS 4 : Insurance contracts
- FRS 7 : Financial instruments: disclosures
- FRS 8 : Operating segments
- IC Interpretation 9 : Reassessment of embedded derivatives
- IC Interpretation 10 : Interim financial reporting and impairment

The Group and the Company has applied the transitional provisions in FRS 7 and FRS 139 which exempt entities from disclosing the possible impact arising from initial application of the respective standards on the financial statements of the Group and the Company. The adoption of the other FRSs and IC Interpretations is not expected to have a significant impact on the financial statements of the Group and the Company.

2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable amounts and may lead to future impairment charges. The carrying amounts of non-financial assets of the Group as at year end is RM1,068 million (2007: RM972 million). Further details are disclosed in Note 21.

(b) Useful lives of property, plant and equipment

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

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

The Group reviews the carrying amounts of the biological assets and property, plant and equipment as at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount or value in use is estimated. Determining the value in use of biological assets and property, plant and equipment, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment loss could have a material adverse impact on the Group's financial position and results of operations.

The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable amounts and may lead to future impairment charges.

(d) Property development

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

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

Notes to the Financial Statements

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

(e) Construction contracts

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

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

(f) Deferred tax assets

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

(g) Provision for outstanding claims

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

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

(h) Patrol vessel (PV) expenditure

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

3. REVENUE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sale of produce	858,855	720,729	123,546	96,206
Sale of goods	4,123,934	3,315,640	-	-
Sale of development properties	366,078	284,669	-	-
Gross insurance premium	262,019	66,970	-	-
Revenue from agency business	57,369	53,279	-	-
Rental income – investment properties	67,914	60,061	6,036	3,537
– others	2,594	4,732	272	595
Shiprepair	111,787	33,282	-	-
Shipbuilding	1,044,674	1,095,812	-	-
Others	134,594	116,745	-	-
	7,029,818	5,751,919	129,854	100,338

4. OPERATING COST

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Changes in inventories of finished goods and work in progress	(779)	16,661	-	-
Finished goods and work in progress purchases	3,957,686	3,415,424	-	-
Raw material and consumables used	1,336,865	755,740	111,362	86,907
Staff costs	314,712	221,683	7,740	6,512
Defined contribution plans	55,538	33,253	1,161	977
Depreciation				
– property, plant and equipment (Note 11)	98,118	85,148	1,005	1,113
– biological assets (Note 12)	1,302	2,022	-	-
Loss/(profit) on disposal				
– property, plant and equipment	780	(4,528)	153	(4,041)
– investment property	(2,079)	-	-	-
Amortisation of prepaid land lease payments (Note 15)	3,412	3,561	13	22
Impairment loss				
– property, plant and equipment (Note 11)	145	397	-	-
– biological assets (Note 12)	3,000	-	-	-
General insurance underwriting				
– reinsurance premiums	123,822	34,962	-	-
– net claims incurred	85,176	23,814	-	-
Supply and cooking oil price stabilisation cess	19,569	16,970	553	426
Gain on settlement of loan (Note 41(c))	(15,419)	-	-	-
Other operating cost	433,990	412,841	8,911	9,640
	6,415,838	5,017,948	130,898	101,556
Other operating cost includes:				
Rent paid – plantation assets	132,929	117,678	3,662	3,658
– others	17,806	16,689	1,292	1,168
Auditors' remuneration – statutory audit	2,467	2,119	175	120
– non audit fees	105	48	61	48
Directors' fees – current year	786	646	280	280
Directors' remuneration – emoluments	2,723	2,580	60	60
– benefits	598	92	49	40
Hire of equipment	1,707	2,215	-	-
Bad and doubtful debts – Subsidiaries	-	-	-	1,300
– others	1,267	11,436	-	497
Research and development	5,494	5,307	-	-
Net foreign exchange loss/(gain)	6,566	(1,364)	-	11
Inventories – writedown	9,534	4,939	-	-
– writeback	(148)	(1,091)	-	-

Notes to the Financial Statements

5. INTEREST INCOME

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Interest income – Subsidiaries	–	–	32,893	38,000
– Associates	549	1,049	142	136
– others	21,551	11,390	430	85
	22,100	12,439	33,465	38,221

6. OTHER INVESTMENT RESULT

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Gross dividends from quoted shares in Malaysia				
– Subsidiaries	–	–	16,977	55,589
– Associates	–	–	24,739	20,035
– others	33,386	25,917	153	189
Gross dividends from unquoted shares in Malaysia				
– Subsidiaries	–	–	211,833	156,936
– Associates	–	–	4,260	15,302
– others	4,637	1,247	231	–
Profit on sale of investments	2,454	5,318	37	892
(Loss)/profit on disposal of shares in a Subsidiary	–	(1,038)	(171)	618
Profit on disposal of Subsidiaries (Note 17)	19,520	–	–	–
Impairment loss				
– Subsidiaries	–	–	–	(8,879)
– Associate	(18,855)	–	(18,855)	–
– other investments	(24,527)	(3,461)	–	(1,000)
Fair value gain on investment properties (Note 13)	37,164	16,431	4,597	–
Reversal of impairment loss – Subsidiary	–	–	700	249,500
Negative goodwill recognised	–	38,455	–	–
Goodwill written off (Note 21)	(2,260)	–	–	–
	51,519	82,869	244,501	489,182

7. FINANCE COST

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Interest expense on:				
Loans from Subsidiaries	–	–	79,425	61,841
Bank borrowings	190,051	126,344	65,709	45,447
Bank guaranteed serial bonds	17,180	18,068	17,180	18,068
Bank guaranteed redeemable convertible bonds	–	7,804	–	7,804
Islamic bonds	–	3,000	–	–
Redeemable convertible bonds	3,544	9,453	–	–
	210,775	164,669	162,314	133,160
Capitalised in qualifying assets	(57,733)	(39,062)	–	–
	153,042	125,607	162,314	133,160

8. TAXATION

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Tax expense for the year				
Malaysian income tax	81,158	61,967	36,885	38,260
Foreign income tax	721	91	–	–
Deferred tax relating to origination and reversal of temporary differences	22,058	107,355	411	1,824
	103,937	169,413	37,296	40,084
(Over)/under provision in prior years				
Current	(952)	(2,761)	–	1,701
Deferred	(91,757)	7,626	(47)	544
	11,228	174,278	37,249	42,329

Domestic income tax is calculated at the Malaysian statutory rate of 26% (2007: 27%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% from the current year's rate of 26% with effect from the year of assessment 2009. The computation of deferred tax as at 31 December 2008 has reflected these changes. Included in the deferred tax provision written back during the current year was an amount of RM90 million in respect of tax expense accounted for in the previous financial year which is no longer required as the approval for tax exemption was received in 2008.

Notes to the Financial Statements

8. TAXATION (CONT'D.)

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit before taxation	678,902	828,814	163,798	393,025
Taxation at Malaysian statutory rate of 26% (2007: 27%)	176,515	223,780	42,588	106,117
Difference in tax rate	(132)	1,182	-	-
Effects of changes in tax rates on closing balance of deferred tax	(708)	1,655	-	-
Income not subject to tax	(31,974)	(33,314)	(16,340)	(69,335)
Effects of share of results in Associates	(17,873)	(22,664)	-	-
Expenses not deductible for tax purpose	37,633	24,322	11,197	3,345
Tax incentives	(44,056)	(7,942)	-	-
Deferred tax assets not recognised during the year	5,096	16,981	-	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(19,130)	(31,889)	-	-
Others	(1,434)	(2,698)	(149)	(43)
	103,937	169,413	37,296	40,084
(Over)/under provision in prior years	(92,709)	4,865	(47)	2,245
Tax expense for the year	11,228	174,278	37,249	42,329

9. 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:

	2008	Group 2007
Net profit for the year (RM'000)	578,786	477,736
Weighted average number of ordinary shares in issue ('000)	638,202	604,423
Basic earnings per share (sen)	90.69	79.04

Diluted earnings per share

For the purpose of calculating diluted earnings per share, the net profit for the previous year has been adjusted for dilutive effects of all potential ordinary shares in respect of a Subsidiary's redeemable convertible bonds.

	2008	Group 2007
RM'000		
Net profit for the year	578,786	477,736
After-tax effects of potential dilution upon conversion of a Subsidiary's redeemable convertible bonds	-	(1,019)
Adjusted net profit for the year	578,786	476,717
'000		
Weighted average number of ordinary shares in issue	638,202	604,423
Diluted earnings per share (sen)	90.69	78.87

Notes to the Financial Statements

10. DIVIDENDS

	Dividend Amount		Gross Dividend per Ordinary Share	
	2008 RM'000	2007 RM'000	2008 Sen	2007 Sen
Interim:				
First interim of 10% (2007: 10%) less tax paid on 14 July 2008	23,274	21,837	5.00	5.00
Second interim of 10% (2007: 14%) less tax paid on 17 October 2008	24,088	32,584	5.00	7.00
Third interim of 15% (2007: Nil) less tax payable on 16 January 2009	36,621	–	7.50	–
	83,983	54,421	17.50	12.00
Proposed:				
Final of 25% (2007: 16%) less tax payable on 18 May 2009	61,034	37,239	12.50	8.00
Bonus of 2007 of 20% less tax paid on 12 May 2008	–	46,549	–	10.00
	145,017	138,209	30.00	30.00

The Directors will propose at the forthcoming Annual General Meeting to be held on 2 April 2009, a final dividend of 25% per share less tax, amounting to RM61.0 million. These financial statements do not reflect the final dividend which will be accounted for in the shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2009 when approved by shareholders.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold Property RM'000	Leasehold Property RM'000	Plant and Machinery RM'000	Others RM'000	Total RM'000
GROUP – 2008					
Cost or valuation					
At 1 January	684,962	231,884	445,038	564,006	1,925,890
Additions	227,241	17,995	48,061	172,421	465,718
Disposals	(113,144)	(5,494)	(7,395)	(15,575)	(141,608)
Transfer to					
Investment properties (Note 13)	(49,172)	–	(13,727)	(41,020)	(103,919)
Development properties (Note 14)	(8,836)	–	–	–	(8,836)
Prepaid land lease payments (Note 15)	(2,351)	–	–	–	(2,351)
Transfer from assets held for sale (Note 27)	–	30,179	10,781	2,225	43,185
Reclassification	33,935	2,296	21,911	(58,142)	–
Exchange adjustment	–	(3,107)	(1,110)	(229)	(4,446)
At 31 December	772,635	273,753	503,559	623,686	2,173,633
Accumulated depreciation and impairment					
At 1 January	21,028	25,917	97,993	119,468	264,406
Charge for the year					
Recognised in income statement (Note 4)	9,011	15,383	48,060	25,664	98,118
Capitalised in construction cost (Note 24)	1,510	–	425	7,833	9,768
Disposals	(51)	(1,243)	(5,279)	(16,346)	(22,919)
Impairment (Note 4)	145	–	–	–	145
Transfer from assets held for sale (Note 27)	–	4,919	1,425	1,682	8,026
Exchange adjustment	–	(621)	(257)	(226)	(1,104)
At 31 December	31,643	44,355	142,367	138,075	356,440
Net book value					
At 31 December 2008	740,992	229,398	361,192	485,611	1,817,193
Accumulated impairment					
At 31 December 2008	322	–	–	2,749	3,071

Notes to the Financial Statements

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

	Freehold Property RM'000	Leasehold Property RM'000	Plant and Machinery RM'000	Others RM'000	Total RM'000
GROUP – 2007					
Cost or valuation					
At 1 January	600,946	383,078	299,884	341,568	1,625,476
Assets of Subsidiaries acquired (Note 17)	15,246	66,077	59,942	238,144	379,409
Additions	6,519	24,882	17,404	156,604	205,409
Disposals	(5,700)	(8,430)	(6,078)	(12,719)	(32,927)
Transfer to					
Biological assets (Note 12)	(114)	(208,857)	–	–	(208,971)
Assets held for sale (Note 27)	(10)	(36,118)	(19,205)	(3,379)	(58,712)
Transfer from investment properties (Note 13)	21,600	–	–	–	21,600
Reclassification	46,475	13,801	93,150	(153,426)	–
Exchange adjustment	–	(2,549)	(59)	(2,786)	(5,394)
At 31 December	684,962	231,884	445,038	564,006	1,925,890
Accumulated depreciation and impairment					
At 1 January	12,832	69,375	71,260	109,373	262,840
Charge for the year					
Recognised in income statement (Note 4)	8,785	13,864	41,869	20,630	85,148
Capitalised in construction cost (Note 24)	891	–	168	3,049	4,108
Disposals	(2,060)	(2,971)	(5,402)	(10,427)	(20,860)
Impairment (Note 4)	177	–	–	220	397
Transfer to					
Biological assets (Note 12)	–	(46,692)	–	–	(46,692)
Assets held for sale (Note 27)	(10)	(6,982)	(9,793)	(2,645)	(19,430)
Reclassification	413	39	–	(452)	–
Exchange adjustment	–	(716)	(109)	(280)	(1,105)
At 31 December	21,028	25,917	97,993	119,468	264,406
Net book value					
At 31 December 2007	663,934	205,967	347,045	444,538	1,661,484
Accumulated impairment					
At 31 December 2007	177	–	–	2,749	2,926

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

	Freehold Property RM'000	Leasehold Property RM'000	Plant and Machinery RM'000	Others RM'000	Total RM'000
COMPANY – 2008					
Cost					
At 1 January	614	2,443	1,004	10,186	14,247
Additions	39,130	–	1,555	923	41,608
Disposals	(39,495)	–	–	(1,308)	(40,803)
At 31 December	249	2,443	2,559	9,801	15,052
Accumulated depreciation					
At 1 January	127	1,082	345	7,300	8,854
Charge for the year (Note 4)	21	49	188	747	1,005
Disposals	(23)	–	–	(1,132)	(1,155)
At 31 December	125	1,131	533	6,915	8,704
Net book value					
At 31 December 2008	124	1,312	2,026	2,886	6,348

Notes to the Financial Statements

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

	Freehold Property RM'000	Leasehold Property RM'000	Plant and Machinery RM'000	Others RM'000	Total RM'000
COMPANY – 2007					
Cost					
At 1 January	4,936	8,454	597	9,837	23,824
Additions	–	–	407	600	1,007
Transfer to Group company	–	–	–	(9)	(9)
Disposals	(4,322)	(6,011)	–	(242)	(10,575)
At 31 December	614	2,443	1,004	10,186	14,247
Accumulated depreciation					
At 1 January	1,507	3,383	279	7,212	12,381
Charge for the year (Note 4)	140	141	66	766	1,113
Transfer to Group company	–	–	–	(9)	(9)
Disposals	(1,520)	(2,442)	–	(669)	(4,631)
At 31 December	127	1,082	345	7,300	8,854
Net book value					
At 31 December 2007	487	1,361	659	2,886	5,393

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Analysis of net book value of properties:				
Freehold property				
– land	228,796	238,193	–	285
– building	512,196	425,741	124	202
	740,992	663,934	124	487
Leasehold property				
– Long leasehold building	134,922	127,560	1,312	1,361
– Short leasehold building	94,476	78,407	–	–
	229,398	205,967	1,312	1,361
	970,390	869,901	1,436	1,848
Analysis of cost or valuation:				
Cost	2,038,369	1,790,626	15,052	14,247
Valuation – 1992	7,264	7,264	–	–
Valuation – 2001	128,000	128,000	–	–
	2,173,633	1,925,890	15,052	14,247

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

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

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	
	2008 RM'000	2007 RM'000
Freehold property	64,546	65,937
Long leasehold property	2,243	2,323
	66,789	68,260

Pursuant to the sale and leaseback of plantation assets referred to in Note 39 to the financial statements, the Group and the Company will enjoy the continued use of these assets spanning over an area of 48,927 hectares (2007: 48,940 hectares) and 1,411 hectares (2007: 1,411 hectares) of plantation land respectively.

Notes to the Financial Statements

12. BIOLOGICAL ASSETS

	Group	
	2008	2007
	RM'000	RM'000
GROUP		
Cost		
At 1 January	364,468	250,290
Additions	8,881	11,758
Disposals	(1,857)	(2,522)
Transfer from		
Property, plant and equipment (Note 11)	–	208,971
Assets held for sale	56,398	–
Transfer to assets held for sale (Note 27)	–	(99,826)
Exchange adjustment	(5,094)	(4,203)
At 31 December	422,796	364,468
Accumulated depreciation and impairment		
At 1 January	19,000	64,998
Charge for the year (Note 4)	1,302	2,022
Disposals	–	(1,907)
Transfer from		
Property, plant and equipment (Note 11)	–	46,692
Assets held for sale	46,462	–
Transfer to assets held for sale (Note 27)	–	(84,032)
Impairment (Note 4)	3,000	–
Exchange adjustment	(4,110)	(8,773)
At 31 December	65,654	19,000
Net book value		
At 31 December	357,142	345,468
Accumulated impairment		
At 31 December	55,079	19,000

The additions to biological assets during the year include interest capitalised of RM889,000 (2007: RM1,344,000).

13. INVESTMENT PROPERTIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 January	634,562	554,898	56,002	–
Fair value gain				
– Recognised in the income statement (Note 6)	37,164	16,431	4,597	–
– Attributable to the additional investment in a Subsidiary	13,724	–	–	–
	50,888	16,431	4,597	–
Acquisition of Subsidiaries (Note 17)	–	24,837	–	–
Additions	–	54,000	–	54,000
Additions from subsequent expenditure	327	5,996	327	2,002
Revision to prior year's additions	(11,532)	–	–	–
Disposals	(8,614)	–	–	–
Write off against provision for foreseeable loss	(6,500)	–	–	–
Transfer from property, plant and equipment (Note 11)	103,919	–	–	–
Transfer to property, plant and equipment (Note 11)	–	(21,600)	–	–
	763,050	634,562	60,926	56,002

The above properties are stated at valuation based on Directors' valuation by reference to market evidence of transaction prices for similar properties.

14. DEVELOPMENT PROPERTIES

	Group	
	2008 RM'000	2007 RM'000
At 1 January		
Freehold land, at cost	29,477	63,497
Long leasehold land, at cost	7,714	25,386
Development cost	153,745	225,901
	190,936	314,784
Transfer to property development in progress (Note 23)		
Freehold land	(8,708)	(34,020)
Long leasehold land	2,188	(17,672)
Development cost	(36,050)	(106,491)
	(42,570)	(158,183)
Transfer from property, plant and equipment (Note 11)	8,836	–
Development cost incurred during the year	51,145	34,335
At 31 December	208,347	190,936

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 RM1,087,000 (2007: RM1,560,000).

Notes to the Financial Statements

15. PREPAID LAND LEASE PAYMENTS

	Long Leasehold RM'000	Short Leasehold RM'000	Total RM'000
GROUP – 2008			
Cost			
At 1 January	122,319	42,094	164,413
Additions	4,596	228	4,824
Disposals	(6,583)	(34)	(6,617)
Transfer from			
Property, plant and equipment (Note 11)	2,351	–	2,351
Assets held for sale (Note 27)	–	11,843	11,843
Reclassification	3,865	(3,865)	–
Exchange adjustment	–	(1,219)	(1,219)
At 31 December	126,548	49,047	175,595
Accumulated amortisation			
At 1 January	9,206	4,272	13,478
Amortisation for the year (Note 4)	1,380	2,032	3,412
Disposals	(1,759)	(13)	(1,772)
Transfer from assets held for sale (Note 27)	–	3,339	3,339
Reclassification	2,668	(2,668)	–
Exchange adjustment	–	(372)	(372)
At 31 December	11,495	6,590	18,085
Net book value			
At 31 December 2008	115,053	42,457	157,510

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

	Long Leasehold RM'000	Short Leasehold RM'000	Total RM'000
GROUP – 2007			
Cost			
At 1 January	106,436	61,510	167,946
Assets of Subsidiaries acquired (Note 17)	18,750	–	18,750
Additions	375	840	1,215
Disposals	(1,094)	(865)	(1,959)
Transfer to assets held for sale (Note 27)	–	(17,485)	(17,485)
Reclassification	(2,148)	–	(2,148)
Exchange adjustment	–	(1,906)	(1,906)
At 31 December	122,319	42,094	164,413
Accumulated amortisation			
At 1 January	9,183	7,800	16,983
Amortisation for the year (Note 4)	1,241	2,320	3,561
Disposals	(392)	(368)	(760)
Transfer to assets held for sale (Note 27)	–	(4,943)	(4,943)
Reclassification	(826)	–	(826)
Exchange adjustment	–	(537)	(537)
At 31 December	9,206	4,272	13,478
Net book value			
At 31 December 2007	113,113	37,822	150,935

Notes to the Financial Statements

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

	Long Leasehold RM'000	Short Leasehold RM'000	Total RM'000
COMPANY – 2008			
Cost			
At 1 January and 31 December	1,951	–	1,951
Accumulated amortisation			
At 1 January	243	–	243
Amortisation for the year (Note 4)	13	–	13
Disposals	–	–	–
At 31 December	256	–	256
Net book value			
At 31 December 2008	1,695	–	1,695
COMPANY – 2007			
Cost			
At 1 January	1,951	665	2,616
Disposals	–	(665)	(665)
At 31 December	1,951	–	1,951
Accumulated amortisation			
At 1 January	230	159	389
Amortisation for the year (Note 4)	13	9	22
Disposals	–	(168)	(168)
At 31 December	243	–	243
Net book value			
At 31 December 2007	1,708	–	1,708

16. LONG TERM PREPAYMENTS

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

17. SUBSIDIARIES

	Company	
	2008 RM'000	2007 RM'000
At Cost:		
Shares quoted in Malaysia	597,852	940,865
Unquoted shares	2,057,489	1,164,760
	2,655,341	2,105,625
Accumulated impairment	(9,781)	(10,481)
	2,645,560	2,095,144
Market value of quoted shares	584,963	2,214,683

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

	Group	
	2008 RM'000	2007 RM'000
Net assets disposed:		
Property, plant and equipment	4,123	–
Biological assets	5,858	–
Prepaid land lease payments	4,038	–
Inventories	196	–
Trade and other receivables	1,128	–
Cash and bank balances	791	–
Trade and other payables	(6,122)	–
Taxation	525	–
Minority interests disposed	(3,163)	–
Transfer from exchange fluctuation reserve (Note 29)	9,404	–
Gain on disposal (Note 6)	19,520	–
Sale proceeds	36,298	–
Cash and cash equivalents disposed	(791)	–
Cash inflow on disposal	35,507	–

Notes to the Financial Statements

17. SUBSIDIARIES (CONT'D.)

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

	Group	
	2008	2007
	RM'000	RM'000
Net assets acquired:		
Property, plant & equipment	-	(379,409)
Prepaid land lease payments	-	(18,750)
Investment properties	-	(24,837)
Associate	-	(1,459)
Investments	-	(321,646)
Patrol vessel expenditure	-	(455,341)
Deferred tax assets	-	(103,367)
Current assets	-	(972,296)
Current liabilities	-	1,669,132
Long term borrowings	-	399,004
Deferred tax liabilities	-	15,450
Goodwill on acquisition	-	(880,816)
Minority interests	-	156,886
	-	(917,449)
Previously held as Associates	-	448,620
Purchase consideration	-	(468,829)
Cash and cash equivalents acquired	-	592,430
Cash inflow on acquisition	-	123,601

18. ASSOCIATES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At cost:				
Shares quoted in Malaysia	624,923	611,898	624,923	611,898
Warrants quoted in Malaysia	37,345	37,345	37,345	37,345
Unquoted shares	104,446	82,946	64,719	64,719
	766,714	732,189	726,987	713,962
Shares of post acquisition reserves	316,688	269,886	–	–
	1,083,402	1,002,075	726,987	713,962
Accumulated impairment	(37,455)	(18,600)	(37,455)	(18,600)
	1,045,947	983,475	689,532	695,362
Market value:				
Quoted shares	470,045	785,393	470,045	785,393
Quoted warrants	3,490	24,433	3,490	24,433
	473,535	809,826	473,535	809,826

The summarised financial information of the Associates are as follows:

	Group	
	2008 RM'000	2007 RM'000
Assets and liabilities		
Total assets	37,542,203	37,436,317
Total liabilities	(32,711,739)	(32,917,664)
Results		
Revenue	2,768,418	2,685,615
Net profit for the year	343,008	286,198

The financial statements of the Associates are coterminous with those of the Group except for Drew Ameroid (Malaysia) Sdn Bhd and Perimekar Sdn Bhd whose financial years end on 30 September and 31 January respectively.

Goodwill included in the carrying amount of the Group's investments in Associates is as follows:

	Group	
	2008 RM'000	2007 RM'000
At 1 January	40,531	267,436
Arising from investment in Associates	–	7,541
Transfer to goodwill on consolidation (Note 21)	–	(234,446)
At 31 December	40,531	40,531

Notes to the Financial Statements

19. INVESTMENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At cost:				
Malaysian Government Securities	61,604	236,610	-	-
Cagamas papers	-	5,000	-	-
Amortisation of premium	(1,026)	(1,669)	-	-
	60,578	239,941	-	-
Corporate debt securities, at cost	61,289	56,102	-	-
Accretion of discounts, net of amortisation of premium	(357)	2,665	-	-
	60,932	58,767	-	-
Shares quoted in Malaysia, at cost	426,522	302,486	4,228	2,970
Malaysian unit trusts	917	1,917	-	-
Unquoted shares, at cost	2,017	2,012	1,648	1,648
	429,456	306,415	5,876	4,618
Accumulated impairment	(26,040)	(1,665)	(1,457)	(1,457)
	403,416	304,750	4,419	3,161
	524,926	603,458	4,419	3,161
Market value:				
Malaysian Government securities	61,239	232,656	-	-
Shares quoted in Malaysia	386,473	410,337	3,073	3,978
Malaysian unit trusts	608	2,198	-	-
	448,320	645,191	3,073	3,978

20. PATROL VESSEL EXPENDITURE

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

21. GOODWILL ON CONSOLIDATION

	Group	
	2008 RM'000	2007 RM'000
At 1 January	972,284	107,949
Increase arising from:		
– Transfer from Associates (Note 18)	–	234,446
– Additional investments during the year	–	646,370
Acquisition of Subsidiaries (Note 17)	–	880,816
Revision of goodwill in a Subsidiary due to the derecognition of deferred tax asset (Note 33)	90,000	–
Additional investment in Subsidiaries	8,434	208
Written off during the year (Note 6)	(2,260)	–
Disposal of shares in a Subsidiary	–	(4,138)
Transfer to minority interests	–	(12,551)
At 31 December	1,068,458	972,284

The carrying amount of goodwill on the acquisition of Boustead Naval Shipyard Sdn Bhd totalling RM822 million (2007: RM731 million) was assessed for impairment at year end.

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

The value in use calculation is also highly dependent on the assumption that the contract to construct the patrol vessels will be awarded as expected by management, in particular, the remaining 21 units of patrol vessels which have yet to be awarded as disclosed in Note 2(h). A pre-tax discount rate of 9.9% and a terminal growth rate of 2% have been applied in the value in use calculations. Based on the sensitivity analysis performed, management believes that no reasonably possible change in base case key assumptions would cause the carrying values of the CGU to exceed its recoverable amounts.

For the remaining goodwill, the recoverable amounts are determined based on the value in use calculations using cash flow budgets approved by each entity's board of directors covering a three-year period. Cash flows beyond the third year are extrapolated, and the appropriate pre-tax discount rates that reflect each entity's cost of borrowings, the expected rate of return and various risks are applied. Apart from the impairment of RM2.2 million which has been expensed during the current year, no impairment loss was required as at 31 December 2008, as the recoverable amounts were in excess of the carrying amounts of the remaining goodwill.

Notes to the Financial Statements

22. INVENTORIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Raw materials and work-in-progress	79,652	49,902	–	–
Goods for resale	78,776	81,057	–	–
Estate produce	22,475	15,394	3,666	4,663
Completed properties	12,883	21,481	–	–
Consumable stores	36,966	27,536	392	319
	230,752	195,370	4,058	4,982

23. PROPERTY DEVELOPMENT IN PROGRESS

	Group	
	2008 RM'000	2007 RM'000
At 1 January		
Freehold land, at cost	41,977	32,094
Long leasehold land, at cost	2,253	2,916
Development cost	187,729	240,598
	231,959	275,608
Development cost incurred during the year	156,265	122,023
Cost recognised in income statement		
At 1 January	(120,734)	(211,488)
Recognised during the year	(252,674)	(211,483)
Reversal of completed projects	161,693	302,237
	(211,715)	(120,734)
Transfer		
From development properties (Note 14)	42,570	158,183
To inventories	(8,057)	(21,618)
Reversal of completed projects	(161,693)	(302,237)
	(127,180)	(165,672)
At 31 December	49,329	111,225
Interest cost capitalised during the year	1,873	7,827

24. DUE FROM/TO CUSTOMERS ON CONTRACTS

	Group	
	2008 RM'000	2007 RM'000
Shiprepair and shipbuilding		
Contract cost incurred to date	5,367,628	4,625,467
Attributable profit	580,516	436,878
	5,948,144	5,062,345
Less: Progress billings	(6,501,593)	(5,239,765)
	(553,449)	(177,420)
Presented as follows:		
Due from customers on contracts	76,783	53,972
Due to customers on contracts	(630,232)	(231,392)
	(553,449)	(177,420)
Included within other receivables (Note 25)		
Retention sum on contracts	1,325	2,834
Included within payables (Note 32)		
Advances received on contracts	-	272,397

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

	Group	
	2008 RM'000	2007 RM'000
Depreciation of property, plant and equipment (Note 11)	9,768	4,108
Interest expense	53,884	28,331
Operating leases:		
minimum lease payment for plant and equipment	5,097	3,864
minimum lease payment for land and buildings	1,619	475
(Gain)/loss on foreign exchange	(967)	12,985
Staff cost	7,270	103
Gain on disposal of property, plant and equipment	(10)	-

Amount of contract revenue and contract cost recognised in the financial year are as follows:

Contract revenue	1,107,492	1,110,901
Contract cost	922,205	695,650

Notes to the Financial Statements

25. RECEIVABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade receivables	754,749	782,592	1,295	6,762
Provision for doubtful debts	(65,213)	(80,333)	–	–
	689,536	702,259	1,295	6,762
Dividends receivable	24,736	19,194	76,949	1,000
Deposits	74,213	44,865	3,713	3,698
Prepayments	16,599	15,748	706	569
Outstanding premiums	36,908	37,361	–	–
Income tax receivable	80,182	64,546	56,052	52,721
Settlement sum receivable on termination of agreement to sell a Subsidiary (Note 43(c))	10,757	–	–	–
Proceeds receivable from disposal of investment property/property, plant and equipment	9,792	5,231	–	–
Advances to smallholders scheme	4,390	–	–	–
Other receivables	79,328	86,312	2,823	1,417
Amount due from holding corporation	31	31	31	31
Amounts due from Subsidiaries	–	–	363,371	653,559
Amounts due from other related companies	19,616	21,841	7	61
Amounts due from Associates	6,757	18,549	2,616	2,241
	1,052,845	1,015,937	507,563	722,059

The Group's normal trade credit terms range from payments in advance to 90 days. Other credit terms are assessed and approved on a case by case basis. Amount due from Subsidiaries are stated after provision for doubtful debts of RM11.53 million (2007: RM11.53 million). Amount due from Subsidiaries and Associates are unsecured, bear interest at a weighted average rate of 6.8% (2007: 6.7%) per annum and have no fixed terms of repayment. Amounts due from related companies are trade balances which are unsecured and interest free, with repayments in accordance with normal trading terms.

26. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deposits with financial institutions	472,573	520,793	–	–
Cash held under Housing Development Accounts	55,557	52,157	–	–
Cash and bank balances	141,319	180,881	795	7,333
	669,449	753,831	795	7,333

The deposits are on call, and carry a weighted average interest rate of 3.0% (2007: 3.3%) per annum.

27. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE – GROUP

	Assets		Liabilities	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 January	97,475	29,990	12,228	–
Reclassification of amounts in respect of Subsidiaries to be disposed	–	97,475	–	12,228
Assets and liabilities of Subsidiaries disposed (Note 17)	(16,659)	–	(6,122)	–
Disposal	–	(29,990)	–	–
Reversal upon termination of the proposed sale of a Subsidiary (Note 43(c))	(80,816)	–	(6,106)	–
	–	97,475	–	12,228

Analysis of the major classes of assets and liabilities classified as a disposal group held for sale is as follows:

	Group	
	2008 RM'000	2007 RM'000
Assets		
Property, plant and equipment (Note 11)	–	39,282
Biological assets (Note 12)	–	15,794
Prepaid land lease payments (Note 15)	–	12,542
Inventories	–	3,737
Trade and other receivables	–	20,815
Cash and bank balances	–	5,305
	–	97,475
Liabilities		
Trade and other payables	–	(12,201)
Taxation	–	(27)
	–	(12,228)

28. SHARE CAPITAL

	2008		2007	
	'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 1 January	629,039	314,520	598,269	299,135
Issued pursuant to the voluntary acquisition of a Subsidiary	21,993	10,996	–	–
Issued pursuant to the conversion of bank guaranteed redeemable convertible bonds	–	–	30,770	15,385
At 31 December	651,032	325,516	629,039	314,520

Notes to the Financial Statements

29. NON-DISTRIBUTABLE RESERVES

	Share Premium RM'000	Revaluation Reserve RM'000	Statutory Reserve RM'000	Other Reserves RM'000	Total RM'000
GROUP					
At 1 January 2007	394,437	41,357	79,050	122,826	637,670
Exchange fluctuation	-	-	-	(4,189)	(4,189)
Writeback of deferred tax provision	-	264	-	-	264
Dilution in an Associate	-	-	(1,892)	-	(1,892)
Disposal of shares in a Subsidiary	-	-	-	(11)	(11)
Transfers during the year	-	-	24,733	121	24,854
Issue of shares pursuant to the conversion of bank guaranteed redeemable convertible bonds	44,615	-	-	-	44,615
At 31 December 2007	439,052	41,621	101,891	118,747	701,311
Exchange fluctuation	-	-	-	(8,022)	(8,022)
Disposal of Subsidiaries (Note 17)	-	-	-	9,404	9,404
Transfers during the year	-	-	34,481	(9,809)	24,672
Issue of shares pursuant to the voluntary acquisition of a Subsidiary (Note 43(a))	126,457	-	-	-	126,457
At 31 December 2008	565,509	41,621	136,372	110,320	853,822

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

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

30. RETAINED EARNINGS

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

With the implementation of the single tier system, companies with a credit balance in the Section 108 account are allowed either to elect for an irrevocable option to switch over to the single tier system or to continue using the available credit balance as at 31 December 2007 after adjusting for any tax deductions for the purpose of dividend distribution, until 31 December 2013.

30. RETAINED EARNINGS (CONT'D.)

The Company did not elect for the irrevocable option to disregard the available Section 108 balance accumulated until 31 December 2007. Therefore, the Company will continue to utilise the available Section 108 balance for the purpose of dividend distribution until the credit balance is fully utilised or upon expiry of the six year transitional period on 31 December 2013, whichever is earlier. As at 31 December 2008, the company has sufficient credit in the section 108 balance to pay franked dividends amounting to RM205 million out of its retained earnings. If the balance of the retained earnings of RM244 million were to be distributed as dividends, the company may distribute such dividends under the single tier system.

31. LONG TERM BORROWINGS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Term loans	1,439,562	1,378,176	120,000	90,000
Islamic bonds	–	40,000	–	–
Redeemable convertible bonds	–	75,294	–	–
Bank guaranteed serial bonds	–	250,000	–	250,000
	1,439,562	1,743,470	120,000	340,000
Repayable in 1 year (Note 34)	(814,843)	(591,346)	(77,500)	(20,000)
	624,719	1,152,124	42,500	320,000

The Islamic bonds (IBs) and redeemable convertible bonds (RCBs) which were issued by a Subsidiary, Boustead Properties Berhad carry a weighted average rate of 9.0% (2007: 9.0%) per annum. The IBs and RCBs were fully redeemed during the year.

The bank guaranteed serial bonds (Serial Bonds) which were issued by the Company at a nominal value of RM250 million carry a rating of AAA(bg) and a coupon ranging from 5.2% to 5.9%. The Serial Bonds were fully redeemed at year end.

The term loan of a Subsidiary, Boustead Naval Shipyard Sdn Bhd totaling RM655 million (2007: RM801 million) is repayable by quarterly instalments for a period of 4 years from the date of first drawdown of 6 July 2007. Proceeds from the contract with the Government of Malaysia were assigned to the loan.

Except for a loan of RM44 million which is denominated in US Dollars, all borrowings are denominated in Ringgit Malaysia. Other information on financial risks of the borrowings are disclosed in Note 37.

Notes to the Financial Statements

32. PAYABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current				
Trade payables	471,578	561,957	408	449
Accrued interest	20,681	28,805	6,333	11,536
Redemption premium	–	26,966	–	–
Accrued expenses	147,007	135,597	220	278
Deposits received	52,289	45,338	1,428	1,215
Advances received on contracts (Note 24)	–	272,397	–	–
Retention sum	4,939	2,558	–	–
Unearned premium reserves	59,570	52,873	–	–
Outstanding claims reserves	108,570	103,103	–	–
Amount due to insurers, agents and brokers	42,708	51,728	–	–
Reinsurance deposits	13,955	12,369	–	–
Other payables	137,369	135,750	3,262	1,191
Amounts due to Subsidiaries	–	–	1,295,900	893,846
Amounts due to other related companies	1,375	2,137	–	–
Amounts due to Associates	5,512	1,239	411	418
	1,065,553	1,432,817	1,307,962	908,933
Non-current				
Deposit from tenants	20,217	19,992	–	–

Amounts due to Subsidiaries are unsecured, bear interest at a weighted average rate of 8.0% (2007: 8.3%) per annum and have no fixed terms of repayment. Amounts due to Associates and related companies are trade balances which are unsecured and interest free with repayment in accordance with normal trading terms.

33. DEFERRED TAXATION

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 January	(16,413)	10,246	(30)	2,338
Acquisition of Subsidiaries (Note 17)	–	87,917	–	–
Recognised in the income statement (Note 8)	69,699	(114,981)	(364)	(2,368)
Credited to equity	–	405	–	–
Exchange adjustment	198	–	–	–
Derecognition of deferred tax (Note 21)	(90,000)	–	–	–
Additional investment in a Subsidiary	(1,229)	–	–	–
At 31 December	(37,745)	(16,413)	(394)	(30)
Presented after appropriate offsetting as follows:				
Deferred tax assets	67,969	81,225	–	–
Deferred tax liabilities	(105,714)	(97,638)	(394)	(30)
	(37,745)	(16,413)	(394)	(30)

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

Deferred tax liabilities – Group

	Surplus On Revaluation RM'000	Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2007	(10,565)	(51,245)	(10,788)	(72,598)
Acquisition of Subsidiaries (Note 17)	(5,905)	(8,921)	(624)	(15,450)
Recognised in the income statement	5,163	(13,467)	(1,691)	(9,995)
Credited to equity	405	–	–	405
At 31 December 2007	(10,902)	(73,633)	(13,103)	(97,638)
Additional investment in a Subsidiary	(1,229)	–	–	(1,229)
Recognised in the income statement	3,096	(18,691)	8,550	(7,045)
Exchange adjustment	–	–	198	198
At 31 December 2008	(9,035)	(92,324)	(4,355)	(105,714)

Notes to the Financial Statements

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

	Tax Losses RM'000	Unabsorbed Capital Allowances RM'000	Others RM'000	Total RM'000
At 1 January 2007	38,913	14,954	28,977	82,844
Acquisition of Subsidiaries (Note 17)	90,000	–	13,367	103,367
Recognised in the income statement	(108,697)	9,187	(5,476)	(104,986)
At 31 December 2007	20,216	24,141	36,868	81,225
Recognised in the income statement	85,281	11,041	(19,578)	76,744
Derecognition of deferred tax (Note 21)	(90,000)	–	–	(90,000)
At 31 December 2008	15,497	35,182	17,290	67,969

During the previous financial year, the Group had recognised deferred tax asset totalling RM90 million comprising unutilised tax losses which formed part of the assets acquired upon consolidation of a Subsidiary. During the current year, the Subsidiary received approval for tax exemption in respect of its income from vessel construction project. Accordingly, the deferred tax asset was derecognised as the Subsidiary's tax losses from vessel construction accumulated in the previous years will no longer be available for set off against future profits.

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unused tax losses	128,204	239,011	–	–
Unabsorbed capital allowances and agricultural allowances	70,068	67,558	–	–
Unabsorbed investment tax allowances	2,929	5,875	–	–
	201,201	312,444	–	–

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

34. BORROWINGS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Overdrafts	54,755	44,443	25,888	5,047
Bankers' acceptances	150,563	256,070	–	–
Revolving credits	1,858,500	1,339,250	1,090,000	1,060,750
Short term loans (Note 31)	814,843	591,346	77,500	20,000
	2,878,661	2,231,109	1,193,388	1,085,797

Information on financial risks of the borrowings are disclosed in Note 37.

35. INTEREST IN JOINT VENTURE PLANTATION

The Group has a 50% interest in Kuala Muda Estate, which is being held at a book value of RM4,081,000 (2007: RM4,081,000). 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	
	2008 RM'000	2007 RM'000
Property, plant and equipment	227	241
Current assets	15,830	8,854
Current liabilities	(259)	(295)
Net assets	15,798	8,800
Revenue	12,140	8,346
Operating cost	(5,180)	(3,438)
Profit before taxation	6,960	4,908
Capital commitment	16	10

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

Notes to the Financial Statements

36. SEGMENTAL INFORMATION

	Plantation RM'000	Heavy Industries RM'000	Property Development RM'000	Property Investment RM'000	Finance & Investment RM'000	Trading RM'000	Manufacturing & Services RM'000	Elimination RM'000	Total RM'000
2008									
Revenue									
Group total sales	887,532	1,168,342	367,349	127,133	295,578	3,884,984	378,885	(79,985)	7,029,818
Inter-segment sales	-	-	-	(13,583)	(25,569)	(40,833)	-	79,985	-
External sales	887,532	1,168,342	367,349	113,550	270,009	3,844,151	378,885	-	7,029,818
Results									
Segment result									
- external	193,168	205,771	106,139	42,881	13,265	24,797	27,959	-	613,980
Interest expense	(32,869)	(27,286)	(9,013)	(25,143)	(69,795)	(44,720)	(19,844)	75,628	(153,042)
Interest income	51,198	3,344	6,886	2,206	14,958	6,009	13,127	(75,628)	22,100
Other investment result	53,555	(2,260)	-	25,486	(23,093)	-	(2,169)	-	51,519
Share of results of Associates	4,726	4,245	(147)	(2,290)	60,295	1,403	510	-	68,742
	269,778	183,814	103,865	43,140	(4,370)	(12,511)	19,583	-	603,299
Gain on disposal of plantation assets									75,603
Profit before tax									678,902
Taxation									(11,228)
Profit for the year									667,674
Other information									
Segment assets	1,223,634	2,478,905	475,712	1,137,086	596,026	959,750	613,880		7,484,993
Associates	17,147	19,560	7,132	63,402	911,904	3,173	23,629		1,045,947
Unallocated corporate assets									148,151
Total assets									8,679,091
Segment liabilities	28,808	2,220,918	266,458	543,924	833,279	929,328	433,288		5,256,003
Unallocated corporate liabilities									127,073
Total liabilities									5,383,076
Capital expenditure	134,451	81,979	398	142,821	42,544	37,682	39,875		479,750
Depreciation	22,749	19,231	320	10,304	957	37,770	17,857		109,188
Other non-cash expenses	4,154	10,292	-	319	33,863	3,083	8,881		60,592

36. SEGMENTAL INFORMATION (CONT'D.)

	Plantation RM'000	Heavy Industries RM'000	Property Development RM'000	Property Investment RM'000	Finance & Investment RM'000	Trading RM'000	Manufacturing & Services RM'000	Elimination RM'000	Total RM'000
2007									
Revenue									
Group total sales	747,536	1,129,297	286,309	111,049	85,242	3,193,918	238,806	(40,238)	5,751,919
Inter-segment sales	-	-	-	(10,120)	(10,933)	(19,185)	-	40,238	-
External sales	747,536	1,129,297	286,309	100,929	74,309	3,174,733	238,806	-	5,751,919
Results									
Segment result									
- external	164,478	392,392	63,040	36,412	(3,382)	72,563	8,468	-	733,971
Interest expense	(36,535)	(23,932)	(5,724)	(31,646)	(39,408)	(39,421)	(18,516)	69,575	(125,607)
Interest income	45,326	7,941	2,552	5,967	5,292	4,076	10,860	(69,575)	12,439
Other investment result	22,594	(10)	-	12,414	45,103	1,000	1,768	-	82,869
Share of results of Associates	4,721	7,064	(240)	2,509	61,897	201	7,790	-	83,942
	200,584	383,455	59,628	25,656	69,502	38,419	10,370	-	787,614
Gain on disposal of plantation assets									41,200
Profit before tax									828,814
Taxation									(174,278)
Profit for the year									654,536
Other information									
Segment assets	1,180,419	2,115,506	773,736	772,473	588,181	1,213,162	668,387		7,311,864
Associates	12,421	17,535	7,280	44,191	875,746	2,702	23,600		983,475
Unallocated corporate assets									145,771
Total assets									8,441,110
Segment liabilities	229,852	2,146,854	143,006	201,397	828,278	1,113,828	449,031		5,112,246
Unallocated corporate liabilities									120,030
Total liabilities									5,232,276
Capital expenditure	106,882	13,075	228	26,707	1,779	46,653	80,369		275,693
Depreciation	22,527	7,877	381	10,191	547	36,810	12,945		91,278
Other non-cash expenses	4,358	4,993	234	1,466	-	9,329	2,064		22,444

Notes to the Financial Statements

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Interest rate risk

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

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

Group	Note	WAEIR %	1 Year or less RM'000	1 to 2 Years RM'000	2 to 5 Years RM'000	More than 5 Years RM'000	Total RM'000
At 31 December 2008							
Fixed rate							
Financial assets:							
Investments	19						
– Malaysian Government Securities		3.4	25,318	15,092	10,123	10,045	60,578
– Corporate debts securities		4.4	–	9,812	25,258	25,862	60,932
Deposits	26	3.0	463,073	9,500	–	–	472,573
Financial liabilities:							
Term loans	31,34	7.7	(259,649)	(289,058)	(162,865)	–	(711,572)
Floating rate							
Financial liabilities:							
Term loans	31,34	5.4	(555,194)	(38,588)	(134,208)	–	(727,990)
Overdrafts	34	7.1	(54,755)	–	–	–	(54,755)
Revolving credits	34	5.1	(1,858,500)	–	–	–	(1,858,500)
Bankers' acceptances	34	4.4	(150,563)	–	–	–	(150,563)
At 31 December 2007							
Fixed rate							
Financial assets:							
Investments	19						
– Malaysian Government Securities		3.5	12,652	25,590	156,295	40,404	234,941
– Cagamas		3.1	5,000	–	–	–	5,000
– Corporate debts securities		5.6	15,021	1,774	25,978	15,994	58,767
Deposits	26	3.3	520,793	–	–	–	520,793
Financial liabilities:							
Term loans	31,34	7.5	(216,541)	(11,100)	(32,532)	(600,970)	(861,143)
Other loans	31,34	5.9	(115,294)	(50,000)	(200,000)	–	(365,294)
Floating rate							
Financial liabilities:							
Term loans	31,34	6.2	(259,511)	(224,605)	(32,917)	–	(517,033)
Overdrafts	34	7.5	(44,443)	–	–	–	(44,443)
Revolving credits	34	5.1	(1,339,250)	–	–	–	(1,339,250)
Bankers' acceptances	34	4.4	(256,070)	–	–	–	(256,070)

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

Company	Note	WAEIR %	1 Year or less RM'000	1 to 2 Years RM'000	2 to 5 Years RM'000	More than 5 Years RM'000	Total RM'000
At 31 December 2008							
Fixed rate							
Financial assets:							
Amounts due from Subsidiaries	25	6.8	363,371	-	-	-	363,371
Amounts due from Associates	25	7.5	2,616	-	-	-	2,616
Financial liabilities:							
Amounts due to Subsidiaries	32	8.0	(1,295,900)	-	-	-	(1,295,900)
Term loans	31,34	6.9	(7,500)	(20,000)	(22,500)	-	(50,000)
Floating rate							
Financial liabilities:							
Term loans	31,34	5.0	(70,000)	-	-	-	(70,000)
Overdrafts	34	7.4	(25,888)	-	-	-	(25,888)
Revolving credits	34	5.1	(1,090,000)	-	-	-	(1,090,000)
At 31 December 2007							
Fixed rate							
Financial assets:							
Amounts due from Subsidiaries	25	6.7	653,559	-	-	-	653,559
Amounts due from Associates	25	7.5	2,241	-	-	-	2,241
Financial liabilities:							
Amounts due to Subsidiaries	32	8.3	(893,846)	-	-	-	(893,846)
Term loans	31,34	-	-	(7,500)	(22,500)	(20,000)	(50,000)
Other loans	34	5.9	-	(50,000)	(200,000)	-	(250,000)
Floating rate							
Financial liabilities:							
Term loans	31,34	5.2	(20,000)	(20,000)	-	-	(40,000)
Overdrafts	34	7.4	(5,047)	-	-	-	(5,047)
Revolving credits	34	5.1	(1,060,750)	-	-	-	(1,060,750)

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

Notes to the Financial Statements

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

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 standings through periodic credit reviews and credit checks at point of sales. The Group considers the risk of material loss in the event of nonperformance by a financial counterparty to be unlikely.

As at 31 December 2008, the Group has a significant concentration of credit risk in the form of outstanding balance due from the Royal Malaysian Navy and the Government of Malaysia, representing approximately 41.0% (2007: 11.5%) of the Group's total net trade receivables.

Foreign currency risk

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

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 19 to the financial statements.

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

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

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

38. COMMITMENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Authorised and contracted:				
Additional investment in a Subsidiary	–	53,000	–	53,000
Capital expenditure	244,000	316,000	–	–
	244,000	369,000	–	53,000
Authorised but not contracted:				
Capital expenditure	442,000	376,000	1,786	2,357

39. OPERATING LEASE OBLIGATION

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

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

During the year, the Group exercised its first call option and entered into agreement with GCRB for the purchase of Bebar Estate and Malakoff Estate as described in Note 43(b) to these financial statements. Accordingly, the Ijarah Agreement entered in respect of these estates has lapsed on 3 October 2008.

Notes to the Financial Statements

39. OPERATING LEASE OBLIGATION (CONT'D.)

In addition, a Subsidiary has several non-cancellable operating lease agreements for the use of land and buildings. These leases have an average life between 3 to 30 years with renewal option included in the contracts. In the financial year ended 31 December 1996, the Government of Malaysia and the Subsidiary had finalised the lease agreement relating to the corporation of the Royal Malaysian Navy Dockyard. The agreement grants the Subsidiary a lease of 30 years from 1 September 1991 at a yearly rent of RM1 for the first five years, subject to revision thereafter. During the year, the annual lease rental was revised from RM950,000 to RM2.3 million until further notice. There are no restrictions placed upon the Subsidiary by entering into other leases.

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Within 1 year	122,485	109,813	3,695	3,658
Later than 1 year and not later than 5 years	354,476	388,539	3,290	7,390
Later than 5 years	18,400	11,742	–	–
	495,361	510,094	6,985	11,048

40. CONTINGENT ASSET

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

41. CONTINGENT LIABILITIES

- (a) There is a pending claim against a Subsidiary for goods sold, delivered and invoiced together with costs and interests. On 27 September 2007 the Subsidiary was served a mareva injunction which was subsequently varied by the Court to allow for the deployment of assets to carry on its business. Application to have the mareva injunction permanent was later dismissed by the High Court and Court of Appeal, and is currently pending an appeal to the Federal Court. As to the main claim, the High Court has ordered the parties to instruct KPMG to commence work on the audit in respect of both parties' claims on or by the end of March 2009; and case management be fixed on 22 April 2009.

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

- (b) On 31 October 2007, the Company was served with a Writ of Summons seeking a Court order that the Company issues and allots such number of ordinary shares in the Company to a bondholder (Plaintiff) of RM40 million bank guaranteed redeemable convertible bonds (BGRCB). The High Court had on 12 November 2007, struck out with costs the Plaintiff's application for an interlocutory injunction to restrain the Company from redeeming all or any of the BGRCB. On 24 November 2008 the High Court dismissed with costs the Plaintiff's application for specific performance, and allowed with costs the Company's application to strike out the suit. The Plaintiff has filed an appeal against the High Court decision.
- (c) On 30 June 2008, a Subsidiary was served with a Writ of Summons by Meridien Shore Sdn Bhd (Plaintiff). Under the said Writ of Summons, the Plaintiff is claiming against the Subsidiary for specific damages in the amount of RM49.6 million, arising from foreclosure of several of its lands in Johor by Bank Kerjasama Rakyat Malaysia Berhad (Bank Rakyat). The Plaintiff is alleging that it had created third party charges over the lands as a form of security for a financing facility granted by Bank Rakyat to our Subsidiary for the sum of RM15 million.

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

41. CONTINGENT LIABILITIES (CONT'D.)

On 22 July 2008, the Subsidiary filed a defence and a counterclaim for loss and damages suffered arising from the Plaintiff's failure to repay the sum owed of RM14.9 million. On 29 August 2008, the Plaintiff filled its defence to the counterclaim.

42. SIGNIFICANT RELATED PARTY DISCLOSURES

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

Related parties of the Group include:

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

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Associates				
Purchase of goods for resale	–	5,631	–	–
Agricultural research and advisory services paid	4,996	5,653	–	–
Insurance premium paid	359	4,800	–	95
Insurance commission earned	–	2,634	–	–
Rental income on office premises	13,358	13,314	–	–
Sale of goods	2,803	1,184	–	–
Stockist commission received	2,552	2,513	–	–
Professional fees paid	305	210	261	–
Subsidiaries of holding corporation				
Purchase of goods for resale	4,713	5,407	–	–
Sale of goods	4,974	4,619	–	–
Revenue from construction contracts	67,244	105,403	–	–
Provision of project management services	1,151	–	–	–
Rental income on office premises	228	198	–	–
Rental expense on office premise	560	–	–	–
Key management personnel				
Sale of development properties	9,155	5,818	–	–
Firms in which Directors have a substantial interest				
Legal & professional fees paid	4,884	4,779	55	202

Notes to the Financial Statements

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

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.

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Directors				
Fees	786	646	280	280
Remuneration	2,244	2,247	60	60
Defined contribution plans	340	284	–	–
Meeting allowances	79	49	–	–
Estimated monetary value of benefits-in-kind	658	92	49	40
	4,107	3,318	389	380
Other key management personnel				
Short term employee benefits	26,190	17,648	2,279	1,802
Defined contribution plans	3,929	2,647	342	270
	30,119	20,295	2,621	2,072
Total paid to key management personnel	34,226	23,613	3,010	2,452

Pursuant to a supplementary agreement between a Subsidiary, its directors and person connected to the 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 (2007: 7,256) hectares of the leasehold plantation land as at 31 December 2008. Balances at year end are as follows:

	Group	
	2008 RM'000	2007 RM'000
Deposit paid	3,200	3,200
Retention sum and balance due	(2,169)	(2,169)

43. SIGNIFICANT EVENTS

- (a) On 15 May 2008, the Company served a notice for the offer (Proposed Offer) on the Board of Boustead Properties Berhad (BPB) to acquire the remaining BPB shares which are not already owned by the Company and persons acting in concert for a consideration of RM5.50 per BPB share and to acquire up to RM35 million outstanding redeemable convertible bonds (RCB) at a consideration of RM1.33 per RM1 nominal value of RCB. The offer price for BPB shares and the offer price for RCB will be settled by way of cash, or in exchange for shares of RM0.50 each in Boustead Holdings Berhad (Boustead shares), or a combination of cash and Boustead shares. In determining the number of Boustead shares to be exchanged, Boustead shares are priced at RM6.25 per share. Accordingly, each BPB share and every RM1 nominal value of RCB will be eligible for exchange into 0.88 Boustead share and 0.21 Boustead share respectively.

The Proposed Offer became unconditional as at 16 July 2008, and the purchase consideration in respect of the acquisition of 89.3 million BPB shares totalling RM491.2 million was settled by way of cash and the issuance of 21,992,603 Boustead shares at RM6.25 per share. BPB became a wholly owned Subsidiary of the Company and its shares were removed from the official list of Bursa Malaysia with effect from 8 August 2008.

- (b) On 23 June 2008, the Company and its Subsidiary, Boustead Rimba Nilai Sdn Bhd entered into separate agreements with Golden Crop Returns Berhad for the purchase of plantation assets comprising Bebar Estate and Malakoff Estate for a total cash consideration of RM112.9 million. The purchase which was made pursuant to the asset backed securitisation exercise which the Group undertook in 2005 was completed on 3 October 2008. Subsequently, the Group entered into agreements to sell these plantation assets to Al-Hadharah Boustead REIT (Boustead REIT). The total sale consideration of RM188.8 million comprising cash and the issuance of 85 million units in Boustead REIT priced at RM1.10 per unit was received on 23 December 2008. As at year end, the Group had also entered into an Ijarah agreement with Boustead REIT to enable the Group the continued use of these plantation assets.
- (c) On 25 February 2008, the Group entered into a binding sale and purchase agreement (SPA) to sell its entire equity interest in PT Dendymarker (PTDI) and its entire equity interest in PT Anam Koto (PTAK) for a total cash consideration of USD14.5 million. In addition, advances by the Group to PTDI and PTAK totalling USD60 million will be repaid. On 4 April 2008 the Group entered into a Novation Agreement relating to the SPA and Escrow Agreement for sale and purchase of shares.

The sale of shares in PTAK was completed on 28 July 2008, while a default was declared in respect of the sale of PTDI on 20 November 2008. Subsequently on 23 December 2008 an amicable settlement was reached whereby 50% of the deposits including accrued interest held in an escrow account will be paid to the Group as final settlement.

- (d) On 16 May 2008, Boustead Weld Quay Sdn Bhd (Boustead Weld), a wholly owned Subsidiary of the Group entered into a Novation Agreement (the Novation Agreement) with Azrahi Hotels Sdn Bhd (Receiver and Manager Appointed, and the Vendor) and Affin Bank Berhad (Affin Bank or Purchaser) in relation to the proposed acquisition of a hotel property previously known as The Hilton Seremban for a total cash consideration of RM90 million. The hotel has since been renamed Royale Bintang Seremban.

Earlier, on 13 March 2008, Affin Bank had entered into a Sale and Purchase Agreement (SPA) to acquire the Property for a cash consideration of RM90 million upon being the highest bidder for the property in an open tender conducted by Azrahi Hotels Sdn Bhd. Pursuant to the SPA, Affin Bank, as the purchaser, is entitled to novate the SPA to Boustead Weld. Under the Novation Agreement, Boustead Weld will assume Affin Bank's rights, titles, interests, benefits, obligations and liabilities as the purchaser for the property under the SPA. The acquisition was completed at year end.

- (e) During the year, the Group sold its entire stake comprising 51% of Boustead Oil Bulking Sdn Bhd for a cash consideration of RM4.7 million.

Notes to the Financial Statements

43. SIGNIFICANT EVENTS (CONT'D.)

- (f) Pursuant to the agreement to acquire from Affin Bank Berhad 36,000,001 ordinary shares of RM1.00 each representing approximately 27.7% equity interest in Boustead Naval Shipyard Sdn Bhd (BNS) for a cash consideration of RM150.1 million which was duly approved by the Company's shareholders on 30 March 2006, the Company acquired the third and final tranche comprising 12 million ordinary shares or 9.23% of BNS in December 2008 for a cash consideration of RM50 million and a 5% holding cost.

This acquisition had increased the Group's direct interest in BNS to 68.9% (2007: 59.6%). Together with the Subsidiary, Boustead Heavy Industries Corporation Berhad, the Group now exercises control over 89.6% of the issued and paid up capital of BNS.

- (g) During the year, the voluntary liquidation of the Group's wholly owned Subsidiaries namely Gradient Holdings Sdn Bhd, Yaw Lim Plantations Sdn Bhd, Syarikat Kemajuan Bumidaya (Sabah) Sdn Bhd, Syarikat Hing Lee Plantations Sdn Bhd, Ladang Segaria Sdn Bhd and Kedah Oil Palms Berhad was completed.

44. SUBSEQUENT EVENT

On 16 February 2009, the Group's wholly owned Subsidiary, Mutiara Rini Sdn Bhd, entered into a share sale agreement with Samburu Holdings Sdn Bhd (Vendor), for the purchase of all the remaining equity capital of the 50% Associate, Damansara Entertainment Centre Sdn Bhd (DEC). Purchase of the stake comprising 15 million ordinary shares of RM1.00 each and 15 million redeemable preference shares of RM0.01 each at a total consideration of RM27.3 million will be settled by way of cash. The Group also undertakes to settle on behalf of DEC, an additional sum of RM1.3 million and RM1.6 million being debt and trade debt respectively due to companies related to the Vendor. The acquisition is subject to the approval of the Foreign Investment Committee.

45. HOLDING CORPORATION

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

46. AUTHORISATION FOR ISSUANCE OF FINANCIAL STATEMENTS

These financial statements were authorised for issuance by the Board of Directors on 3 March 2009.

Boustead Group

Name of Company*	Principal Activities	Paid-Up Capital	Group Interest %	
			2008	2007
As at 31 December 2008				
SUBSIDIARIES				
Boustead Plantations Berhad	Investment holding & oil palm cultivation	RM124,521,383	100	100
Boustead Properties Berhad	Investment holding & property investment	RM255,199,031	100	65
Boustead Heavy Industries Corporation Berhad	Investment holding	RM248,457,612	65	65
Boustead Naval Shipyard Sdn Bhd	Construction, repair and maintenance of naval & merchant ships	RM130,000,003	82	73
BH Insurance (M) Berhad**	General insurance	RM107,267,790	80	80
UAC Berhad**	Fibre cement products	RM74,408,000	65	65
Boustead Rimba Nilai Sdn Bhd	Cultivation and processing of oil palm	RM100,000,000	100	100
Bounty Crop Sdn Bhd	Investment holding	RM70,200,000	100	100
Boustead Segaria Sdn Bhd	Oil palm cultivation	RM18,000,520	100	100
Boustead Emastulin Sdn Bhd	Cultivation and processing of oil palm & 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 cultivation	RM15,000,000	100	100
Boustead Engineering Sdn Bhd	Engineering equipment & chemicals distributor	RM8,000,000	100	100
Boustead Trunkline Sdn Bhd	Oil palm cultivation	RM7,000,000	100	100
Boustead Sutera Sdn Bhd	Oil palm cultivation	RM4,250,000	100	100
Boustead Global Trade Network Sdn Bhd	Warehouse logistics and insurance agent	RM3,000,000	100	100
Boustead Gradient Sdn Bhd	Cultivation and processing of oil palm	RM3,000,000	100	100
Boustead Weld Quay Sdn Bhd	Property investment	RM2,000,000	100	100
Boustead Travel Services Sdn Bhd	Travel agent	RM5,500,000	100	100
Boustead Estates Agency Sdn Bhd	Plantation management	RM1,050,000	100	100
Boustead Management Services Sdn Bhd	Management services	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 Silasuka Sdn Bhd	Oil palm cultivation	RM10,000,000	100	100
Boustead Sungai Manar Sdn Bhd	Oil palm cultivation	RM4,500,000	100	100

Boustead Group

Name of Company*	Principal Activities	Paid-Up Capital	Group Interest %	
			2008	2007
As at 31 December 2008				
SUBSIDIARIES				
Boustead Realty Sdn Bhd	Property investment	RM100,000,000	100	65
Boustead Weld Court Sdn Bhd	Property investment	RM20,000,000	100	65
U.K. Realty Sdn Bhd	Ceased operations	RM40,000,000	100	65
Mutiara Rini Sdn Bhd	Property developer	RM75,000,000	100	65
Boustead Curve Sdn Bhd	Property investment	RM150,000,000	100	65
Boustead Hotels & Resorts Sdn Bhd	Hotel operations	RM75,000,000	100	65
Boustead Balau Sdn Bhd <i>(formerly known as Boustead Retail Network Sdn Bhd)</i>	Property developer	RM250,000	100	65
Boustead Advisory and Consultancy Services Sdn Bhd	Plantation management	RM500,002	100	100
Boustead Shipping Agencies Sdn Bhd	Shipping agent	RM2,000,000	100	100
Boustead Solandra Sdn Bhd	Oil palm cultivation	RM200,000	100	100
AB Shipping Sdn Bhd	Shipbroker	RM45,000	100	100
Bestari Marine Sdn Bhd	Marine surveys & consultancy	RM35,000	100	100
Boustead Sedili Sdn Bhd	Oil palm cultivation	RM6,150,000	100	100
Boustead Building Materials Sdn Bhd	Building products distributor	RM10,000,000	95	95
PT Dendymarker Indahlestari+**	Cultivation and processing of oil palm	Rp160,067,000,000	98	90
Minat Warisan Sdn Bhd	Investment holding	RM50,000,000	100	88
Boustead Kanowit Oil Mill Sdn Bhd	Processing of oil palm	RM30,000,000	70	70
Boustead Heah Joo Seang Sdn Bhd	Cultivation and processing of oil palm	RM9,184,000	100	100
Boustead Sissons Paints Sdn Bhd	Paint manufacturer	RM12,663,000	70	70
Boustead Shipping Agencies (B) Sdn Bhd***	Shipping agent	B\$100,000	70	70
Cargo Freight Shipping Sdn Bhd	Shipping agent	RM186,000	70	70
Boustead Pelita Kanowit Sdn Bhd	Cultivation of oil palm	RM34,560,000	60	60
Boustead Pelita Tinjar Sdn Bhd	Cultivation and processing of oil palm & teak plantation	RM48,000,000	60	60
The University of Nottingham in Malaysia Sdn Bhd	Operation of a university	RM124,960,000	66	66

Name of Company*	Principal Activities	Paid-Up Capital	Group Interest %	
			2008	2007
Boustead Linear Corporation Sdn Bhd	Manufacture of chilled water	RM12,000,000	60	39
Bakti Wira Development Sdn Bhd	Investment holding	RM75,000	100	65
SB Industries (Sdn) Bhd**	Property holding	RM5,800,000	65	65
UAC Steel Systems Sdn Bhd**	Manufacture, sale and installation of steel roof truss systems	RM1,860,000	65	65
Boustead Penang Shipyard Sdn Bhd	Heavy engineering construction, shiprepair and shipbuilding	RM230,000,000	65	65
Perstim Industries Sdn Bhd	Investment holding	RM25,000,000	65	65
BHIC Petroleum Sdn Bhd	Provision of engineering services for oil and gas industry	RM3,000,000	65	65
Dominion Defence & Industries Sdn Bhd	Supply and services of marine and defence related products	RM1,000,000	65	65
BHIC Defence Techservices Sdn Bhd <i>(formerly known as Aeromarine Maintenance Services Sdn Bhd)</i>	Provision of maintenance and services for defence related products	RM1,000,000	65	65
BHIC Defence Technologies Sdn Bhd	Investment holding	RM100,000	65	65
Naval Defence and Communication System Sdn Bhd	Provision for maintenance and services of telecommunication systems	RM100,000	65	65
Atlas Defence Technology Sdn Bhd	Supply of electronics and system technology to defence related industry	RM510,000	46	46
Malaysian Heavy Industry Group Sdn Bhd	Investment holding	RM25,000	39	39
PSC Tema Shipyard Limited**@	Heavy engineering, ship repair and fabrication	Cedi1,223,551	39	39
BHIC Bofors Asia Sdn Bhd	Providing, supplying and servicing BOFORS weapons system	RM1,000,000	33	33
Wavemaster-Langkawi Yacht Centre Sdn Bhd	Repair and maintenance of luxury boats and yacht customising and servicing facilities	RM7,164,012	57	51

Boustead Group

Name of Company*	Principal Activities	Paid-Up Capital	Group Interest %	
			2008	2007
As at 31 December 2008				
SUBSIDIARIES				
Boustead Petroleum Sdn Bhd	Investment holding	RM109,329,300	53	53
Boustead-Anwarsyukur Estate Agency Sdn Bhd	Plantation management	RM500,000	51	51
Jernih Rezeki Sdn Bhd	Property developer	RM5,000,000	51	51
PT Boustead Indonesia Management Consultancy Services+**	Plantation management	Rp1,836,800,000	51	51
Boustead Petroleum Marketing Sdn Bhd**	Marketing of petroleum products	RM229,967,000	37	37
Boustead Idaman Sdn Bhd <i>(formerly known as Tatab Concessioners Sdn Bhd)</i>	Investment holding	RM5,000,000	100	100
Idaman Pharma Manufacturing Sdn Bhd	Manufacture and distribution of pharmaceutical products	RM10,000,000	51	51
Boustead Trading Sdn Bhd***	Dormant	B\$1,000,000	100	100
Malaysian Welding Industries Sdn Bhd	Dormant	RM2,500,000	75	75
Emasewa Sdn Bhd <i>(formerly known as Boustead Emasewa Sdn Bhd)</i>	Ceased operations	RM1,625,159	100	100
Boustead Electronic Commerce Sdn Bhd	Ceased operations	RM100,000	100	100
Limaran Logistic Sdn Bhd	Ceased operations	RM2	100	100
Boustead Sissons Paints China Sdn Bhd	Ceased operations	RM2,200,000	42	42
Akademi Pendidikan Pemandu (M) Sdn Bhd	Ceased operations	RM5,000,000	76	50
Sungai Jernih Plantations Sdn Bhd	Ceased operations~	RM98,901,610	100	100
Perwira Plantations Sdn Bhd	Ceased operations~	RM57,120,000	100	100
Segamaha Development Sdn Bhd	Ceased operations&	RM40,000,000	100	100
Progress Castings (1982) Sdn Bhd	Ceased operations&	RM2,000,000	100	100
Holiday Bath Sdn Bhd	Ceased operations&	RM1,750,000	100	100
Luboh Anak Batu Estates Sdn Bhd	Ceased operations&	RM1,950,000	100	65
PT Anam Koto	Oil palm plantation	Rp275,700,000,000	-	88
Boustead Oil Bulking Sdn Bhd	Bulking of edible oil	RM7,000,000	-	51
Syarikat Hing Lee Plantations Sdn Bhd	Liquidated	RM15,000,000	-	100
Ladang Segaria Sdn Bhd	Liquidated	RM13,400,000	-	100
Gradient Holdings Sdn Bhd	Liquidated	RM10,000,000	-	100
Yaw Lim Plantations Sdn Bhd	Liquidated	RM6,000,000	-	100
Syarikat Kemajuan Bumidaya (Sabah) Sdn Bhd	Liquidated	RM1,346,408	-	100
Kedah Oil Palm Berhad	Liquidated	RM1,000,00	-	100

Name of Company*	Principal Activities	Paid-Up Capital	Group Interest %	
			2008	2007
ASSOCIATES				
Pavilion Entertainment Centre (M) Sdn Bhd	Property development	RM3,000,000	50	50
Drew Ameroid (Malaysia) Sdn Bhd	Industrial chemicals distributor	RM20,000	50	50
Asia Smart Cards Centre (M) Sdn Bhd	Smart card personalisation	RM100,000	50	50
Wah Seong Boustead Co Ltd^	Consumer & building products distributor	Kyat 2,760,000	50	50
Riche Monde Sdn Bhd	Wine & spirits distributor	RM5,600,000	50	50
Applied Agricultural Resources Sdn Bhd	Agricultural research & advisory services	RM750,000	50	50
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
K'Line Kinkai (Malaysia) Sdn Bhd	Shipping agent	RM500,000	30	30
Damansara Entertainment Centre Sdn Bhd	Property investment	RM17,000,000	50	33
Affin Holdings Berhad	Financial services group	RM1,494,366,667	20	20
Cadbury Confectionery Malaysia Sdn Bhd	Chocolate & sugar confectionery manufacturer	RM8,185,000	25	25
Perimekar Sdn Bhd	Marketing, supplying, maintenance and all other services related to submarines and surface vessels	RM1,000,000	20	20
Jendela Hikmat Sdn Bhd	Property development	RM30,000,000	30	20

* Incorporated in Malaysia unless otherwise indicated

** Subsidiaries not audited by Ernst & Young

*** Incorporated in Brunei

+ Incorporated in Indonesia

^ Incorporated in Myanmar

~ Commenced member's voluntary liquidation in 2006

& Commenced member's voluntary liquidation in 2004

@ Incorporated in Ghana

Additional Disclosures

The information set out below is disclosed in accordance with the Listing Requirements of Bursa Malaysia:

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There were no proceeds raised during the current financial year.

2. SHARE BUY BACKS DURING THE FINANCIAL YEAR

The Company did not carry out any share buy backs exercises during the financial year ended 31 December 2008.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

The Company did not issue any warrants or convertible securities for the financial year ended 31 December 2008.

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

The Company has not sponsored any ADR/GDR programme during the financial year ended 31 December 2008.

5. SANCTIONS/PENALTIES

There were no sanctions and/or penalties imposed on the Company and its Subsidiaries, Directors and Management by the relevant regulatory bodies during the financial year ended 31 December 2008.

6. NON-AUDIT FEES

	Group RM'000	Company RM'000
Non-audit fees paid to the external auditors for the financial year ended 31 December 2008		
– Company	69	61
– Others	36	–
	105	61

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

7. VARIATION IN RESULT

There was no profit estimation, forecast and projection made or released by the Company during the financial year ended 31 December 2008.

8. PROFIT GUARANTEE

There was no profit guarantees given by the Company and its Subsidiaries during the financial year ended 31 December 2008.

9. REVALUATION POLICY OF LANDED PROPERTIES

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

10. MATERIAL CONTRACTS

There were no material contracts which had been entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2008 or entered into since the end of the previous financial year.

Recurrent Related Party Transactions

At the Annual General Meeting held on 3 April 2008, 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 2008 pursuant to the Shareholders' Mandate are disclosed as follows:

Related Party	Interested Director/ Connected Person	Nature of Transactions	Value of Transactions RM'000
UAC Berhad	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	Sale of trading goods to Boustead Building Materials Sdn Bhd	29,054
		Sale of fuel by Boustead Petroleum Marketing Sdn Bhd	2,559
	Tan Sri Dato' Lodin Wok Kamaruddin	Provision of forwarding services by Boustead Shipping Agencies Sdn Bhd	650
		Purchase of raw materials and chemicals from Boustead Engineering Sdn Bhd	37
	Purchase of timber products from Boustead Building Materials Sdn Bhd	88	
	Purchase of paints from Boustead Sissons Paints Sdn Bhd	5	
	Provision of financial assistance to Boustead Holdings Berhad	75,000	
	Office rental received from Boustead Engineering Sdn Bhd and Boustead Building Materials Sdn Bhd	244	

Recurrent Related Party Transactions

Related Party	Interested Director/ Connected Person	Nature of Transactions	Value of Transactions RM'000
Boustead Heavy Industries Corporation Berhad	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	Advertising services provided by Boustead Advertising Sdn Bhd	43
		Tan Sri Dato' Lodin Wok Kamaruddin	Provision of shipping services by Boustead Shipping Agencies Sdn Bhd
	Datuk Azzat Kamaludin	Sale of equipment and machinery for ship-related activities to Boustead Naval Shipyard Sdn Bhd	11,364
	Dato' Ghazali Mohd Ali	Ship building and repair works provided to Boustead Naval Shipyard Sdn Bhd	201,392
		Purchase of engineering equipment and chemicals from Boustead Engineering Sdn Bhd	2,355
		Provision of training by Boustead Holdings Berhad	138
		Office rental paid to Boustead Realty Sdn Bhd	283
	Boustead Naval Shipyard Sdn Bhd	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	Provision of renovation works by Boustead Building Materials Sdn Bhd
Tan Sri Dato' Lodin Wok Kamaruddin			Provision of shipping services by Boustead Shipping Agencies Sdn Bhd
Datuk Azzat Kamaludin		Advertising services provided by Boustead Advertising Sdn Bhd	176
		Sale of fuel by Boustead Petroleum Marketing Sdn Bhd	1,379
		Office rental paid to Boustead Realty Sdn Bhd	1,067

Related Party	Interested Director/ Connected Person	Nature of Transactions	Value of Transactions RM'000
Boustead Sissons Paints Sdn Bhd	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	Management services provided by Boustead Holdings Berhad and Boustead Estates Agency Sdn Bhd	163
		Tan Sri Dato' Lodin Wok Kamaruddin	Purchase of paints by Boustead Building Materials Sdn Bhd and Boustead Petroleum Marketing Sdn Bhd
	Dato' Ghazali Mohd Ali	Purchase of engineering equipment and chemical from Boustead Engineering Sdn Bhd	4
		Provision of forwarding services by Boustead Shipping Agencies Sdn Bhd	532
		Provision of computer services by Boustead Information Technology Sdn Bhd	252
		Office rental paid to Boustead Building Materials Sdn Bhd	80
	Boustead Building Materials Sdn Bhd	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	Management services provided by Boustead Holdings Berhad
Tan Sri Dato' Lodin Wok Kamaruddin			Provision of renovation works to Boustead Sissons Sdn Bhd, Boustead Travel Services Sdn Bhd, Boustead Curve Sdn Bhd and Boustead Holdings Berhad
		Provision of forwarding services by Boustead Shipping Agencies Sdn Bhd	549
		Provision of computer services by Boustead Information Technology Sdn Bhd	166
		Office rental paid to Boustead Global Trade Network Sdn Bhd	10

Recurrent Related Party Transactions

Related Party	Interested Director/ Connected Person	Nature of Transactions	Value of Transactions RM'000
Idaman Pharma Manufacturing Sdn Bhd	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R) Tan Sri Dato' Lodin Wok Kamaruddin	Purchase of engineering equipment and chemical from Boustead Engineering Sdn Bhd	462
Boustead Petroleum Marketing Sdn Bhd	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R) Tan Sri Dato' Lodin Wok Kamaruddin	Purchase of fuel by Boustead Plantations Berhad, Boustead Engineering Sdn Bhd, The University of Nottingham in Malaysia Sdn Bhd, Boustead Shipping Agencies Sdn Bhd and Idaman Pharma Manufacturing Sdn Bhd Provision of forwarding services by Boustead Shipping Agencies Sdn Bhd	293 75
Arkitek MAA	Dato' Ghazali Mohd Ali	Architectural services to Boustead Weld Court Sdn Bhd, Boustead Weld Quay Sdn Bhd, Boustead Curve Sdn Bhd, Mutiara Rini Sdn Bhd and Boustead Building Materials Sdn Bhd	3,400
Azzat & Izzat	Datuk Azzat Kamaludin	Provision of legal services to Boustead Holdings Berhad Group	1,484
Affin Holdings Berhad Group	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R) Tan Sri Dato' Lodin Wok Kamaruddin Dato' Ghazali Mohd Ali Datuk Azzat Kamaludin	Office rental for Menara Boustead, Mutiara Damansara and Menara Affin paid to Boustead Realty Sdn Bhd, Boustead Curve Sdn Bhd and Boustead Properties Berhad Professional fees paid by Boustead Holdings Berhad and Boustead Properties Berhad	12,780 305

Related Party	Interested Director/ Connected Person	Nature of Transactions	Value of Transactions RM'000
Johan Ceramics Berhad	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	Sale of trading goods to Boustead Building Materials Sdn Bhd	4,713
		Sale of fuel by Boustead Petroleum Marketing Sdn Bhd	322
	Tan Sri Dato' Lodin Wok Kamaruddin	Office rental paid to Boustead Building Materials Sdn Bhd	11
Perimekar	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	Office rental for Menara Boustead paid to Boustead Realty Sdn Bhd	145
		Tan Sri Dato' Lodin Wok Kamaruddin	
Perbadanan Perwira Harta Malaysia	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	Provision of construction works from Boustead Building Materials Sdn Bhd	67,244
		Tan Sri Dato' Lodin Wok Kamaruddin	
Perwira Niaga Malaysia	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	Sale of fuel by Boustead Petroleum Marketing Sdn Bhd	4,652
		Tan Sri Dato' Lodin Wok Kamaruddin	
Irat Hotel & Resorts Sdn Bhd	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	Office rental for Menara Boustead paid to Boustead Realty Sdn Bhd	72
		Provision of project management services by Boustead Construction Sdn Bhd	1,151
	Dato' Ghazali Mohd Ali	Office rental received from The University of Nottingham in Malaysia Sdn Bhd	560

Top 30 Properties of the Group

Location	Hectares	Description	Tenure	Age of Buildings Years	Book Value	Year of Acquisition/ Revaluation
The Curve, No. 6, Jalan PJU 7/3, Mutiara Damansara, Selangor	5.04	Commercial land and building	Freehold	4	387.4	2008 *
Grant No. 5314, Semenyih, Selangor	41.20	University campus	Freehold	3	145.6	2003
Menara Boustead, 69 Jalan Raja Chulan, Kuala Lumpur	0.43	Office complex	Freehold	23	141.1	1985
Mutiara Rini, Kulai, Johor	398.18	Development land	1912 - 2911		132.1	1995
Menara Affin, 80 Jalan Raja Chulan, Kuala Lumpur	0.34	Office complex	Freehold	10	124.5	2008 *
Royale Bintang Kuala Lumpur 17-21 Jalan Bukit Bintang, Kuala Lumpur	0.31	Hotel	Freehold	11	105.4	2003
Royale Bintang Seremban Lot 20890 and Lot 20745, Bandar Seremban, Daerah Seremban, Negeri Sembilan	2.52	Hotel	Freehold	8	90.4	2008
183, Ampang, Lot 923, Jalan Ampang, Kuala Lumpur	1.23	Condominium	Freehold		80.4	2008 *
Lot 70, Mutiara Damansara, Mukim Sungai Buluh, Selangor	17.86	Development land	Freehold		67.4	1999
Menara UAC, Jalan PJU 7/3 Mutiara Damansara, Selangor	0.57	Office complex	Freehold	1	65.5	2008 *
Menara Boustead Penang, Jalan Sultan Ahmad Shah, Georgetown, Pulau Pinang	4.00	Office complex	Freehold	10	60.9	2008 *
Pedai Estate, Kanowit, Sarawak	3,422	Oil palm estate	1998 - 2058		60.3	1998
Jih Estate, Kanowit, Sarawak	2,960	Oil palm estate & palm oil mill	1998 - 2058		57.5	1998
Loagan Bunut Estate, Miri, Sarawak	4,190	Oil palm estate & palm oil mill	1991 - 2091	4	52.8	1994
Sungai Lelak Estate, Miri, Sarawak	3,734	Oil palm estate	1988 - 2088		45.8	1994
Royale Bintang Damansara No. 6, Jalan PJU 7/3, Mutiara Damansara, Selangor	0.62	Hotel	Freehold	4	38.9	2005

Location	Hectares	Description	Tenure	Age of Buildings Years	Book Value	Year of Acquisition/ Revaluation
Bukit Limau Estate, Miri, Sarawak	4,827	Oil palm estate	1995 - 2094		38.7	1994
Kelimut Estate, Kanowit, Sarawak	2,212	Oil palm estate	1998 - 2058		38.5	1998
Pajakan Negeri No. 649 Lot No 3222 Mukim 13, Daerah Timur Laut, Pulau Pinang	8.17	Shipyards	1973 - 2072	37	34.1	2007
Bingin Rupit Estates, Musi Rawas, Sumatera Selatan, Indonesia	6,628	Oil palm estate & palm oil mill	1998 - 2028		34.0	1995
Lot 719, Lot 723-725, Lot 444-445 and Lot 235 Mukim Georgetown, Daerah Timur Laut, Pulau Pinang	0.48	Hotel under construction	Freehold		30.3	2007
Ladang Tabung Tentera, Kemaman, Terengganu	1,938	Oil palm estate	1982 - 2054		24.2	1995
Wisma Boustead, 71 Jalan Raja Chulan, Kuala Lumpur	0.11	Office complex	Freehold	25	23.5	1984
HSDN 183241 PT 44582, Mutiara Damansara, Mukim Sungai Buluh, Selangor	0.61	Commercial land and building	Freehold	4	22.9	2008 *
Lot 28, Phase NUIA, Nilai Utama Enterprise Park, Nilai, Negeri Sembilan	1.90	Industrial land	Freehold	4	17.3	2001
Lot 1468/65 Jalan Portland, Tasek Industrial Estate, Ipoh, Perak	12.20	Industrial land with office and factory building	1966 - 2065	42	9.9	2007
Lot 129, Lot 1808-1809, Lot 22, 48, Part of Lot 656, Part of Lot 977, Lot 574, Part of Lot 37 and Lot 1671, Daerah Ulu Langat, Mukim Semenyih, Selangor	88.10	Development land	Freehold		8.8	1993
H SD 183245 PT 44575 Mukim Sungai Buluh, Selangor	0.88	Commercial land	Freehold		6.8	1999
No. 6, Jalan Girdle, Kuala Lumpur	0.32	Residential bungalow	Freehold	45	5.5	1980
11, Jalan Ragum, Shah Alam, Selangor	1.21	Industrial land and buildings	1987 - 2086	21	5.4	1988

* Year of revaluation

Book values are stated in RM Million

Group Oil Palm Agricultural Statistics

	2008	2007	2006	2005	2004
Planted hectares					
Prime mature	62,634	62,521	56,626	55,301	38,975
Young mature	5,147	7,493	14,370	18,378	33,013
Total mature	67,781	70,014	70,996	73,679	71,988
Immature	6,708	6,158	5,698	4,559	8,219
Total planted	74,489	76,172	76,694	78,238	80,207
FFB crop (MT)	1,161,334	1,196,035	1,262,449	1,215,027	1,149,176
FFB yield per hectare (MT/hectare)					
Prime mature	17.5	17.7	19.8	22.2	22.9
Total mature	17.1	17.1	17.8	16.9	16.0
Mill production (MT)					
Palm oil	257,468	258,624	248,135	237,521	213,368
Palm kernel	61,018	63,091	59,915	58,840	52,928
Extraction rates (%)					
Palm oil	19.9	19.9	20.1	20.4	19.9
Palm kernel	4.7	4.9	4.9	5.1	4.9
Oil yield per prime mature hectare (MT/hectare)	4.1	4.2	4.7	5.2	5.2
Average selling prices (RM/MT)					
FFB	597	482	266	261	308
Palm oil	2,794	2,279	1,464	1,375	1,616
Palm kernel	1,571	1,338	862	981	1,036

Plantation Area Statement

AREA STATEMENT

Categories	2008		2007	
	Hectares	% of Planted Area	Hectares	% of Planted Area
Oil palm	74,489	99.73	76,172	99.48
Forestry	203	0.27	225	0.30
Coconut	–	–	176	0.22
Total planted	74,692	100.00	76,573	100.00
Plantable reserves	9,878		12,325	
Building sites, etc.	13,363		14,252	
Total hectares	97,933		103,150	

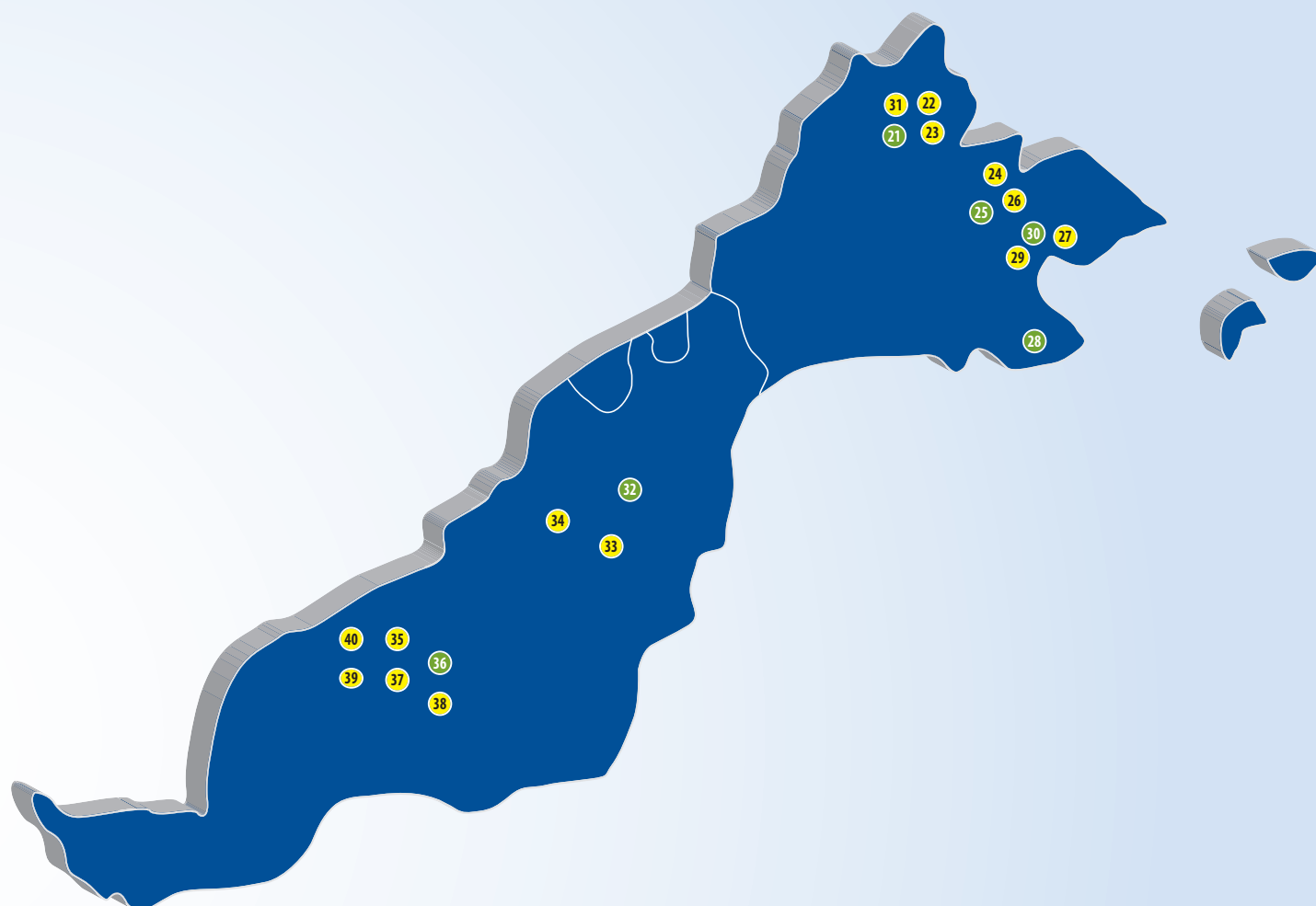
AGE PROFILE OF PALMS

Region	Immature < 3 Years	Young Mature 3 – 6 Years	Prime Mature		Total Planted
			7 – 15 Years	16 – 25 Years	
Peninsular Malaysia	3,245	3,603	9,512	10,353	26,713
Sabah	3,463	1,539	10,731	8,281	24,014
Sarawak	–	5	18,829	–	18,834
Indonesia	–	–	4,928	–	4,928
Total hectares	6,708	5,147	44,000	18,634	74,489

Oil palm area includes 48,927 hectares leased from Golden Crop Returns Berhad and Al-Hadharah Boustead REIT.

Location of Group Plantations





PENINSULAR MALAYSIA

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

19. Boustead Sedili
20. Telok Sengat

SABAH & SARAWAK

21. Sungai Sungai 1
22. Sungai Sungai 2
23. Kawananan
24. Resort
25. Nak
26. Sutera
27. LTT-Sabah
28. Segaria
29. Sungai Segamaha
30. Bukit Segamaha
31. Lembah Paitan
32. Loagan Bunut
33. Sungai Lelak
34. Bukit Limau

35. Pedai
36. Jih
37. Kelimut
38. Maong
39. Mapai
40. Bawan

INDONESIA

41. Bingin Rupit

LEGEND

- Estate
- Estate with Palm Oil Mill

Shareholding Statistics

AS AT 30 JANUARY 2009

SIZE OF SHAREHOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
Less than 100	348	4.21	14,948	0.00
100 to 1,000	1,868	22.63	1,609,259	0.25
1,001 to 10,000	4,638	56.18	18,606,572	2.86
10,001 to 100,000	1,202	14.56	34,987,171	5.37
100,001 to less than 5% of issued shares	199	2.41	203,840,537	31.31
5% and above of issued shares	1	0.01	391,973,335	60.21
TOTAL	8,256	100.00	651,031,822	100.00

30 LARGEST SHAREHOLDERS AS AT 30 JANUARY 2009

NO.	NAME OF SHAREHOLDERS	TOTAL NO. OF SHARES OF RM0.50 EACH	%
1	LEMBAGA TABUNG ANGKATAN TENTERA	391,973,335	60.21
2	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)</i>	17,853,300	2.74
3	SCOTIA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHE LODIN BIN WOK KAMARUDDIN</i>	17,000,000	2.61
4	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>MAYBAN TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)</i>	9,872,200	1.52
5	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD <i>PUBLIC SOUTH-EAST ASIA SELECT FUND</i>	7,599,100	1.17
6	HLB NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ENG HUENG FOOK HENRY (SIN 10026-2)</i>	6,734,000	1.03
7	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD <i>PUBLIC GROWTH FUND</i>	6,191,900	0.95
8	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR MERRILL LYNCH PIERCE FENNER & SMITH INCORPORATED (FOREIGN)</i>	5,012,716	0.77
9	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD <i>PUBLIC EQUITY FUND</i>	4,726,100	0.73
10	HSBC NOMINEES (ASING) SDN BHD <i>TNTC FOR MULTI MANAGER INVESTMENT PROGRAMMES PCC LIMITED PACIFIC BASIN FUND</i>	4,462,700	0.69
11	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD <i>PUBLIC FAR-EAST SELECT FUND</i>	4,321,700	0.66
12	CHINCHOO INVESTMENT SDN BERHAD	4,206,600	0.65
13	YONG SIEW YOON	4,055,040	0.62
14	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)</i>	3,218,023	0.49
15	CITIGROUP NOMINEES (ASING) SDN BHD <i>CBNY FOR DFA EMERGING MARKETS FUND</i>	3,193,400	0.49

NO.	NAME OF SHAREHOLDERS	TOTAL NO. OF SHARES OF RM0.50 EACH	%
16	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD <i>KUMPULAN WANG BERSAMA</i>	3,140,200	0.48
17	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>MAYBAN TRUSTEES BERHAD FOR PB ASEAN DIVIDEND FUND (270334)</i>	2,780,900	0.43
18	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 2)</i>	2,731,500	0.42
19	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>MAYBAN TRUSTEES BERHAD FOR PUBLIC AGGRESSIVE GROWTH FUND (N14011940110)</i>	2,685,000	0.41
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>ING INSURANCE BERHAD (INV-IL PAR)</i>	2,635,700	0.41
21	HSBC NOMINEES (ASING) SDN BHD <i>HSBC-FS FOR EK ASIA FUND</i>	2,587,300	0.40
22	GAN TENG SIEW REALTY SDN BERHAD	2,572,100	0.40
23	CITIGROUP NOMINEES (ASING) SDN BHD <i>CTCL FOR INVESCO PERPETUAL INTERNATIONAL EQUITY FUND</i>	2,474,000	0.38
24	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD <i>PUBLIC DIVIDEND SELECT FUND</i>	2,473,000	0.38
25	MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>MAYBAN TRUSTEES BERHAD FOR PUBLIC BALANCED FUND (N14011950210)</i>	2,423,200	0.37
26	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD <i>PUBLIC SAVINGS FUND</i>	2,408,100	0.37
27	KEY DEVELOPMENT SDN BERHAD	2,300,500	0.35
28	GEMAS BAHRU ESTATES SDN BHD	2,162,000	0.33
29	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD <i>ICAPITAL.BIZ BERHAD</i>	2,070,400	0.32
30	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD <i>PUBLIC FAR-EAST DIVIDEND FUND</i>	1,972,100	0.30
TOTAL		527,836,114	81.08

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Indirect Interest	
	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
Lembaga Tabung Angkatan Tentera	391,973,335	60.21	-	-

Class of shares
Voting rights

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

Statement of Directors' Interest

IN THE COMPANY AND RELATED CORPORATIONS AS AT 30 JANUARY 2009

Name of Director	No. of shares	Direct %
Ordinary shares of RM0.50 each		
Boustead Holdings Berhad		
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	19,645,900	3.02
Y. Bhg. Datuk Azzat Kamaludin	10,000	–

SUBSIDIARIES

Ordinary shares of RM1.00 each

Boustead Heavy Industries Corporation Berhad

Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	2,000,000	0.80
Y. Bhg. Datuk Azzat Kamaludin	515,000	0.21
Y. Bhg. Dato' Ghazali Mohd Ali	75,000	0.03

Boustead Petroleum Sdn Bhd

Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	5,466,465	5.00
--	-----------	------

RELATED COMPANIES

Ordinary shares of RM1.00 each

Affin Holdings Berhad

Y. Bhg. Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	91,708	0.01
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	808,714	0.05
Y. Bhg. Datuk Azzat Kamaludin	110,000	0.01
Y. Bhg. Dato' Ghazali Mohd Ali	51,000	–

No. of units – Warrants

Affin Holdings Berhad

Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	1,500	–
--	-------	---

Notice of Annual General Meeting

NOTICE IS HEREBY given that the Forty-Seventh Annual General Meeting of Boustead Holdings Berhad will be held at 4th Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur on Thursday, 2 April 2009 at 10.00 a.m. for the purpose of transacting the following business:

ORDINARY BUSINESS

To receive and, if thought fit, adopt the audited financial statements for the year ended 31 December 2008, and the Report of the Directors. **RESOLUTION 1**

To declare a final dividend of 25% less tax to be paid on 18 May 2009. **RESOLUTION 2**

To re-elect Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin who retires by rotation and, being eligible, offers himself for re-election. **RESOLUTION 3**

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

"THAT pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R) who is over 70 years of age be re-appointed a Director of the Company to hold office until the next Annual General Meeting." **RESOLUTION 4**

"THAT pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Lt. Gen. Dato' Mohd Yusof Din (R) who is over 70 years of age be re-appointed a Director of the Company to hold office until the next Annual General Meeting." **RESOLUTION 5**

To approve Directors' Fees. **RESOLUTION 6**

To re-appoint Auditors and to authorise the Directors to determine their remuneration. **RESOLUTION 7**

SPECIAL BUSINESS

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

Ordinary Resolution – Authority to Allot and Issue Shares In General Pursuant to Section 132D of the Companies Act, 1965 **RESOLUTION 8**

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

Notice of Annual General Meeting

SPECIAL BUSINESS (CONT'D.)

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

RESOLUTION 9

"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.

Terms:

The following graduated discount for the purchase of units/land at any housing project 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 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) the 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 the Company in a General Meeting;

whichever is the earlier."

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

RESOLUTION 10

"THAT, subject to the Companies Act, 1965 (Act), the Memorandum and Articles of Association of the Company and the Listing Requirements of 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 11 March 2009 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.

SPECIAL BUSINESS (CONT'D.)

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."

Ordinary Resolution – Proposed Additional Shareholders' Mandate for Recurrent Related Party Transactions**RESOLUTION 11**

"THAT, subject always to the Listing Requirements of 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 11 March 2009 subject further to the following:

- (i) the transactions are in the ordinary course of business and are on terms not more favourable than those generally available to the public and not to the detriment of the minority shareholders;
- (ii) disclosure will be made of a breakdown of the aggregate value of transactions conducted pursuant to the Mandate during the financial year based on the following information in the Company's Annual Report and in the Annual Reports for subsequent financial years that the Mandate continues in force:
 - (a) the type of the recurrent related party transactions made; and
 - (b) the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company; and
- (iii) that such authority shall continue to be in force until:
 - (a) the conclusion of the next Annual General Meeting (AGM) of the Company following the General Meeting at which the Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the Meeting, the authority is renewed;
 - (b) the expiration of the period within which the next AGM after this date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
 - (c) revoked or varied by 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."

Notice of Annual General Meeting

SPECIAL BUSINESS (CONT'D.)

To transact any other ordinary business of the Company.

By Order of the Board

SHARIFAH MALEK

Secretary

Kuala Lumpur
11 March 2009

FINAL DIVIDEND AND BOOK CLOSURE

If approved, the above dividend will be paid to shareholders on 18 May 2009.

NOTICE IS HEREBY GIVEN that the Transfer Register and Register of Members of the Company will be closed on 30 April 2009 for determination of shareholders' entitlements to the said dividends.

NOTES:

- (a) Any member entitled to attend and vote may appoint up to two (2) proxies, who need not be a member, to attend and vote on his or her behalf. Ordinary shareholders are being sent herewith a Form of Proxy with provision for two-way voting on the foregoing numbered resolutions. The instrument appointing a Proxy must be lodged at the Registered Office or Share Registrar's office not less than forty-eight hours before the time of the Meeting.
- (b) The ordinary resolution proposed under item 8 above, if passed, will give powers to the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the 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 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 No. 9 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 the "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 10 and 11, 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.
- (e) Profiles of Directors standing for re-election and re-appointment are set out on pages 48 and 49 of the Annual Report; while details of their interest in securities are set out on pages 76 and 166 of the Annual Report.

Statement Accompanying Notice of Annual General Meeting

DETAILS OF BOARD MEETINGS

A total of four Board Meetings were held during the financial year ended 31 December 2008, details of which are as follows:

Date	Time	Place
28 February 2008	3.30 p.m to 5.35 p.m	28th Floor Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur
15 May 2008	9.45 a.m to 12.40 p.m	28th Floor Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur
15 August 2008	10.00 a.m to 12.25 p.m	28th Floor Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur
13 November 2008	10.00 a.m to 1.55 p.m	28th Floor Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur

Details of attendance of Board Meetings of Directors seeking re-appointment or re-election are as follows:

Details of attendance	Number of meetings attended
(a) Directors standing for re-appointment under Section 129 (6) of the Companies Act, 1965	
(i) Y. Bhg. Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	4 meetings
(ii) Y. Bhg. Lt. Gen. Dato' Mohd Yusof Din (R)	3 meetings
(b) Director standing for re-election	
Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin	4 meetings

This page has been intentionally left blank

Proxy Form

I/We _____

of _____

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

_____ as my/our proxy to attend and vote as indicated hereon on my/our
behalf at the Annual General Meeting of the Company to be held on 2 April 2009 and at any adjournment thereof.

No.	Resolution	For	Against
1	Adoption of Directors' Report and Audited Financial Statements		
2	Approval of final dividend		
3	Re-election of Y. Bhg. Tan Sri Dato' Lodin Wok Kamaruddin		
4	Re-appointment of Y. Bhg. Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)		
5	Re-appointment of Y. Bhg. Lt. Gen. Dato' Mohd Yusof Din (R)		
6	Approval of Directors' fees		
7	Re-appointment of Auditors		
8	Approval for Directors to allot and issue shares		
9	Authority to transact with Directors		
10	Renewal of Shareholders' Mandate for recurrent related party transactions		
11	Additional Shareholders' Mandate for recurrent related party transactions		

Dated this _____ day of _____ 2009

Signature or common seal of shareholder(s)

Number of shares

Notes:-

1. If you wish to appoint as a Proxy some person other than the Chairman of the Meeting, please insert in block capitals 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. Article 62. If you have appointed more than one proxy, please specify the proportion of your shares to be represented by each proxy.
5. Article 93. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, shall be deposited at the Share Registrar's office located at 13th Floor, Menara Boustead, 69, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia, not less than 48 hours before the time for holding the Meeting or adjourned Meeting at which the person or persons named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

Fold Here

Fold Here

STAMP

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