Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the quarter ended 31 March 2018	**Current Period**		**Cumulative Period**	
(All figures are stated in RM million)	**2018**	**2017**	**2018**	**2017**
Revenue	**2,245.0**	2,375.2	**2,245.0**	2,375.2
Operating cost	**(2,153.1)**	(2,274.8)	**(2,153.1)**	(2,274.8)
Profit from operations	**91.9**	100.4	**91.9**	100.4
Interest income	**7.4**	8.7	**7.4**	8.7
Other investment results	**0.1**	0.1	**0.1**	0.1
Finance cost	**(58.0)**	(63.0)	**(58.0)**	(63.0)
Share of results of associates	**32.9**	28.5	**32.9**	28.5
Share of results of joint ventures	**(4.0)**	(17.8)	**(4.0)**	(17.8)
Profit before taxation	**70.3**	56.9	**70.3**	56.9
Taxation	**(32.2)**	(31.2)	**(32.2)**	(31.2)
Profit for the period	**38.1**	25.7	**38.1**	25.7
Profit for the period attributable to:				
Shareholders of the Company	**6.1**	(4.0)	**6.1**	(4.0)
Holders of Perpetual Sukuk	**18.2**	18.2	**18.2**	18.2
Non-controlling interests	**13.8**	11.5	**13.8**	11.5
Profit for the period	**38.1**	25.7	**38.1**	25.7
Earnings per share - sen				
Basic/diluted	**0.30**	(0.20)	**0.30**	(0.20)

The condensed consolidated income statement should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2017.

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

For the quarter ended 31 March 2018	**Current Period**		**Cumulative Period**	
(All figures are stated in RM million)	**2018**	**2017**	**2018**	**2017**
Profit for the period	**38.1**	25.7	**38.1**	25.7
Other comprehensive income/(loss)				
Items that may be reclassified to profit or loss				
Currency translation difference in respect of foreign operations	**(7.5)**	(0.8)	**(7.5)**	(0.8)
Net (loss)/gain on available for sale investments				
- fair value changes	**1.1**	3.3	**1.1**	3.3
Share of OCI of investments accounted for using the equity method	**(1.4)**	6.7	**(1.4)**	6.7
Total comprehensive income for the period	**30.3**	34.9	**30.3**	34.9
Attributable to:				
Shareholders of the Company	**2.1**	5.7	**2.1**	5.7
Holders of Perpetual Sukuk	**18.2**	18.2	**18.2**	18.2
Non-controlling interests	**10.0**	11.0	**10.0**	11.0
Total comprehensive income for the period	**30.3**	34.9	**30.3**	34.9

The unaudited condensed statement of consolidated comprehensive income should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2017.

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018	Unaudited As at 31 March	Audited As at 31 December	Audited As at 1 January
(All figures are stated in RM million)	**2018**	**2017**	**2017**
ASSETS			
Non current assets			
Property, plant and equipment	**6,608.1**	6,659.3	6,802.8
Investment properties	**1,802.9**	1,804.8	1,641.1
Development properties	**629.5**	643.8	636.6
Prepaid land lease payments	**51.1**	51.7	54.0
Long term prepayment	**203.6**	201.8	183.1
Deferred tax assets	**44.7**	52.5	46.3
Associates	**2,037.1**	2,051.5	1,973.7
Joint ventures	**560.2**	552.4	619.0
Available for sale investments	**35.0**	35.7	32.1
Intangible assets	**1,396.9**	1,391.0	1,435.2
	13,369.1	13,444.5	13,423.9
Current assets			
Biological assets	**20.2**	23.0	30.3
Inventories	**756.4**	743.8	863.9
Property development in progress	**64.6**	38.8	32.6
Due from customers on contracts	**1,160.8**	1,166.6	831.8
Receivables	**2,245.0**	2,247.9	1,617.6
Deposits, cash and bank balance	**889.4**	631.1	1,717.6
Assets classified as held for sale	**14.0**	14.0	60.1
	5,150.4	4,865.2	5,153.9
TOTAL ASSETS	**18,519.5**	18,309.7	18,577.8
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	**2,735.7**	2,735.7	1,013.5
Reserves	**3,400.8**	3,493.0	5,018.7
Shareholders' equity	**6,136.5**	6,228.7	6,032.2
Perpetual Sukuk	**1,219.7**	1,207.7	1,207.7
Non-controlling interests	**1,816.5**	1,853.8	1,681.8
Total equity	**9,172.7**	9,290.2	8,921.7
Non current liabilities			
Borrowings	**1,464.1**	1,456.5	1,440.6
Other payables	**30.7**	35.7	34.8
Deferred tax liabilities	**379.3**	390.4	351.1
	1,874.1	1,882.6	1,826.5
Current liabilities			
Borrowings	**5,178.6**	4,727.4	5,876.1
Trade and other payables	**2,217.1**	2,296.4	1,799.7
Due to customer on contracts	**51.6**	82.1	127.1
Taxation	**25.4**	31.0	26.7
	7,472.7	7,136.9	7,829.6
Total liabilities	**9,346.8**	9,019.5	9,656.1
TOTAL EQUITY AND LIABILITIES	**18,519.5**	18,309.7	18,577.8

The condensed consolidated statement of financial position should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2017.

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 31 March 2018	Share Capital	*Share Premium	*Revaluation & Fair Value Reserve	*Statutory & Regulatory Reserve	*Other Reserves	Retained Profit	Total	Perpetual Sukuk	Non-Controlling Interests	Total Equity
	Attributable to shareholders of the Company									
As at 1 January 2018	**2,735.7**	**-**	**29.3**	**156.6**	**433.1**	**2,874.0**	**6,228.7**	**1,207.7**	**1,853.8**	**9,290.2**
Adjustment arising from adopting MFRS 9	**-**	**-**	**(11.2)**	**(40.0)**	**-**	**7.6**	**(43.6)**	**-**	**-**	**(43.6)**
As at 1 January 2018, restated	**2,735.7**	**-**	**18.1**	**116.6**	**433.1**	**2,881.6**	**6,185.1**	**1,207.7**	**1,853.8**	**9,246.6**
Currency translation difference in respect of foreign operations	**-**	**-**	**-**	**-**	**(3.7)**	**-**	**(3.7)**	**-**	**(3.8)**	**(7.5)**
Net gain on available for sale investments										
- fair value changes	**-**	**-**	**1.1**	**-**	**-**	**-**	**1.1**	**-**	**-**	**1.1**
Share of OCI investments accounted for using equity method	**-**	**-**	**(1.4)**	**-**	**-**	**-**	**(1.4)**	**-**	**-**	**(1.4)**
Total other comprehensive income for the period	**-**	**-**	**(0.3)**	**-**	**(3.7)**	**-**	**(4.0)**	**-**	**(3.8)**	**(7.8)**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**6.1**	**6.1**	**18.2**	**13.8**	**38.1**
Total comprehensive income for the period	**-**	**-**	**(0.3)**	**-**	**(3.7)**	**6.1**	**2.1**	**18.2**	**10.0**	**30.3**
Transactions with owners										
Perpetual Sukuk										
- Distribution	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(6.2)**	**-**	**(6.2)**
Changes in ownership interests in Subsidiaries										
- Share options granted by a Subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.1**	**1.1**
Transfers during the period										
- Regulatory reserve of an Associate	**-**	**-**	**-**	**9.6**	**-**	**(9.6)**	**-**	**-**	**-**	**-**
Dividends	**-**	**-**	**-**	**-**	**-**	**(50.7)**	**(50.7)**	**-**	**(48.4)**	**(99.1)**
Balance at 31 March 2018	**2,735.7**	**-**	**17.8**	**126.2**	**429.4**	**2,827.4**	**6,136.5**	**1,219.7**	**1,816.5**	**9,172.7**

Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D.)

	Attributable to shareholders of the Company									
For the financial period ended 31 March 2017	**Share Capital**	***Share Premium**	***Revaluation & Fair Value Reserve**	***Statutory & Regulatory Reserve**	***Other Reserves**	**Retained Profit**	**Total**	**Perpetual Sukuk**	**Non-Controlling Interests**	**Total Equity**
As at 1 January 2017	1,013.5	1,722.2	12.7	425.8	439.5	2,418.5	6,032.2	1,207.7	1,681.8	8,921.7
Adjustment for effects of Companies Act (2016) #	1,722.2	(1,722.2)	-	-	-	-	-	-	-	-
Currency translation difference in respect of foreign operations	-	-	-	-	(0.3)	-	(0.3)	-	(0.5)	(0.8)
Net loss on available for sale investments										
- fair value changes	-	-	3.3	-	-	-	3.3	-	-	3.3
Share of OCI investments accounted for using equity method	-	-	5.8	-	0.9	-	6.7	-	-	6.7
Total other comprehensive income for the period	-	-	9.1	-	0.6	-	9.7	-	(0.5)	9.2
Profit for the period	-	-	-	-	-	(4.0)	(4.0)	18.2	11.5	25.7
Total comprehensive income for the period	-	-	9.1	-	0.6	(4.0)	5.7	18.2	11.0	34.9
Transactions with owners										
Perpetual Sukuk										
- Distribution	-	-	-	-	-	-	-	(6.2)	-	(6.2)
Changes in ownership interests in Subsidiaries										
- Share options granted by a Subsidiary	-	-	-	-	-	-	-	-	2.8	2.8
Transfers during the period										
- Regulatory reserve of an Associate	-	-	-	0.8	-	(0.8)	-	-	-	-
Dividends	-	-	-	-	-	(70.9)	(70.9)	-	(33.3)	(104.2)
Balance at 31 March 2017	2,735.7	-	21.8	426.6	440.1	2,342.8	5,967.0	1,219.7	1,662.3	8,849.0

NOTES

* Denotes non distributable reserves.

\# With the Companies Act 2016 (New Act) coming into effect on 31 January 2017, the credit standing in the share premium account of RM1.722 billion has been transferred to the share capital account. Pursuant to subsection 618(3) of the New Act, the Company may exercise its right to use the credit amounts being transferred from share premium within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

All figures are stated in RM million. The condensed consolidated statements of changes in equity should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2017.

Boustead Holdings Berhad (3871-H)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the quarter ended 31 March 2018

(All figures are stated in RM million)	**2018**	**2017**
Operating activities		
Receipts from customers	**2,211.1**	2,334.0
Cash paid to suppliers and employees	**(2,077.8)**	(2,175.6)
	133.3	158.4
Income taxes paid less refund	**(34.8)**	(38.3)
Net cash from operating activities	**98.5**	120.1
Investing activities		
Biological assets and property, plant & equipment purchased	**(20.6)**	(58.6)
Purchase and development of investment property & development property	**(27.8)**	(24.2)
Contribution to a joint venture's capital expenditure	**(39.6)**	(25.2)
Purchase of intangible assets	**(17.4)**	(14.2)
Disposal of property plant & equipment and biological assets	**0.1**	-
Acquisition of a joint venture	**(11.1)**	-
Deposit received on disposal of land	**-**	43.4
Others	**9.7**	9.5
Net cash used in investing activities	**(106.7)**	(69.3)
Financing activities		
Transactions with owners	**(50.7)**	(70.9)
Transactions with holders of Perpetual Sukuk	**(6.2)**	(6.2)
New loans	**1.8**	12.2
Loans repayment	**(567.9)**	(258.0)
Other borrowings	**1,011.2**	(215.3)
Interest paid	**(91.9)**	(84.1)
Dividends paid to non-controlling interests	**(48.4)**	(33.3)
Net cash from/(used in) financing activities	**247.9**	(655.6)
Net increase/(decrease) in cash and cash equivalent	**239.7**	(604.8)
Foreign currency translation difference	**(0.9)**	0.1
Cash and cash equivalent at beginning of period	**592.0**	1,692.9
Cash and cash equivalent at end of period	**830.8**	1,088.2
Analysis of cash and cash equivalents		
Deposits, cash and bank balances	**889.4**	1,118.0
Overdrafts	**(58.6)**	(29.8)
Cash and cash equivalent at end of period	**830.8**	1,088.2

The Condensed Consolidated Cash Flow Statement is unaudited, and should be read in conjunction with the Audited Financial Statements for the Year Ended 31 December 2017.

Boustead Holdings Berhad (3871-H)

Notes to the interim financial report for the quarter ended 31 March 2018

Part A - Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2017. All figures are stated in RM million, unless otherwise stated.

2. Accounting Policies

2.1 First-time adoption of Malaysian Financial Reporting Standards (MFRS)

For the periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards (FRS). These condensed consolidated interim financial statements, for the period ended 31 March 2018, are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial financial statements for the year ending 31 December 2018. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards (MFRS 1) has been applied.

The explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2017.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2017 (which is also the date of transition), the Group had adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position, financial performance and cash flows is set out in the Note 2.2 below. These notes include reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

2.2 Significant accounting policies

The audited financial statements of the Group for the year ended 31 December 2017 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2017 except as discussed below:

(a) Business combinations

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

<u>Acquisition before date of transition</u>

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition:

(i) The classification of former business combinations under FRS is maintained;

(ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and

(iii) The carrying amount of goodwill recognised under FRS is not adjusted.

(b) Property, plant and equipment

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Standards IAS 16 (Revised) Property, Plant and Equipment which was effective for periods ending on or after 1 September 1998. By virtue of this transitional provision, the Group had recorded certain freehold land and buildings at revalued amounts but had not adopted a policy of revaluation and continued to carry those land and buildings on the basis of their previous revaluations subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment upon the cost model under MFRS 116 Property, Plant and Equipment. This included bearer plants (previously termed as biological assets). Previously, the expenditure on new planting and replanting of a different produce crop incurred up to the time of maturiry is capitalised as biological assets and were not amortised. Replanting expenditures incurred in respect of the same crop was charged to profit or loss in the year in which it is incurred.

2. Accounting Policies (cont'd.)

2.2 Significant accounting policies (cont'd.)

(b) Property, plant and equipment (cont'd.)

At the date of transition to MFRS, the Group:

(i) elected to regard the revalued amounts of land and buildings as at 1 July 1997 as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that date. The revaluation surplus of RM41.6 million (31 March 2017: RM41.6 million; 31 December 2017: RM41.6 million) was transferred to retained earnings on date of transition to MFRS;

(ii) elected to regard the fair value of certain freehold land and leasehold land at date of transition as its deemed cost at that date. As at the date, the carrying amount of property, plant and equipment (including bearer plants) increased by RM616.0 million (31 March 2017: RM602.8 million; 31 December 2017: RM579.1 million) with corresponding increase in deferred tax liabilities of RM219.4 million (31 March 2017: RM219.9 million; 31 December 2017: RM224.7 million) and corresponding increase in non-controlling interest of RM62.7 million (31 March 2017: RM56.9 million; 31 December 2017: RM44.0 million). The resulting adjustments were recognised against retained earnings. Accordingly, depreciation net of replanting expenditure increased by RM13.1 million (1QFY17) and RM36.9 million (FYE2017) and income tax expense increased by RM0.5 million (1QFY17) and RM5.3 million (FYE2017).

The remaining bearer plants were stated at cost less accumulated depreciation and accumulated impairment losses.

(c) Biological assets

Prior to the adoption of the Amendments to MFRS 116 and MFRS 141 Agriculture Bearer Plants, biological assets which form part of the bearer plants were not recognised separately. With the adoption of the Amendments to MFRS 116 and MFRS 141, the biological assets within the scope of MFRS 141 are measured at fair value less costs to sell. The changes in fair value less costs to sell of the biological assets were recognised in profit or loss during the financial year.

As at the date of transition, a sum of RM30.3 million (31 March 2017: RM28.8 million; 31 December 2017: RM23.0 million) was recognised in biological assets with corresponding increase in deferred tax liabilities of RM6.1 million (31 March 2017: RM6.1 million; 31 December 2017: RM4.9 million) and corresponding increase in non-controlling interest of RM12.2 million (31 March 2017: RM11.0 million; 31 December 2017: RM8.7 million). The resulting adjustments were recognised against retained earnings. Accordingly, decrease in fair value of RM1.6 million (1QFY17) and RM7.4 (FYE2017) and income tax credit of RM Nil (1QFY17) and RM1.2 million (FYE2017) were recognised in statement of profit or loss.

(d) Revenue

MFRS 15 applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted MFRS 15 using the full retrospective method of adoption. The adoption of MFRS 15 affects disclosures of the Group's condensed interim financial statements but has had no significant impact on the Group's financial position of performance.

As required for the condensed interim financial statements, the Group has disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Refer to Note 8 for the disclosure on disaggregated revenue.

(e) Financial instruments

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. The Group has adopted MFRS 9 on 1 January 2018. Retrospective application is required, but comparative information is not compulsory.

(i) Classification and measurement

There were no significant impact on the Group's financial position in applying the classification and measurement requirements of MFRS 9.

(ii) Impairment

The Group has applied the simplified approach and record lifetime expected losses on its trade receivables and there were no significant impact on the Group's financial performance and position.

(iii) Other adjustments

Upon adoption of MFRS 9, other items of the primary financial statements such as investments in the associates (arising from the financial instruments held by these entities), non-distributable reserves and retained earnings were adjusted as necessary. The adjustments mainly arising from share of decrease in net assets of an associate, Affin Bank Berhad which resulted from the adoption of MFRS 9. The effect arising from this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2018. Comparatives are not restated.

As at the date of transition, a decrease of RM43.6 million was recognised in investment in associates. The resulting adjustments were recognised against retained earnings of RM7.6 million and non-distributable reserves of RM51.2 million.

(f) Estimates

The estimates at 1 January 2018 and at 31 December 2017 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with FRS to present these amounts in accordance with MFRS reflect conditions at 1 January 2017, the date of transition to MFRS and as of 31 December 2017.

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition under FRS to those reported for those periods and as at the date of transition under MFRS are provided in page 3 to page 7.

2. Accounting policies (cont'd.)

2.2 Significant accounting policies (cont'd.)

(i) Reconciliation of equity as at 1 January 2017

As at 1 January 2017	**FRS as at 1 January**	**Note 2.2 (b) (i)**	**Note 2.2 (b) (ii) and Note 2.2 (c)**	**MFRS as at 1 January**
(All figures are stated in RM million)	**2017**			**2017**
ASSETS				
Non current assets				
Property, plant and equipment	**4,938.2**	-	1,864.6	**6,802.8**
Biological assets	**1,248.6**	-	(1,248.6)	-
Investment properties	**1,641.1**	-	-	**1,641.1**
Development properties	**636.6**	-	-	**636.6**
Prepaid land lease payments	**54.0**	-	-	**54.0**
Long term prepayment	**183.1**	-	-	**183.1**
Deferred tax assets	**46.3**	-	-	**46.3**
Associates	**1,973.7**	-	-	**1,973.7**
Joint ventures	**619.0**	-	-	**619.0**
Available for sale investments	**32.1**	-	-	**32.1**
Intangible assets	**1,435.2**	-	-	**1,435.2**
	12,807.9	-	616.0	**13,423.9**
Current assets				
Biological assets	-	-	30.3	**30.3**
Inventories	**863.9**	-	-	**863.9**
Property development in progress	**32.6**	-	-	**32.6**
Due from customers on contracts	**831.8**	-	-	**831.8**
Receivables	**1,617.6**	-	-	**1,617.6**
Deposits, cash and bank balance	**1,717.6**	-	-	**1,717.6**
Assets classified as held for sale	**60.1**	-	-	**60.1**
	5,123.6	-	30.3	**5,153.9**
TOTAL ASSETS	**17,931.5**	-	646.3	**18,577.8**
EQUITY AND LIABILITIES				
Equity attributable to shareholders of the Company				
Share capital	**1,013.5**	-	-	**1,013.5**
Reserves				
- Share Permium	**1,722.2**	-	-	**1,722.2**
- Revaluation and fair value reserve	**54.3**	(41.6)	-	**12.7**
- Regulatory reserve	**425.8**	-	-	**425.8**
- Other reserve	**439.5**	-	-	**439.5**
- Retained profit	**2,031.0**	41.6	345.9	**2,418.5**
Shareholders' equity	**5,686.3**	-	345.9	**6,032.2**
Perpetual Sukuk	**1,207.7**	-	-	**1,207.7**
Non-controlling interests	**1,606.9**	-	74.9	**1,681.8**
Total equity	**8,500.9**	-	420.8	**8,921.7**
Non current liabilities				
Borrowings	**1,440.6**	-	-	**1,440.6**
Other payables	**34.8**	-	-	**34.8**
Deferred tax liabilities	**125.6**	-	225.5	**351.1**
	1,601.0	-	225.5	**1,826.5**
Current liabilities				
Borrowings	**5,876.1**	-	-	**5,876.1**
Trade and other payables	**1,799.7**	-	-	**1,799.7**
Due to customer on contracts	**127.1**	-	-	**127.1**
Taxation	**26.7**	-	-	**26.7**
	7,829.6	-	-	**7,829.6**
Total liabilities	**9,430.6**	-	225.5	**9,656.1**
TOTAL EQUITY AND LIABILITIES	**17,931.5**	-	646.3	**18,577.8**

2. Accounting policies (cont'd.)

2.2 Significant accounting policies (cont'd.)

(ii) Reconciliation of equity as at 31 March 2017

As at 31 March 2017	FRS as at 31 March	Note 2.2 (b) (i)	Note 2.2 (b) (ii) and Note 2.2 (c)	MFRS as at 31 March
(All figures are stated in RM million)	**2017**			**2017**
ASSETS				
Non current assets				
Property, plant and equipment	**4,928.9**	-	1,851.4	**6,780.3**
Biological assets	**1,248.6**	-	(1,248.6)	-
Investment properties	**1,656.4**	-	-	**1,656.4**
Development properties	**646.8**	-	-	**646.8**
Prepaid land lease payments	**53.5**	-	-	**53.5**
Long term prepayment	**184.9**	-	-	**184.9**
Deferred tax assets	**49.5**	-	-	**49.5**
Associates	**2,007.3**	-	-	**2,007.3**
Joint ventures	**602.2**	-	-	**602.2**
Available for sale investments	**35.3**	-	-	**35.3**
Intangible assets	**1,442.6**	-	-	**1,442.6**
	12,856.0	-	602.8	**13,458.8**
Current assets				
Biological assets	-	-	28.8	**28.8**
Inventories	**819.5**	-	-	**819.5**
Property development in progress	**16.0**	-	-	**16.0**
Due from customers on contracts	**1,030.3**	-	-	**1,030.3**
Receivables	**1,635.4**	-	-	**1,635.4**
Deposits, cash and bank balance	**1,118.0**	-	-	**1,118.0**
Assets classified as held for sale	**60.1**	-	-	**60.1**
	4,679.3	-	28.8	**4,708.1**
TOTAL ASSETS	**17,535.3**	-	631.6	**18,166.9**
EQUITY AND LIABILITIES				
Equity attributable to shareholders of the Company				
Share capital	**2,735.7**	-	-	**2,735.7**
Reserves				
- Revaluation and fair value reserve	**63.4**	(41.6)	-	**21.8**
- Regulatory reserve	**426.6**	-	-	**426.6**
- Other reserve	**440.1**	-	-	**440.1**
- Retained profit	**1,963.5**	41.6	337.7	**2,342.8**
Shareholders' equity	**5,629.3**	-	337.7	**5,967.0**
Perpetual Sukuk	**1,219.7**	-	-	**1,219.7**
Non-controlling interests	**1,594.4**	-	67.9	**1,662.3**
Total equity	**8,443.4**	-	405.6	**8,849.0**
Non current liabilities				
Borrowings	**881.6**	-	-	**881.6**
Other payables	**34.5**	-	-	**34.5**
Deferred tax liabilities	**123.5**	-	226.0	**349.5**
	1,039.6	-	226.0	**1,265.6**
Current liabilities				
Borrowings	**5,978.8**	-	-	**5,978.8**
Trade and other payables	**1,941.1**	-	-	**1,941.1**
Due to customer on contracts	**96.4**	-	-	**96.4**
Taxation	**36.0**	-	-	**36.0**
	8,052.3	-	-	**8,052.3**
Total liabilities	**9,091.9**	-	226.0	**9,317.9**
TOTAL EQUITY AND LIABILITIES	**17,535.3**	-	631.6	**18,166.9**

2. Accounting policies (cont'd.)

2.2 Significant accounting policies (cont'd.)

(iii) Reconciliation of equity as at 31 December 2017

As at 31 December 2017	FRS As at 31 December	Note 2.2 (b) (i)	Note 2.2 (b) (ii) and Note 2.2 (c)	MFRS As at 31 December
(All figures are stated in RM million)	**2017**			**2017**
ASSETS				
Non current assets				
Property, plant and equipment	**4,845.3**	-	1,814.0	**6,659.3**
Biological assets	**1,234.9**	-	(1,234.9)	**-**
Investment properties	**1,804.8**	-	-	**1,804.8**
Development properties	**643.8**	-	-	**643.8**
Prepaid land lease payments	**51.7**	-	-	**51.7**
Long term prepayment	**201.8**	-	-	**201.8**
Deferred tax assets	**52.5**	-	-	**52.5**
Associates	**2,051.5**	-	-	**2,051.5**
Joint ventures	**552.4**	-	-	**552.4**
Available for sale investments	**35.7**	-	-	**35.7**
Intangible assets	**1,391.0**	-	-	**1,391.0**
	12,865.4		579.1	**13,444.5**
Current assets				
Biological assets	**-**	-	23.0	**23.0**
Inventories	**743.8**	-	-	**743.8**
Property development in progress	**38.8**	-	-	**38.8**
Due from customers on contracts	**1,166.6**	-	-	**1,166.6**
Receivables	**2,247.9**	-	-	**2,247.9**
Deposits, cash and bank balance	**631.1**	-	-	**631.1**
Assets classified as held for sale	**14.0**	-	-	**14.0**
	4,842.2		23.0	**4,865.2**
TOTAL ASSETS	**17,707.6**		602.1	**18,309.7**
EQUITY AND LIABILITIES				
Equity attributable to shareholders of the Company				
Share capital	**2,735.7**	-	-	**2,735.7**
Reserves				
- Revaluation and fair value reserve	**70.9**	(41.6)	-	**29.3**
- Regulatory reserve	**156.6**	-	-	**156.6**
- Other reserve	**433.1**	-	-	**433.1**
- Retained profit	**2,512.6**	41.6	319.8	**2,874.0**
Shareholders' equity	**5,908.9**	-	319.8	**6,228.7**
Perpetual Sukuk	**1,207.7**	-	-	**1,207.7**
Non-controlling interests	**1,801.1**	-	52.7	**1,853.8**
Total equity	**8,917.7**	-	372.5	**9,290.2**
Non current liabilities				
Borrowings	**1,456.5**	-	-	**1,456.5**
Other payables	**35.7**	-	-	**35.7**
Deferred tax liabilities	**160.8**	-	229.6	**390.4**
	1,653.0		229.6	**1,882.6**
Current liabilities				
Borrowings	**4,727.4**	-	-	**4,727.4**
Trade and other payables	**2,296.4**	-	-	**2,296.4**
Due to customer on contracts	**82.1**	-	-	**82.1**
Taxation	**31.0**	-	-	**31.0**
	7,136.9	-	-	**7,136.9**
Total liabilities	**8,789.9**	-	229.6	**9,019.5**
TOTAL EQUITY AND LIABILITIES	**17,707.6**	-	602.1	**18,309.7**

2. Accounting policies (cont'd.)

2.2 Significant accounting policies (cont'd.)

(iv) Reconciliation of total comprehensive income for the period ended 31 March 2017

	FRS 31 March 2017	Note 2.2 (b) (ii) and Note 2.2 (c)	MFRS 31 March 2017
(All figures are stated in RM million)			
Revenue	**2,375.2**	-	**2,375.2**
Operating cost	**(2,260.1)**	(14.7)	(2,274.8)
Profit from operations	**115.1**	(14.7)	**100.4**
Interest income	**8.7**	-	8.7
Other investment results	**0.1**	-	0.1
Finance cost	**(63.0)**	-	(63.0)
Share of results of associates	**28.5**	-	28.5
Share of results of joint ventures	**(17.8)**	-	(17.8)
Profit before taxation	**71.6**	(14.7)	**56.9**
Taxation	**(30.7)**	(0.5)	(31.2)
Profit for the period	**40.9**	(15.2)	**25.7**
Other compehensive Income			
Currency translation difference in respect of foreign operations	**(0.8)**	-	**(0.8)**
Net gain on available for sale investments			
- fair value changes	**3.3**	-	**3.3**
Share of OCI of investments accounted for using the equity method	**6.7**	-	**6.7**
Total comprehensive income for the period	**50.1**	**(15.2)**	**34.9**
Profit for the year attributable to:-			
Shareholders of the Company	**4.2**	(8.2)	**(4.0)**
Holders of Perpetual Sukuk	**18.2**	-	**18.2**
Non-controlling interests	**18.5**	(7.0)	**11.5**
Profit for the year	**40.9**	(15.2)	**25.7**
Total comprehensive income attributable to:			
Shareholders of the Company	**13.9**	(8.2)	5.7
Holders of Perpetual Sukuk	**18.2**	-	18.2
Non-controlling interests	**18.0**	(7.0)	11.0
Total comprehensive income for the period	**50.1**	(15.2)	34.9

2. Accounting policies (cont'd.)

2.2 Significant accounting policies (cont'd.)

(v) Reconciliation of total comprehensive income for the year ended 31 December 2017

	FRS 31 December 2017	Note 2.2 (b) (ii) and Note 2.2 (c)	MFRS 31 December 2017
(All figures are stated in RM million)			
Revenue	**10,020.1**	-	**10,020.1**
Operating cost	**(9,295.9)**	(44.3)	(9,340.2)
Profit from operations	**724.2**	(44.3)	**679.9**
Gain on disposal of plantation land	**554.9**	-	554.9
Interest income	**41.8**	-	41.8
Other investment results	**6.4**	-	6.4
Finance cost	**(254.4)**	-	(254.4)
Share of results of associates	**112.0**	-	112.0
Share of results of joint ventures	**(67.9)**	-	(67.9)
Profit before taxation	**1,117.0**	(44.3)	**1,072.7**
Taxation	**(193.7)**	(4.1)	(197.8)
Profit for the period	**923.3**	(48.4)	**874.9**
Other compehensive Income			
Currency translation difference in respect of foreign operations	**(17.1)**	-	**(17.1)**
Net gain on available for sale investments			
- fair value changes	**4.4**	-	**4.4**
- transfer to profit or loss on disposal	**0.1**	-	**0.1**
Share of OCI of investments accounted for using the equity method	**12.6**	-	**12.6**
Total comprehensive income for the period	**923.3**	**(48.4)**	**874.9**
Profit for the year attributable to:-			
Shareholders of the Company	**462.0**	(26.2)	**435.8**
Holders of Perpetual Sukuk	**73.7**	-	**73.7**
Non-controlling interests	**387.6**	(22.2)	**365.4**
Profit for the year	**923.3**	(48.4)	**874.9**
Total comprehensive income attributable to:			
Shareholders of the Company	**472.2**	(26.2)	**446.0**
Holders of Perpetual Sukuk	**73.7**	-	**73.7**
Non-controlling interests	**377.4**	(22.2)	**355.2**
Total comprehensive income for the period	**923.3**	(48.4)	**874.9**

2. Accounting Policies (cont'd.)

2.3 Standards Issued but not yet Effective

The Group has not early adopted the following MFRS that are not yet effective:

	Effective Date
• Amendments to MFRS 3 - Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
• Amendments to MFRS 9 - Prepayment Features with Negative Compensation	1 January 2019
• Amendments to MFRS 10 and MFRS128 - Sale or Contribution of Assets between an Investor and its Associate or Joint-Venture	Deferred
• Amendments to MFRS 11 - Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
• MFRS 16 - Leases	1 January 2019
• MFRS 17 - Insurance Contracts	1 January 2021
• Amendments to MFRS 112 - Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
• Amendments to MFRS 119 - Plan Amendment, Curtailment or Settlement	1 January 2019
• Amendments to MFRS 123 - Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
• Amendments to MFRS 128 - Long-term interests in Associates and Joint Ventures	1 January 2019

Except for the MFRS 16 Leases which is effective for annual period beginning on or after 1 January 2019 discussed below, there are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods.

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The standard will affect primarily the accounting for the Group’s operating leases. As at 31 March 2018, the Group has non-cancellable operating lease commitments of RM31.4 million. However, the Group has not assessed if there are any adjustments which are necessary because of the different treatment of extension or termination options. It is therefore not practicable at this juncture to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of MFRS 16 and how this may affect the Group’s profit or loss and classification of cash flows going forward.

3. Auditors' Report on Preceding Annual Financial Statements

The audit report of the preceding audited financial statements was not qualified.

4. Comments about Seasonal or Cyclical Factors

Plantation's result is influenced by both CPO prices and FFB crop production. The cropping pattern for oil palm is influenced by weather conditions. FFB production normally starts with a trough and thereafter increases gradually to reach a peak during the second half of the year.

5. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows.

6. Change in Estimates

Other than as disclosed in the audited financial statement for year ended 31 December 2017, there were no other material changes in estimates of amounts reported in the prior interim periods of the current financial year or the previous financial year.

7. Dividends

On 29 March 2018, the Company paid 4^{th} interim dividend of 2.5 sen (2016: 3.5 sen) per share in respect of the previous financial year ended 31 December 2017 amounting to RM50.7 million (2016: RM70.9 million).

For the current quarter, the Directors have declared a 1^{st} interim dividend of 2.5 sen (2017: 2.5 sen) per share in respect of the financial year ending 31 December 2018. The dividend will be paid on 4 July 2018 to shareholders registered in the Register of Members at the close of business on 18 June 2018.

8. Segmental Information

Segment information for the cumulative period is presented in respect of the Group's business segments as follows:

RM million	Plantation	Heavy Industries	Property	Finance & Investment	Pharma-ceutical	Trading & Industrial	Elim'n	Total
2018								
Revenue								
Group total sales	154.6	157.2	113.9	49.1	617.9	1,158.0	(5.7)	2,245.0
Inter-segment sales	-	-	(5.7)	-	-	-	5.7	-
External sales	154.6	157.2	108.2	49.1	617.9	1,158.0	-	2,245.0
Result								
Segment result								
- external	8.8	7.2	8.4	2.3	34.0	31.2	-	91.9
Finance cost	(1.8)	(22.3)	(17.7)	(29.5)	(9.7)	(4.9)	27.9	(58.0)
Interest income	0.2	0.2	4.7	29.2	0.1	0.9	(27.9)	7.4
Other investment result	-	-	-	-	-	0.1	-	0.1
Share of result of associates	0.6	-	-	31.9	-	0.4	-	32.9
Share of result of joint ventures	-	2.6	(3.5)	(3.1)	-	-	-	(4.0)
Profit/(loss) before taxation	7.8	(12.3)	(8.1)	30.8	24.4	27.7	-	70.3
Taxation								(32.2)
Profit after taxation								38.1
Other Information								
Depreciation and amortisation	(28.2)	(14.5)	(5.6)	(5.2)	(11.7)	(18.0)	-	(83.2)
Profit on disposal								
- Other assets	-	-	-	-	-	0.1	-	0.1
Other non-cash income/(expenses)*	-	1.9	(2.6)	(0.3)	(5.6)	(7.1)	-	(13.7)
Breakdown of Revenue								
Sale of produce	154.6	-	-	-	-	-	-	154.6
Sale of petroleum products	-	-	-	-	-	1,068.9	-	1,068.9
Sale of pharmaceutical products	-	-	-	-	617.9	-	-	617.9
Shipbuilding and repair	-	155.9	-	-	-	-	-	155.9
Sale of development properties	-	-	44.0	-	-	-	-	44.0
Hotel operations	-	-	35.7	-	-	-	-	35.7
Others	-	0.5	0.1	48.8	-	87.3	-	136.7
Revenue from contracts with customers	154.6	156.4	79.8	48.8	617.9	1,156.2	-	2,213.7
Rental income	-	0.8	28.4	0.3	-	1.8	-	31.3
Total revenue	154.6	157.2	108.2	49.1	617.9	1,158.0	-	2,245.0
Timing of Revenue Recognition								
Goods/services transferred:								
- At a point in time	154.6	20.1	64.2	49.1	598.8	1,140.2	-	2,027.0
- Over time	-	137.1	44.0	-	19.1	17.8	-	218.0
	154.6	157.2	108.2	49.1	617.9	1,158.0	-	2,245.0

8. Segmental Information (Cont'd.)

RM million	Plantation	Heavy Industries	Property	Finance & Investment	Pharma-ceutical	Trading & Industrial	Elim'n	Total
2017								**(Restated)**
Revenue								
Group total sales	189.0	279.6	136.5	48.6	618.3	1,107.8	(4.6)	2,375.2
Inter-segment sales	-	-	(4.6)	-	-	-	4.6	-
External sales	189.0	279.6	131.9	48.6	618.3	1,107.8	-	2,375.2
Result								
Segment result								
- external	47.3	(31.1)	18.1	1.9	31.9	32.3	-	100.4
Finance cost	(9.0)	(22.4)	(18.4)	(21.7)	(8.8)	(4.4)	21.7	(63.0)
Interest income	3.2	1.1	3.2	22.6	0.1	0.2	(21.7)	8.7
Other investment result	-	-	-	-	-	0.1	-	0.1
Share of result of associates	0.9	-	0.1	27.2	-	0.3	-	28.5
Share of result of joint ventures	-	1.8	(10.4)	(9.2)	-	-	-	(17.8)
Profit/(loss) before taxation	42.4	(50.6)	(7.4)	20.8	23.2	28.5	-	56.9
Taxation								(31.2)
Profit after taxation								25.7
Other Information								
Depreciation and amortisation	(30.0)	(22.9)	(5.4)	(5.4)	(14.6)	(16.4)	-	(94.7)
Profit on disposal								
Other assets	-	-	-	-	-	0.1	-	0.1
Other non-cash (expenses)/income*	0.8	(0.2)	(0.1)	(0.1)	(2.3)	(2.8)	-	(4.7)
Breakdown of Revenue								
Sale of produce	189.0	-	-	-	-	-	-	189.0
Sale of petroleum products	-	-	-	-	-	1,019.9	-	1,019.9
Sale of pharmaceutical products	-	-	-	-	618.3	-	-	618.3
Shipbuilding and repair	-	278.0	-	-	-	-	-	278.0
Sale of development properties	-	-	64.3	-	-	-	-	64.3
Hotel operations	-	-	37.0	-	-	-	-	37.0
Others	-	0.8	1.5	48.3	-	86.1	-	136.7
Revenue from contracts with customers	189.0	278.8	102.8	48.3	618.3	1,106.0	-	2,343.2
Rental income	-	0.8	29.1	0.3	-	1.8	-	32.0
Total revenue	189.0	279.6	131.9	48.6	618.3	1,107.8	-	2,375.2
Timing of Revenue Recognition								
Goods/services transferred:								
- At a point in time	189.0	47.7	67.6	48.6	606.2	1,081.8	-	2,040.9
- Over time	-	231.9	64.3	-	12.1	26.0	-	334.3
	189.0	279.6	131.9	48.6	618.3	1,107.8	-	2,375.2

* Other non-cash income/expenses exclude profit/loss on disposal of plantation land, Associate and other assets and depreciation and amortisation

The segment information based on geographical segment is not presented as the Group operates predominantly in Malaysia

9. Debts and Equity Securities

During the current quarter, the Group redeemed RM550.0 million of Assets-backed bonds.

There were no other issuances and repayment of debt and equity securities, share buybacks, share cancellations, shares held as treasury shares and resale of treasury shares in the current financial period.

10. Carrying Amount of Revalued Assets

There has been no revaluation of property, plant and equipment during the current financial period.

11. Subsequent Events

There were no other subsequent events as at 28 May 2018 that will materially affect the financial statements of the financial period under review.

12. Changes in Group Composition

On 30 March 2018, BHIC Defence Technologies Sdn Berhad, a wholly-owned subsidiary of Boustead Heavy Industries Corporation Berhad had acquired 30% stake in Airbus Helicopters Malaysia Sdn Bhd (AHM) for total consideration of EUR2.3 million (equivalent to RM11.1 million). AHM became the Group's joint venture on this date.

13. Changes in Contingent Liabilities and Contingent Assets

The status of the contingent liability as disclosed in the FY2017 annual financial statements remains unchanged as at 28 May 2018. No other contingent liability has arisen since the financial year end.

14. Commitments

The Group has the following commitments as at 31 March 2018:

	Authorised but not contracted RM million	**Authorised and contracted RM million**
Capital expenditure	430.7	134.9
Acquisition of plantation land	-	675.0
Share of joint venture's capital commitment	-	25.0
	430.7	834.9

15. Financial Risk Management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2017.

16. Intangible Assets

RM' million	**Goodwill**	**Concession right**	**Pharmacy manufacturing licence, patents &intellectual properties**	**Rights to supply**	**Total**
Cost					
At 1 January 2018	1,226.7	75.0	24.4	259.0	1,585.1
Additions	-	-	-	17.4	17.4
Foreign exchange fluctuation	(3.2)	-	(1.2)	-	(4.4)
At 31 March 2018	1,223.5	75.0	23.2	276.4	1,598.1
Accumulated amortisation and impairment					
At 1 January 2018	49.8	58.6	8.7	77.0	194.1
Amortisation	-	2.2	0.6	4.5	7.3
Foreign exchange fluctuation	-	-	(0.2)	-	(0.2)
At 31 March 2018	49.8	60.8	9.1	81.5	201.2
Net carrying amount					
At 31 March 2018	1,173.7	14.2	14.1	194.9	1,396.9
At 31 December 2017	1,176.9	16.4	15.7	182.0	1,391.0

Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia

17. Performance Review

For the quarter ended 31 March 2018	**Current Period**		**+/(-)**	**Cumulative Period**		**+/(-)**
(All figures are stated in RM million)	**2018**	**2017**	**%**	**2018**	**2017**	**%**
Revenue	2,245.0	2,375.2	-5%	2,245.0	2,375.2	-5%
Profit from operations	91.9	100.4	-8%	91.9	100.4	-8%
Profit before interest and taxation	120.9	111.2	9%	120.9	111.2	9%
Profit before taxation	70.3	56.9	24%	70.3	56.9	24%
Profit for the period	38.1	25.7	48%	38.1	25.7	48%
Profit attributable to shareholders of the Company	6.1	(4.0)	-252%	6.1	(4.0)	-252%

For the first quarter ended 31 March 2018 (1QFY18), the Group delivered a higher profit before tax (PBT) of RM70.3 million, reflecting a 24% increase compared with RM56.9 million in last year's corresponding quarter (1QFY17). This was achieved on the back of an improved performance by the Heavy Industries Division as well as better share of results from associates and joint ventures. The Group also posted a higher profit after tax of RM38.1 million for the quarter under review compared with RM25.7 million in the same quarter last year.

In 1QFY18, the Group recorded a revenue of RM2.2 billion, down by 5% from RM2.4 billion in 1QFY17. The Plantation Division turned in a revenue of RM154.6 million, a drop of 18% from RM189.0 million in 1QFY17. This was mainly due to lower palm product prices. The Heavy Industries Division also posted a lower revenue of RM157.2 million for the quarter under review (1QFY17: RM279.6 million) mainly due to slower progress for the Littoral Combat Ship project and ship repair projects. The Property Division's revenue decreased by 18%, mainly as a result of lower contribution from property development activities in Taman Mutiara Rini, Johor. Nevertheless, the Trading & Industrial Division recorded a 5% increase in revenue to RM1.2 billion (1QFY17: RM1.1 billion), primarily driven by volume growth for the retail petroleum business. Revenue for the Pharmaceutical and Finance & Investment Divisions for the quarter under review was largely consistent with 1QFY17.

The Plantation Division closed the 1st quarter with a lower PBT of RM7.8 million (1QFY17: RM42.4 million), as lower palm product prices impacted the bottom line. This offset the positive effect of lower finance costs of RM1.8 million (1QFY17: RM9.0 million), arising from reduced borrowings and higher FFB production. During the quarter under review, the average selling price of CPO was RM2,491 per MT, down by RM675 or 21% from RM3,166 per MT in 1QFY17. Similarly, the average PK price of RM2,188 per MT was lower by RM1,016 or 32% from RM3,204 per MT in 1QFY17. FFB production for 1QFY18 was 226,323 MT, up by 8% from 209,526 MT in 1QFY17, mainly due to recovery in yields post El Nino. Oil and kernel extraction rates averaged at 20.5% (1QFY17: 20.7%) and 4.5% (1QFY17: 4.3%) respectively.

The Finance & Investment Division closed the quarter with an increased PBT of RM30.8 million (1QFY17: RM20.8 million). This was achieved on the back of better share of results from associates and joint ventures. Affin Bank, an associate, recorded an improved contribution mainly due to a write back of loan impairment, increased net fee and commission income as well as lower overhead expenses. Irat Properties, a joint venture, recorded a lower deficit largely due to reduced direct operating costs. The Trading & Industrial Division registered a lower PBT of RM27.7 million (1QFY17: RM28.5 million). Whilst Boustead Petroleum Marketing (BPM) recorded a higher PBT primarily due to improved operating margins and sales volume, this was offset by a reduced PBT from UAC Berhad as a result of lower revenue.

The Heavy Industries Division closed the quarter with a deficit of RM12.3 million, an improvement from a deficit of RM50.6 million in 1QFY17. This was driven by stronger contributions from Boustead Heavy Industries Corporation (BHIC) and Boustead Naval Shipyard (BNS). BHIC posted a PBT of RM5.0 million for the quarter under review (1QFY17: RM2.8 million), primarily due to better share of profit from a joint venture, while BNS recorded a higher contribution as a result of lower operating costs. MHS Aviation (MHSA) also registered a lower deficit in the first quarter due to reduced operating costs, as its operations were downsized.

The Pharmaceutical Division recorded a higher PBT of RM24.4 million (1QFY17: RM23.2 million). This was mainly due to an increased contribution from the private sector business and continuous cost optimisation measures, although this was moderated by a lower contribution from the Indonesia segment. The Property Division recorded a higher deficit of RM8.1 million (1QFY17: RM7.4 million). Despite lower net finance costs and reduced share of loss from a joint venture, Boustead Ikano, this was moderated by weaker results from the hotel segment.

17. Performance Review (Cont'd.)

Statement of Financial Position

As at 31 March 2018, cash and bank balances increased as compared to 31 December 2017's position mainly due to drawdown made ahead of payment for acquisition of oil palm plantation in Sabah and working capital purpose.

Statement of Cash Flows

For the 1st quarter, the Group recorded a lower cash flow from operating activities of RM98.5 million (1QFY17: RM120.1 million) mainly due to lower palm products prices and reduced collection from Pharmaniaga Berhad. Nevertheless, this was compensated by the surplus in cash flow from financing activities of RM247.9 million (1QFY17: deficit of RM655.6 million) mainly due to drawdown of borrowings to finance working capital.

18. Material Changes in Quarterly Results Compared to The Results of the Immediate Preceding Quarter

For the quarter ended 31 March 2018	**Current Period**	**Immediate Preceding Period**	**+/(-)**
(All figures are stated in RM million)	**31.3.2018**	**31.12.2017**	**%**
Revenue	2,245.0	2,786.8	-19%
Profit from operations	91.9	264.1	-65%
Profit before interest and taxation	120.9	274.5	-56%
Profit before taxation	70.3	224.8	-69%
Profit for the period	38.1	158.3	-76%
Profit attributable to shareholders of the Company	6.1	76.3	-92%

For the current quarter (1QFY18), the Group recorded a lower PBT of RM70.3 million compared with RM224.8 million in the preceding quarter (4QFY17), which benefited from better palm product prices and FFB production, compensation receivable by MHSA as well as fair value gain on investment properties.

The Plantation Division registered a reduced PBT of RM7.8 million (4QFY17: RM32.0 million) mainly due to lower palm product prices and FFB production. Average CPO price for 1QFY18 was RM2,491 per MT, a drop of RM175 from RM2,666 per MT in 4QFY17. Meanwhile, average PK price for the quarter under review was RM2,188 per MT, a reduction of RM383 from RM2,571 per MT in the preceding quarter. FFB production for 1QFY18 was 226,323 per MT, down by 18% from 276,845 per MT in 4QFY17.

For 1QFY18, the Heavy Industries Division incurred a deficit of RM12.3 million (4QFY17: surplus of RM50.0 million). The bottom line for 4QFY17 was bolstered by compensation receivable from Joint Operating Partners for the settlement of termination of a Joint Operation contract with MHSA, net of impairment of goodwill for MHSA.

The Finance & Investment Division turned in an improved PBT of RM30.8 million (4QFY17: RM23.2 million) mainly due to reduced share of loss from Irat Properties, a joint venture, as a result of lower operating costs. Boustead Cruise Centre and Kao Malaysia also delivered stronger contributions. The Pharmaceutical Division posted a higher PBT of RM24.4 million (4QFY17: RM14.8 million). This was achieved on the back of increased demand from Government hospitals under the concession business segment as well as lower operating costs.

The Trading & Industrial Division registered a lower PBT of RM27.7 million (4QFY17: RM44.9 million). This was mainly due to a stockholding loss of RM0.2 million incurred by BPM (4QFY17: stockholding gain of RM8.0 million) and a lower contribution from UAC Berhad. The preceding quarter’s bottom line was also boosted by fair value gain on investment properties. The Property Division recorded a deficit of RM8.1 million in the current quarter (4QFY17: surplus of RM59.9 million). The preceding quarter benefitted from fair value gain on investment properties as well as the sale of a bungalow lot in Mutiara Damansara.

19. Prospects

The outlook for 2018 remains positive in both international and domestic fronts. The global economy is projected to expand at a faster pace in 2018, which will be driven primarily by private consumption. Domestic growth prospects are expected to be supported by strengthening global economic condition, continued expansion in private sector activities as well as positive spill overs from external sectors. Nevertheless, downside risks to growth persist. These include unfavourable monetary and regulatory policy shifts in advanced economies, rising trade protectionism by major trading partners and re-emergence of volatile commodity prices could also weigh down global and domestic economies. Long-term prospects for Malaysia economy are positive, which are supported by strong economic fundamentals, a sound financial system, an accommodative monetary policy as well as the implementation of various Government initiatives. As such, the diversified nature of BHB in six core areas of Malaysian economy certainly augurs well for the Group.

The Plantation Division's profitability is influenced by crop production and CPO prices. For the current financial year, the proposed sale of 138.89 hectares of Malakoff Estate, upon completion in the 3rd quarter of 2018, will contribute positively to the Group's earnings. FFB yields are improving in Peninsular Malaysia and Sabah regions while labour shortage coupled with the difficult ground conditions are hampering operations in Sarawak. The recent acquisition of approximately 11,579 hectares of plantation land in the district of Labuk and Sugut, Sabah is expected to boost the Division's production. The global vegetable oil production for 2018 is forecasted to exceed consumption and this is likely to suppress demand for palm oil and in turn, pushes up inventory levels. Although the price outlook for CPO is not encouraging, EU's removal of anti-dumping duty for biodiesel from Indonesia is positive news for the sector coupled with the likelihood of higher tariffs on US soyabean by China may lend support to palm oil as a potential edible oil substitute. In addition, the possibility of crude mineral oil prices remaining above USD70 per barrel could encourage more biodiesel production in Indonesia using palm oil as feedstock.

The Pharmaceutical Division continues to solidify its business fundamentals, while making progress in its expansion plans despite persistently tough market conditions. The growing healthcare sector continues to offer robust prospects for the Division to leverage on as a leading pharmaceutical manufacturer. With improved contributions from its concession business as well as higher demand from the private sector business and its Indonesian operations, the Division is poised to further tap into vast market opportunities, both in Malaysia and abroad.

Progress billings from the ongoing and upcoming housing projects will contribute positively to the Property Division's bottom line. The Division's portfolio of well-located investment properties will generate good rentals as well as appreciation in value over time. The Division's hotel activities are expected to achieve satisfactory performance going forward but will continue to face challenges of occupancies and rates.

The LCS and LMS projects as well as defence related maintenance, repair and overhaul activities will contribute to Heavy Industries Division's performance going forward. Finance & Investment Division's earnings will largely be driven by our associate, Affin Bank Berhad.

20. Notes on Variance in Actual Profit and Shortfall in Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and non-controlling interests and shortfall in profit guarantee are not applicable.

21. Taxation

	Current Quarter 2018 RM million	Cumulative Quarter 2018 RM million
Malaysian taxation based on profit for the period:		
- Current	28.5	28.5
- Deferred	3.5	3.5
	32.0	32.0
Under provision of prior years	0.2	0.2
	32.2	32.2

The Group's effective rate for current quarter is higher than statutory tax rate as certain expenses are non-deductible for tax purposes and non-availability of group relief for certain Subsidiaries.

22. Corporate Proposals - Status

(a) Status of Corporate Proposal

(i) On 19 December 2016, the Group's wholly owned Subsidiary Boustead Construction Sdn Bhd (BCSB) entered into a sale and purchase agreement with Lembaga Tabung Angkatan Tentera (LTAT), to purchase lands measuring 10.74 acres out of 53.39 acres held under PN 31560, Lot No. 37825, Mukim Petaling, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur (collectively known as the Bukit Jalil Lands) for a total cash consideration of RM172,780,035.48 (Proposed Acquisition).

The Proposed Acquisition is pending the approval of the State Authority for the transfer of the Bukit Jalil Lands to BCSB and completion of the infrastructure works by the Vendor.

(ii) On 30 October 2017, Boustead Rimba Nilai Sdn Bhd (BRNSB), a wholly-owned Subsidiary of Boustead Plantation Berhad (BPB) entered into a Sale & Purchase Agreement (SPA) with Pertama Land & Development Sdn Bhd (PLBSB) for the acquisition of 42 parcels of plantation land measuring 11,579.31 hectares within the district of Labuk & Sugut, Sabah inclusive of all buildings, agricultural machineries, vehicles, equipment and other amenities located at the property for a total cash consideration of RM750 million. BRNSB has paid a 10% deposit. Following the approvals of shareholders of the Company, shareholders of DutaLand Berhad (parent company of PLDSB) and regulatory authorities the land acquisition was completed on 16 May 2018.

(iii) On 24 April 2018, the Company had issued RM150 million of Islamic Medium Term Notes (IMTN) under the RM2.0 billion Sukuk Programme. The maturity date of the tranche issued is for 3 years, at a profit rate of 5.7%. This is part of the combined RM2.5 billion IMTN Programme with tenure of 10 years of which RM1.0 billion was issued in the previous financial year. The IMTN programmes are unrated and are implemented under Securities Commission Malaysia's Guidelines on Unlisted Capital Market Products under The Lodge and Launch Framework. The proceeds to be raised from the IMTN programmes are to be utilised, amongst others, to finance future property development projects and capital expenditures, investments in subsidiaries and/or associates, working capital requirements and to finance existing borrowings of the Company.

(iv) On 22 December 2017, the Group's wholly owned Subsidiary, Mutiara Rini Sdn Bhd (MRSB) entered into a sale and purchase agreement with LTAT to purchase land measuring 6.59 hectares held under HSD 118499 PT 484 Section 90, Town of Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur (Jalan Cochrane land) for a total cash consideration of RM143,513,065 (Proposed Acquisition).

The approval for the transfer of the Jalan Cochrane Land to MRSB has been obtained from the relevant State Authority. The proposed acquisition is now pending for the transfer of title to MRSB.

(v) On 24 January 2018, Boustead Plantation Berhad (BPB) announced that CIMB Islamic Trustee Berhad (CITB), acting solely as trustee for BPB, entered in a sale and purchase agreement with Sunrich Conquest Sdn. Bhd. (SCSB) for the disposal of 82.84 hectares of freehold land situated in Mukim 12, Daerah Seberang Perai Utara, Pulau Pinang by BPB to SCSB for cash consideration of approximately RM81.0 million, subject to the term and conditions contained therein.

On the same date, CITB, acting solely as trustee for BPB, entered into a sale and purchase agreement with Titanium Greenview Sdn Bhd (TGSB) for the disposal of 56.05 hectares of freehold land situated in Mukim 12, Daerah Seberang Perai Utara, Pulau Pinang by BPB to TGSB for cash consideration of approximately RM55.0 million, subject to the term and conditions contained therein.

A total deposit of RM9.5 million or 7% of the combined sale proceeds has been received since the end of 2017. The sale of the lands are expected to be completed in the 3rd quarter of 2018.

There were no other corporate proposals announced or pending completion as at 28 May 2018.

(b) Status on Utilisation of Proceeds from Rights Issue as at 30 April 2018

(In RM Million)	Proposed Utilisation	Actual Utilisation	Time Frame	Deviation Amount	%	Explanation
Repayment of bank borrowings	486.0	486.0	Within 12 months	-		
Property development activities	507.0	84.1	Within 24 months	422.9	83%	To be utilised
Working capital	60.5	60.5	Within 12 months	-		
Right issue expenses	1.3	1.3	Within 6 months	-		
	1,054.8	631.9		422.9		

22. Corporate Proposals - Status (Cont'd.)

(c) Status on Utilisation of Proceeds from Issue of IMTNs as at 30 April 2018

(In RM Million)	Proposed Utilisation	Actual Utilisation	Time Frame	Deviation Amount
Refinancing of existing borrowings	962.4	962.4	Not applicable	-
Funding of reserve account of IMTN programme	37.6	37.6	Not applicable	-
Funding of working capital	150.0	150.0	Not applicable	-
	1,150.0	1,150.0		-

23. Changes in Material Litigations

(i) In respect of the litigation referred to in Note 38 (a) of 2017 Annual Report, Court had on 28 March 2018 allowed the Plaintiff's application to enter the shipyard and inspect and/or collect samples of 'abandoned' LV cables. Full trial of the main suit has taken place on 16 and 17 April 2018, and on 7 May 2018. Continuation of trial will be on 11 and 12 July 2018.

(ii) In respect of Notice of Arbitration issued by MHS Aviation (MHSA) to PETRONAS Carigali Sdn Bhd referred to in Note 44 (e) of 2017 Annual Report, MHSA had agreed on mutual settlements with PCSB and all the JOPs, and has entered into separate confidential agreements with all the JOPs. MHSA will withdraw the arbitration proceeding against PCSB only upon receipt of it of full payments of the settlement sums from JOPs.

As at 28 May 2018, there were no other changes in material litigation, including the status of pending material litigation since the date of the last annual statement of financial position as at 31 December 2017.

24. Earnings Per Share - Basic/diluted

	Current Period		Cumulative Period	
	2018	**2017**	**2018**	**2017**
Net profit for the period (RM million)	**6.1**	(4.0)	**6.1**	(4.0)
Weighted average number of ordinary shares in issue (million)	**2,027.0**	2,027.0	**2,027.0**	2,027.0
Basic/diluted earnings per share (sen)	**0.30**	(0.20)	**0.30**	(0.20)

25. Group Borrowings and Debt Securities

Total group borrowings as at 31 March 2018 are as follows:-

	31.3.2018 RM million	31.12.2017 RM million	31.3.2017 RM million
Non-current:			
Term loans			
- Denominated in US Dollar	-	-	56.2
- Denominated in Great Britain Pound	**64.9**	66.0	68.2
- Denominated in Indonesian Rupiah	**83.8**	102.7	90.1
- Denominated in RM	**516.8**	519.2	864.0
	665.5	687.9	1,078.5
Asset-backed bonds	**209.1**	758.9	758.2
Bank guaranteed medium term notes	-	-	607.6
Islamic medium term notes	**992.8**	992.5	-
	1,867.4	2,439.3	2,444.3
Less: repayable in 1 year	**403.3**	982.8	1,562.7
	1,464.1	1,456.5	881.6
Current:			
Bank overdrafts	**58.6**	39.1	29.8
Bankers' acceptances			
- Denominated in Indonesian Rupiah	**15.4**	15.0	16.9
- Denominated in RM	**425.4**	317.0	323.7
Revolving credits	**4,275.9**	3,373.5	4,045.7
Short term loans	**403.3**	982.8	1,562.7
	5,178.6	4,727.4	5,978.8
Total borrowings	**6,642.7**	6,183.9	6,860.4

The Islamic medium term notes (IMTN), which was issued during the previous financial year, comprise 2 tranches of RM500 million Sukuk Murabahah with maturity 7 years from the date of issue and carries profit rates of 5.90% per annum.

The asset-backed bonds comprise of 1 class of guaranteed bonds which is rated AAA(fg). The maturity date of the asset-backed bonds is 7 years from the date of issue with the effective interest rate of 5.1% per annum. The bonds are secured by a debenture over the assets of the Subsidiary, a special purpose vehicle created for the Bonds issuance.

A Subsidiary has a term loan of RM234.3 million (2017: RM234.3 million) which is repayable within 4 years commencing from 27 April 2017. This Subsidiary also has revolving credits of RM1,029.3 million (2017: RM1,029.3 million) which are secured by way of an assignment on contract proceeds.

A Subsidiary has a term loan of RM114.0 million (2017: RM114.0 million) which is secured by five aircrafts of the Subsidiary, proceeds account and the said Subsidiary's present and future rights, title, benefit and interest in and under the lease agreement of those aircrafts.

A Subsidiary has a term loan denominated in Great Britain Pound equivalent to RM64.9 million (2017: RM66.0 million) which is secured against a property owned by the Subsidiary.

All the other borrowings are unsecured.

The amount of borrowings denominated in foreign currencies:
(All figures are stated in million)

	31.3.2018	31.12.2017	31.3.2017
Denominated in US Dollar	-	-	12.7
Denominated in Great Britain Pound	**12.0**	12.1	12.4
Denominated in Indonesian Rupiah	**353,025**	394,966	350,039
Exchange rate:			
- US Dollar	-	-	4.43
- Great Britain Pound	**5.42**	5.47	5.51
- Indonesian Rupiah	**0.0281**	0.0298	0.0333

As at 31 March 2018, the Group's borrowing was higher at RM6.6 billion (As at 31 December 2017: RM6.2 billion).The increase was mainly due to higher borrowing from BPB and Pharmaniaga Berhad to fund working capital.

As at 31 March 2018, the weighted average interest rate of borrowings is 5.2% (As at 31 December 2017: 5.2%) per annum. The proportion of debt based on fixed and floating interest rate is 18% (As at 31 December 2017: 28%) and 82% (As at 31 December 2017: 72%) respectively.

The amount borrowed in foreign currencies is not hedged as the Group does not expect material fluctuation in the exchange rate.

26. Additional Disclosures

The Group's profit before taxation is stated after (crediting)/deducting the following:

	Current Quarter		Cumulative Quarter	
	2018	**2017**	**2018**	**2017**
	RM million	**RM million**	**RM million**	**RM million**
Depreciation and amortisation	**83.2**	94.7	**83.2**	94.7
Provision for and write off of receivables	**4.8**	1.4	**4.8**	1.4
Provision for and write off of inventories	**4.6**	2.9	**4.6**	2.9
Gain on disposal of other property, plant and equipment	**(0.1)**	-	**(0.1)**	-
Stockholding loss	**0.2**	0.2	**0.2**	0.2
Foreign exchange gain	**(15.6)**	(8.5)	**(15.6)**	(8.5)
Net fair value loss on derivatives	**9.0**	4.7	**9.0**	4.7

28. Plantation Statistics

	Cumulative Period	
	2018	**2017**
(a) Crop production and yield		
FFB (MT)	**226,323**	209,526
FFB (MT/ha)	**3.9**	3.6
CPO production (MT)	**51,365**	47,286
(b) Average selling prices (RM per MT)		
FFB	**508**	712
Crude palm oil (CPO)	**2,491**	3,166
Palm kernel (PK)	**2,188**	3,204
(c) Oil extraction rate (%)		
Crude palm oil	**20.5**	20.7
Palm kernel	**4.5**	4.3

(d) Planted areas (hectares)

		As at 31.3.2018	As at 31.12.2017
Oil palm	- immature	**6,274**	5,876
	- young mature	**12,068**	12,179
	- prime mature	**27,652**	32,363
	- past prime	**18,816**	14,569
		64,810	64,987