Boustead Holdings Berhad (3871-H)

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

For the quarter ended 30 September 2018	**Current Period**		**Cumulative Period**	
(All figures are stated in RM million)	**2018**	**2017**	**2018**	**2017**
Revenue	**2,543.0**	2,471.9	**7,161.7**	7,233.3
Operating cost	**(2,434.6)**	(2,346.4)	**(6,904.6)**	(6,817.5)
Profit from operations	**108.4**	125.5	**257.1**	415.8
Gain on disposal of plantation land	**-**	554.9	**-**	554.9
Interest income	**8.0**	11.5	**24.7**	30.2
Other investment results	**0.1**	0.2	**0.4**	0.8
Finance cost	**(74.3)**	(64.6)	**(195.5)**	(193.1)
Share of results of associates	**31.0**	15.9	**80.3**	73.8
Share of results of joint ventures	**(9.4)**	(2.4)	**(12.5)**	(34.5)
Profit before taxation	**63.8**	641.0	**154.5**	847.9
Taxation	**(23.7)**	(63.0)	**(77.6)**	(129.8)
Profit for the period	**40.1**	578.0	**76.9**	718.1
Profit/(loss) for the period attributable to:				
Shareholders of the Company	**7.3**	310.6	**(14.2)**	359.1
Holders of Perpetual Sukuk	**18.6**	18.6	**55.1**	55.1
Non-controlling interests	**14.2**	248.8	**36.0**	303.9
Profit for the period	**40.1**	578.0	**76.9**	718.1
Earnings/(Loss) per share - sen				
Basic/diluted	**0.36**	15.32	**(0.70)**	17.72

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 30 September 2018	Current Period		Cumulative Period	
(All figures are stated in RM million)	**2018**	**2017**	**2018**	**2017**
Profit for the period	**40.1**	578.0	**76.9**	718.1
Other comprehensive income/(loss)				
Items that may be reclassified to profit or loss				
Currency translation difference in respect of foreign operations	**(2.0)**	(4.1)	**(7.6)**	(8.8)
Net gain/(loss) on available for sale investments				
- fair value changes	**1.1**	(0.8)	**(1.1)**	2.8
- disposal	**0.2**	-	**0.2**	-
Share of OCI of investments accounted for using the equity method	**20.8**	3.4	**7.3**	22.7
Total comprehensive income for the period	**60.2**	576.5	**75.7**	734.8
Attributable to:				
Shareholders of the Company	**28.9**	311.4	**(11.4)**	381.0
Holders of Perpetual Sukuk	**18.6**	18.6	**55.1**	55.1
Non-controlling interests	**12.7**	246.5	**32.0**	298.7
Total comprehensive income for the period	**60.2**	576.5	**75.7**	734.8

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 30 September 2018	As at 30 September	As at 31 December	As at 1 January
(All figures are stated in RM million)	**2018**	**2017**	**2017**
ASSETS			
Non current assets			
Property, plant and equipment	**7,329.0**	6,659.3	6,802.8
Investment properties	**1,822.8**	1,804.8	1,641.1
Development properties	**649.4**	643.8	636.6
Prepaid land lease payments	**50.0**	51.7	54.0
Long term prepayment	**201.7**	201.8	183.1
Deferred tax assets	**44.7**	52.5	46.3
Associates	**2,090.5**	2,051.5	1,973.7
Joint ventures	**600.9**	552.4	619.0
Available for sale investments	**29.9**	35.7	32.1
Intangible assets	**1,400.1**	1,391.0	1,435.2
	14,219.0	13,444.5	13,423.9
Current assets			
Biological assets	**23.5**	23.0	30.3
Inventories	**876.3**	743.8	863.9
Property development in progress	**126.6**	38.8	32.6
Due from customers on contracts	**1,230.4**	1,166.6	831.8
Receivables	**2,340.0**	2,247.9	1,617.6
Deposits, cash and bank balance	**786.2**	631.1	1,717.6
Assets classified as held for sale	**14.0**	14.0	60.1
	5,397.0	4,865.2	5,153.9
TOTAL ASSETS	**19,616.0**	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	**3,315.8**	3,493.0	5,018.7
Shareholders' equity	**6,051.5**	6,228.7	6,032.2
Perpetual Sukuk	**1,219.7**	1,207.7	1,207.7
Non-controlling interests	**1,775.2**	1,853.8	1,681.8
Total equity	**9,046.4**	9,290.2	8,921.7
Non current liabilities			
Borrowings	**1,838.3**	1,456.5	1,440.6
Other payables	**30.1**	35.7	34.8
Deferred tax liabilities	**370.3**	390.4	351.1
	2,238.7	1,882.6	1,826.5
Current liabilities			
Borrowings	**5,722.7**	4,727.4	5,876.1
Trade and other payables	**2,509.3**	2,296.4	1,799.7
Due to customer on contracts	**59.2**	82.1	127.1
Taxation	**39.7**	31.0	26.7
	8,330.9	7,136.9	7,829.6
Total liabilities	**10,569.6**	9,019.5	9,656.1
TOTAL EQUITY AND LIABILITIES	**19,616.0**	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 30 September 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	**-**	**-**	**-**	**-**	**(3.6)**	**-**	**(3.6)**	**-**	**(4.0)**	**(7.6)**
Net (loss)/gain on available for sale investments										
- fair value changes	**-**	**-**	**(1.1)**	**-**	**-**	**-**	**(1.1)**	**-**	**-**	**(1.1)**
- disposal	**-**	**-**	**0.2**	**-**		**-**	**0.2**	**-**	**-**	**0.2**
Share of OCI investments accounted for using equity method	**-**	**-**	**5.7**	**-**	**1.6**	**-**	**7.3**	**-**	**-**	**7.3**
Total other comprehensive income/(loss) for the period	**-**	**-**	**4.8**	**-**	**(2.0)**	**-**	**2.8**	**-**	**(4.0)**	**(1.2)**
(Loss)/profit for the period	**-**	**-**	**-**	**-**	**-**	**(14.2)**	**(14.2)**	**55.1**	**36.0**	**76.9**
Total comprehensive income/(loss) for the period	**-**	**-**	**4.8**	**-**	**(2.0)**	**(14.2)**	**(11.4)**	**55.1**	**32.0**	**75.7**
Transactions with owners										
Perpetual Sukuk										
- Distribution	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(43.1)**	**-**	**(43.1)**
Changes in ownership interests in Subsidiaries										
- Issue of shares by a Subsidiary	**-**	**-**	**-**	**-**	**-**	**(0.6)**	**(0.6)**	**-**	**0.9**	**0.3**
- Share options granted by a Subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3.6**	**3.6**
Transfers during the period										
- Regulatory reserve of an Associate	**-**	**-**	**-**	**13.9**	**-**	**(13.9)**	**-**	**-**	**-**	**-**
Dividends	**-**	**-**	**-**	**-**	**-**	**(121.6)**	**(121.6)**	**-**	**(115.1)**	**(236.7)**
Balance at 30 September 2018	**2,735.7**	**-**	**22.9**	**130.5**	**431.1**	**2,731.3**	**6,051.5**	**1,219.7**	**1,775.2**	**9,046.4**

Boustead Holdings Berhad (3871-H)

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

For the financial period ended 30 September 2017	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 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	-	-	-	-	(3.6)	-	(3.6)	-	(5.2)	(8.8)
Net income on available for sale investments										
- fair value changes	-	-	2.8	-	-	-	2.8	-	-	2.8
Share of OCI investments accounted for using equity method	-	-	22.7	-	-	-	22.7	-	-	22.7
Total other comprehensive income/(loss) for the period	-	-	25.5	-	(3.6)	-	21.9	-	(5.2)	16.7
Profit for the period	-	-	-	-	-	359.1	359.1	55.1	303.9	718.1
Total comprehensive income/(loss) for the period	-	-	25.5	-	(3.6)	359.1	381.0	55.1	298.7	734.8
Transactions with owners										
Perpetual Sukuk										
- Distribution	-	-	-	-	-	-	-	(43.1)	-	(43.1)
Adjustments arising from the finalisation of purchase price allocation on acquisition of a Subsidiary	-	-	-	-	-	-	-	-	0.3	0.3
Changes in ownership interests in Subsidiaries										
- Issue of shares by a Subsidiary	-	-	-	-	-	(0.4)	(0.4)	-	3.0	2.6
- Share options granted by a Subsidiary	-	-	-	-	-	-	-	-	3.9	3.9
Transfers during the period										
- Statutory reserve of an Associate ^	-	-	-	(373.8)	-	373.8	-	-	-	-
- Regulatory reserve of an Associate	-	-	-	70.9	-	(70.9)	-	-	-	-
Dividends	-	-	-	-	-	(182.4)	(182.4)	-	(99.6)	(282.0)
Balance at 30 September 2017	2,735.7	-	38.2	122.9	435.9	2,897.7	6,230.4	1,219.7	1,888.1	9,338.2

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.

^ Pursuant to Revised Policy Documents on Capital Funds and Capital Funds for Islamic Banks issued by Bank Negara Malaysia on 3 May 2017, the banking subsidiaries of an associate no longer require to maintain the Statutory Reserve. Hence, during the period, the entire balance of Statutory Reserve of RM1,806.7 million, of which our share is RM373.8 million, was transferred to Retained Profit.

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 30 September 2018

(All figures are stated in RM million)	2018	2017
Operating activities		
Receipts from customers	**7,352.1**	6,958.8
Cash paid to suppliers and employees	**(6,792.8)**	(6,516.2)
	559.3	442.6
Income taxes paid less refund	**(110.0)**	(125.5)
Net cash from operating activities	**449.3**	317.1
Investing activities		
Biological assets and property, plant & equipment purchased	**(838.1)**	(163.0)
Purchase and development of investment property & development property	**(129.4)**	(82.3)
Contribution to a joint venture's capital expenditure	**(81.9)**	(61.6)
Purchase of intangible assets	**(34.7)**	(19.9)
Disposal of property plant & equipment and biological assets	**21.7**	0.9
Disposal of plantation assets	**-**	618.0
Acquisition of a joint venture	**(11.1)**	-
Deposit received on disposal of land	**9.5**	-
Deposit paid on acquisition of land	**(39.7)**	(15.0)
Additional investment in a joint venture	**(50.0)**	-
Others	**34.0**	50.2
Net cash (used in)/from investing activities	**(1,119.7)**	327.3
Financing activities		
Transactions with owners	**(121.6)**	(182.4)
Transactions with holders of Perpetual Sukuk	**(43.1)**	(43.1)
New loans	**901.6**	1,045.0
Loans repayment	**(876.6)**	(466.9)
Other borrowings	**1,344.7**	(834.8)
Interest paid	**(282.1)**	(265.4)
Dividends paid to non-controlling interests	**(115.1)**	(99.6)
Net cash from/(used in) financing activities	**807.8**	(847.2)
Net increase/(decrease) in cash and cash equivalent	**137.4**	(202.8)
Foreign currency translation difference	**(0.9)**	(0.5)
Cash and cash equivalent at beginning of period	**592.0**	1,692.9
Cash and cash equivalent at end of period	**728.5**	1,489.6
Analysis of cash and cash equivalents		
Deposits, cash and bank balances	**786.2**	1,518.5
Overdrafts	**(57.7)**	(28.9)
Cash and cash equivalent at end of period	**728.5**	1,489.6

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 30 September 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 30 September 2018, are the Group's third MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual 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 (30 September 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 (30 September 2017: RM583.7 million; 31 December 2017: RM579.1 million) with corresponding increase in deferred tax liabilities of RM219.4 million (30 September 2017: RM222.3 million; 31 December 2017: RM224.7 million) and corresponding increase in non-controlling interest of RM62.7 million (30 September 2017: RM47.7 million; 31 December 2017: RM44.0 million). The resulting adjustments were recognised against retained earnings. Accordingly, amortisation net of replanting expenditure increased by RM32.3 million (9MFY17) and RM36.9 million (FYE2017) and income tax expense increased by RM2.9 million (9MFY17) 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 (30 September 2017: RM34.0 million; 31 December 2017: RM23.0 million) was recognised in biological assets with corresponding increase in deferred tax liabilities of RM6.1 million (30 September 2017: RM7.3 million; 31 December 2017: RM4.9 million) and corresponding increase in non-controlling interest of RM12.2 million (30 September 2017: RM12.2 million; 31 December 2017: RM8.7 million). The resulting adjustments were recognised against retained earnings. Accordingly, increase in fair value of RM3.7 million (9MFY17) and decrease in fair value of RM7.4 million (FYE2017) and income tax expense of RM1.2 million (9MFY17) and credit of 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 30 September 2017

As at 30 September 2017	FRS as at 30 September	Note 2.2 (b) (i)	Note 2.2 (b) (ii) and Note 2.2 (c)	MFRS as at 30 September
(All figures are stated in RM million)	**2017**			**2017**
ASSETS				
Non current assets				
Property, plant and equipment	**4,913.9**	-	1,832.3	**6,746.2**
Biological assets	**1,248.6**	-	(1,248.6)	-
Investment properties	**1,711.1**	-	-	**1,711.1**
Development properties	**626.1**	-	-	**626.1**
Prepaid land lease payments	**52.3**	-	-	**52.3**
Long term prepayment	**191.6**	-	-	**191.6**
Deferred tax assets	**48.1**	-	-	**48.1**
Associates	**2,050.6**	-	-	**2,050.6**
Joint ventures	**584.8**	-	-	**584.8**
Available for sale investments	**34.9**	-	-	**34.9**
Intangible assets	**1,430.4**	-	-	**1,430.4**
	12,892.4	-	583.7	**13,476.1**
Current assets				
Biological assets	-	-	34.0	**34.0**
Inventories	**748.5**	-	-	**748.5**
Property development in progress	**68.7**	-	-	**68.7**
Due from customers on contracts	**1,275.6**	-	-	**1,275.6**
Receivables	**1,945.0**	-	-	**1,945.0**
Deposits, cash and bank balance	**1,518.5**	-	-	**1,518.5**
Assets classified as held for sale	-	-	-	-
	5,556.3	-	34.0	**5,590.3**
TOTAL ASSETS	**18,448.7**	-	617.7	**19,066.4**
EQUITY AND LIABILITIES				
Equity attributable to shareholders of the Company				
Share capital	**2,735.7**	-	-	**2,735.7**
Reserves				
- Revaluation and fair value reserve	**79.8**	(41.6)	-	**38.2**
- Regulatory reserve	**122.9**	-	-	**122.9**
- Other reserve	**435.9**	-	-	**435.9**
- Retained profit	**2,527.9**	41.6	328.2	**2,897.7**
Shareholders' equity	**5,902.2**	-	328.2	**6,230.4**
Perpetual Sukuk	**1,219.7**	-	-	**1,219.7**
Non-controlling interests	**1,828.2**	-	59.9	**1,888.1**
Total equity	**8,950.1**	-	388.1	**9,338.2**
Non current liabilities				
Borrowings	**1,589.3**	-	-	**1,589.3**
Other payables	**34.2**	-	-	**34.2**
Deferred tax liabilities	**135.9**	-	229.6	**365.5**
	1,759.4	-	229.6	**1,989.0**
Current liabilities				
Borrowings	**5,465.8**	-	-	**5,465.8**
Trade and other payables	**2,171.4**	-	-	**2,171.4**
Due to customer on contracts	**65.1**	-	-	**65.1**
Taxation	**36.9**	-	-	**36.9**
	7,739.2	-	-	**7,739.2**
Total liabilities	**9,498.6**	-	229.6	**9,728.2**
TOTAL EQUITY AND LIABILITIES	**18,448.7**	-	617.7	**19,066.4**

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 30 September 2017

	FRS 30 September 2017	Note 2.2 (b) (ii) and Note 2.2 (c)	MFRS 30 September 2017
(All figures are stated in RM million)			
Revenue	**7,233.3**	-	**7,233.3**
Operating cost	**(6,788.9)**	(28.6)	(6,817.5)
Profit from operations	**444.4**	(28.6)	**415.8**
Gain on disposal of plantation land	**554.9**	-	554.9
Interest income	**30.2**	-	30.2
Other investment results	**0.8**	-	0.8
Finance cost	**(193.1)**	-	(193.1)
Share of results of associates	**73.8**	-	73.8
Share of results of joint ventures	**(34.5)**	-	(34.5)
Profit before taxation	**876.5**	(28.6)	**847.9**
Taxation	**(125.7)**	(4.1)	(129.8)
Profit for the period	**750.8**	(32.7)	**718.1**
Other compehensive Income			
Currency translation difference in respect of foreign operations	**(8.8)**	-	**(8.8)**
Net gain on available for sale investments			
- fair value changes	**2.8**	-	**2.8**
Share of OCI of investments accounted for using the equity method	**22.7**	-	**22.7**
Total comprehensive income for the period	**767.5**	**(32.7)**	**734.8**
Profit for the year attributable to:-			
Shareholders of the Company	**376.8**	(17.7)	**359.1**
Holders of Perpetual Sukuk	**55.1**	-	**55.1**
Non-controlling interests	**318.9**	(15.0)	**303.9**
Profit for the year	**750.8**	(32.7)	**718.1**
Total comprehensive income attributable to:			
Shareholders of the Company	**398.7**	(17.7)	**381.0**
Holders of Perpetual Sukuk	**55.1**	-	**55.1**
Non-controlling interests	**313.7**	(15.0)	**298.7**
Total comprehensive income for the period	**767.5**	(32.7)	**734.8**

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 30 September 2018, the Group has non-cancellable operating lease commitments of RM42.9 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 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

(i) On 29 March 2018, the Company paid 4th 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).

(ii) On 4 July 2018, the Company paid 1st interim dividend of 2.5 sen (2017: 2.5 sen) per share in respect of the financial year ended 31 December 2018 amounting to RM50.7 million (2017: RM50.7 million).

(iii) On 5 October 2018, the Company paid 2nd interim dividend of 1.0 sen (2017: 3.0 sen) per share in respect of the financial year ending 31 December 2018 amounting to RM20.3 million (2017: RM60.8 million).

For the current quarter, the Directors have declared a 3rd interim dividend of 1.5 sen (2017: 3.0 sen) per share in respect of the financial year ending 31 December 2018. The dividend will be paid on 8 January 2019 to shareholders registered in the Register of Members at the close of business on 17 December 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	427.4	578.9	383.7	147.3	1,788.3	3,853.1	(17.0)	7,161.7
Inter-segment sales	-	-	(17.0)	-	-	-	17.0	-
External sales	427.4	578.9	366.7	147.3	1,788.3	3,853.1	-	7,161.7
Result								
Segment result								
- external	(22.3)	17.6	47.6	7.2	77.7	129.3	-	257.1
Finance cost	(23.1)	(57.0)	(56.1)	(95.1)	(33.2)	(14.3)	83.3	(195.5)
Interest income	1.3	1.5	13.0	90.3	0.5	1.4	(83.3)	24.7
Other investment result	-	-	-	0.1	-	0.3	-	0.4
Share of result of associates	2.5	-	(2.8)	79.9	-	0.7	-	80.3
Share of result of joint ventures	-	7.8	(15.0)	(5.3)	-	-	-	(12.5)
(Loss)/profit before taxation	(41.6)	(30.1)	(13.3)	77.1	45.0	117.4	-	154.5
Taxation								(77.6)
Profit after taxation								76.9
Other Information								
Depreciation and amortisation	(100.1)	(40.0)	(18.1)	(15.9)	(40.7)	(55.2)	-	(270.0)
Profit/(loss) on disposal								
- Other assets	-	11.9	-	(0.2)	-	3.5	-	15.2
Other non-cash (expenses)/income*	-	(1.6)	(6.8)	(0.4)	(13.7)	4.8	-	(17.7)
Breakdown of Revenue								
Sale of produce	427.4	-	-	-	-	-	-	427.4
Sale of petroleum products	-	-	-	-	-	3,580.7	-	3,580.7
Sale of pharmaceutical products	-	-	-	-	1,788.3	-	-	1,788.3
Shipbuilding and repair	-	574.8	-	-	-	-	-	574.8
Sale of development properties	-	-	169.1	-	-	-	-	169.1
Hotel operations	-	-	112.4	-	-	-	-	112.4
Others	-	1.6	-	146.5	-	266.8	-	414.9
Revenue from contracts with customers	427.4	576.4	281.5	146.5	1,788.3	3,847.5	-	7,067.6
Rental income	-	2.5	85.2	0.8	-	5.6	-	94.1
Total revenue	427.4	578.9	366.7	147.3	1,788.3	3,853.1	-	7,161.7
Timing of Revenue Recognition								
Goods/services transferred:								
- At a point in time	427.4	5.5	198.1	147.3	1,750.1	3,845.1	-	6,373.5
- Over time	-	573.4	168.6	-	38.2	8.0	-	788.2
	427.4	578.9	366.7	147.3	1,788.3	3,853.1	-	7,161.7

8. Segmental Information (Cont'd.)

RM million	Plantation	Heavy Industries	Property	Finance & Investment	Pharma-ceutical	Trading & Industrial	Elim'n	Total
2017								
Revenue								
Group total sales	541.9	1,170.3	405.6	141.2	1,710.8	3,272.8	(9.3)	7,233.3
Inter-segment sales	-	-	(9.3)	-	-	-	9.3	-
External sales	541.9	1,170.3	396.3	141.2	1,710.8	3,272.8	-	7,233.3
Result								
Segment result								
- external	115.2	76.5	62.3	(3.4)	67.6	97.6	-	415.8
Gain on disposal of plantation land	554.9	-	-	-	-	-	-	554.9
Finance cost	(26.6)	(67.8)	(51.8)	(68.4)	(28.6)	(12.5)	62.6	(193.1)
Interest income	10.4	3.1	11.4	66.9	0.3	0.7	(62.6)	30.2
Other investment result	-	-	-	0.1	-	0.7	-	0.8
Share of result of associates	2.5	-	(2.8)	73.3	-	0.8	-	73.8
Share of result of joint ventures	-	11.4	(24.9)	(21.0)	-	-	-	(34.5)
Profit/(loss) before taxation	656.4	23.2	(5.8)	47.5	39.3	87.3	-	847.9
Taxation								(129.8)
Profit after taxation								718.1
Other Information								
Depreciation and amortisation	(88.2)	(65.6)	(15.7)	(15.0)	(41.1)	(50.2)	-	(275.8)
Profit on disposal								
- Plantation land	554.9	-	-	-	-	-	-	554.9
- Other assets	-	-	-	-	-	1.1	-	1.1
Other non-cash income/(expense)*	3.4	(13.5)	(0.5)	(1.4)	(7.4)	(13.2)	-	(32.6)
Breakdown of Revenue								
Sale of produce	541.9	-	-	-	-	-	-	541.9
Sale of petroleum products	-	-	-	-	-	3,000.2	-	3,000.2
Sale of pharmaceutical products	-	-	-	-	1,710.8	-	-	1,710.8
Shipbuilding and repair	-	1,038.3	-	-	-	-	-	1,038.3
Sale of development properties	-	-	183.4	-	-	-	-	183.4
Hotel operations	-	-	120.7	-	-	-	-	120.7
Others	-	129.5	-	140.6	-	267.4	-	537.5
Revenue from contracts with customers	541.9	1,167.8	304.1	140.6	1,710.8	3,267.6	-	7,132.8
Rental income	-	2.5	92.2	0.6	-	5.2	-	100.5
Total revenue	541.9	1,170.3	396.3	141.2	1,710.8	3,272.8	-	7,233.3
Timing of Revenue Recognition								
Goods/services transferred:								
- At a point in time	541.9	131.8	212.9	141.2	1,690.9	3,251.4	-	5,970.1
- Over time	-	1,038.5	183.4	-	19.9	21.4	-	1,263.2
	541.9	1,170.3	396.3	141.2	1,710.8	3,272.8	-	7,233.3

* 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

(i) During the period, the Group redeemed RM550.0 million of Assets-backed bonds.

(ii) During the period, the Company issued RM150 million of Islamic Medium Term Notes (IMTN) under the RM2.0 billion Sukuk Programme. The maturity of the tranche issued is for 3 years, at a profit rate of 5.7% per annum.

(iii) During the current quarter, the Company issued RM200 million of IMTN under the RM2.0 billion Sukuk Programme. The maturity of the tranche issued is 7 years, at a profit rate of 6.2% per annum.

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 29 November 2018 that will materially affect the financial statements of the financial period under review.

12. Changes in Group Composition

During the period, Airbus Helicopters Malaysia Sdn Bhd became the Group's joint venture through BHIC Defence Technologies Sdn Bhd, a wholly-owned subsidiary of Boustead Heavy Industries Corporation Berhad.

There were no other changes in the composition of the Group during the period under review.

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 29 November 2018. No other contingent liability has arisen since the financial year end.

14. Commitments

The Group has the following commitments as at 30 September 2018:

	Authorised but not contracted RM million	**Authorised and contracted RM million**
Capital expenditure	399.3	137.7
Acquisition of plantation land	-	357.3
Share of joint venture's capital commitment	-	25.0
	399.3	520.0

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	-	-	-	34.7	34.7
Foreign exchange fluctuation	(3.7)	-	(1.4)	-	(5.1)
At 30 September 2018	1,223.0	75.0	23.0	293.7	1,614.7
Accumulated amortisation and impairment					
At 1 January 2018	49.8	58.6	8.7	77.0	194.1
Amortisation	-	6.5	1.8	13.7	22.0
Foreign exchange fluctuation	-	-	(1.5)	-	(1.5)
At 30 September 2018	49.8	65.1	9.0	90.7	214.6
Net carrying amount					
At 30 September 2018	1,173.2	9.9	14.0	203.0	1,400.1
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 30 September 2018	**Current Period**		**+/(-)**	**Cumulative Period**		**+/(-)**
(All figures are stated in RM million)	**2018**	**2017**	**%**	**2018**	**2017**	**%**
Revenue	2,543.0	2,471.9	3%	7,161.7	7,233.3	-1%
Profit from operations	108.4	125.5	-14%	257.1	415.8	-38%
Profit before interest and taxation	130.1	694.1	-81%	325.3	1,010.8	-68%
Profit before taxation	63.8	641.0	-90%	154.5	847.9	-82%
Profit for the period	40.1	578.0	-93%	76.9	718.1	-89%
Profit/(loss) attributable to shareholders of the Company	7.3	310.6	-98%	(14.2)	359.1	-104%

For the 3rd quarter ended 30 September 2018 (3QFY18), the Group registered a lower profit before tax (PBT) of RM63.8 million compared with RM641.0 million in last year's corresponding quarter (3QFY17). In 3QFY17, the Group has benefitted from the sale of plantation land of RM554.9 million. The Group's after-tax profit (PAT) for 3QFY18 totalling RM40.1 million was also lower than 3QFY17 of RM578.0 million. After allocation to non-controlling interests and perpetual sukuk holders, the Group's net profit stood at RM7.3 million (3QFY17: RM310.6 million).

For the nine-month period ended 30 September 2018 (9MFY18), the Group registered a lower PBT of RM154.5 million compared with RM847.9 million in last year's corresponding period (9MFY17) as the Group's bottom line was bolstered by the disposal of the said plantation land in 9MFY17. Excluding the disposal, the Group's PBT for 9MFY18 of RM154.5 million was lower by 47% from RM293.0 million in 9MFY17 mainly due to weaker contributions from the Plantation, Property and Heavy Industries Divisions. Cumulative PAT stood at RM76.9 million (9MFY17: RM718.1 million). After considering the allocation to non-controlling interests and perpetual sukuk holders, the Group incurred a net loss of RM14.2 million compared with a net profit of RM359.1 million in 9MFY17.

For 9MFY18, the Group recorded an undeviating revenue with 9MFY17 of RM7.2 billion. The Plantation Division registered a revenue of RM427.4 million, a drop of 21% from RM541.9 million for 9MFY17, mainly due to declines in palm product prices and FFB production. For the nine-month period, the Heavy Industries Division also posted a lower revenue of RM578.9 million (9MFY17: RM1,170.3 million) primarily due to lack of ship repair activities. In addition, the 9MFY17's revenue for Heavy Industries Division was bolstered by contribution from MHS Aviation which had since been scaled down. The Property Division's revenue decreased by 7%, mainly as a result of lower contribution from property development activities in Taman Mutiara Rini, Johor and hotel operations. Meanwhile, the Trading & Industrial Division recorded an 18% increase in revenue to RM3.9 billion (9MFY17: RM3.3 billion), largely due to higher fuel prices. Revenue for the Finance & Investment Division also improved to RM147.3 million (9MFY17: RM141.2 million). For 9MFY18, the Pharmaceutical Division's revenue was largely consistent with last year's corresponding period.

The Plantation Division ended 9MFY18 with a deficit of RM41.6 million (9MFY17: PBT of RM656.4 million), as the bottom line was impacted by declines in palm product prices and FFB production, as well as the start-up expenses for Pertama estate. The huge disparity in result was also due to gain on disposal of plantation land recognised in 9MFY17 as mentioned above. For 9MFY18, the average selling price of CPO was RM2,391 per MT, down by RM480 or 17% from RM2,871 per MT in 9MFY17. Similarly, the average PK price of RM1,924 per MT was lower by RM554 or 22% from RM2,478 per MT in 9MFY17. FFB production for 9MFY18 stood at 660,088 MT, down by 5% from 696,668 MT recorded in 9MFY17. Oil and kernel extraction rates averaged at 21.1% (9MFY17: 20.9%) and 4.4% (9MFY17: 4.3%) respectively.

The Trading & Industrial Division achieved a higher PBT for 9MFY18 of RM117.4 million (9MFY17: RM87.3 million) mainly due to stockholding gains as well as better operating margins and sales volumes attained by Boustead Petroleum Marketing (BPM). The Pharmaceutical Division posted a higher cumulative PBT of RM45.0 million (9MFY17: RM39.3 million) mainly due to higher demand from Government hospitals and lower operating costs.

The Finance & Investment Division closed the nine-month period with a higher PBT of RM77.1 million (9MFY17: RM47.5 million). This was accomplished on the back of better contributions from Affin Bank, Boustead Cruise Centre, Cadbury and Kao. In addition, Irat Properties, a joint venture, recorded a lower deficit largely due to reduced direct operating costs. For 9MFY18, Affin Bank registered a higher contribution mainly due to increase in Islamic banking income, net fees and commission income and net gain on financial instruments.

The Property Division ended 9MFY18 with a higher deficit of RM13.3 million (9MFY17: RM5.8 million). Despite the progress made by property development activities and reduced share of loss in Boustead Ikano, a joint venture, the result was negated by weaker contribution by hotel segment from lower occupancy rate attained.

For 9MFY18, the Heavy Industries Division incurred a deficit of RM30.1 million (9MFY17: surplus of RM23.2 million) on weaker results from Boustead Naval Shipyards and MHS Aviation. For the nine-month period, Boustead Naval Shipyard (BNS) incurred a deficit mainly due to weaker performance in both shipbuilding and ship repair activities. MHS Aviation (MHSA) also registered a higher deficit in 9MFY18 as its current operation has been scaled down. Boustead Heavy Industries Corporation (BHIC) on the other hand, registered a higher pre-tax profit of RM32.1 million (9MFY17: RM30.1 million) mainly due to profits recognised upon finalisation of the submarine's Second Extended ISS (EISS 2) contract with the Royal Malaysian Navy.

17. Performance Review (Cont'd.)

Statement of Financial Position

As at 30 September 2018, property,plant and equipment increased as compared to 31 December 2017's position mainly due the acquisition of new estates in Sabah. Subsequently, the borrowings increased as compared to 31 December 2017's position from additional borrowings to finance the acquisition of these estates.

Statement of Cash Flows

For 9MFY18, the Group recorded a higher cash inflow from operation of RM449.3 million (9MFY17: RM317.1 million) mainly due to higher collection from Heavy Industries Division. The investing activity incurred a cash outflow for the nine-month period of RM1,119.7 million mainly due to payment for the purchase of Pertama estate in Sabah. On the other hand, the cash inflow from investing acticity in 9MFY17 of RM327.3 million was primarily from the disposal of plantation land. The financing activity for the nine-month period recorded cash inflow of RM807.8 million (9MFY17: cash outflow of RM847.2 million) on the drawdown of revolving credit to finance the purchase of the said estate.

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

For the quarter ended 30 September 2018	**Current Period**	**Immediate Preceding Period**	**+/(-)**
(All figures are stated in RM million)	**30.9.2018**	**30.6.2018**	**%**
Revenue	2,543.0	2,373.7	7%
Profit from operations	108.4	56.8	91%
Profit before interest and taxation	130.1	74.3	75%
Profit before taxation	63.8	20.4	213%
Profit/(loss) for the period	40.1	(1.3)	3185%
Profit/(loss) attributable to shareholders of the Company	7.3	(27.6)	126%

For the current quarter (3QFY18), the Group recorded a higher PBT of RM63.8 million compared with RM20.4 million in the preceding quarter (2QFY18) on the back of improved results from Property, Pharmaceutical, Plantation, Heavy Industries and Finance & Investment Divisions. In 3QFY18, the Group recorded a profit after tax of RM40.1 million (2QFY18: loss after tax of RM1.3 million) resulting in a net profit of RM7.3 million, compared favourably against net loss of RM27.6 million incurred in 2QFY18.

The Finance & Investment Division posted a higher PBT of RM25.8 million (2QFY18: RM20.5 million) on the back of increase in share of profit from an associate, Affin Bank Berhad.The Pharmaceutical Division also recorded a higher PBT of RM13.1 million (2QFY18: RM7.5 million) attributable to lower operating costs.

The Property Division achieved a turnaround with a PBT of RM5.4 million (2QFY18: loss of RM10.6 million) mainly due to better contribution from property development activities in Taman Mutiara Rini, Johor. In addition, hotel operation has incurred lower loss during the quarter.

The Trading & Industrial Division ended the current quarter with a lower PBT of RM43.3 million (2QFY18: RM46.4 million) mainly due to reduced contribution from BPM.

The Plantation Division registered a lower deficit of RM23.2 million (2QFY18: RM26.2 million) mainly due to better FFB production. Average CPO price for 3QFY18 was RM2,249 per MT, a drop of RM172 from RM2,421 per MT in 2QFY18. Meanwhile, average PK price for 3QFY18 was RM1,744 per MT, a reduction of RM47 from RM1,791 per MT in 2QFY18. FFB production for 3QFY18 was 228,739 per MT, higher by 12% from 205,026 per MT in 2QFY18.

For 3QFY18, the Heavy Industries Division incurred a lower deficit of RM0.5 million (2QFY18: RM17.2 million) on profits recognised upon finalisation of the submarine's EISS 2 contract with the Royal Malaysian Navy.

19. Prospects

The economy is expected to be challenging for the rest of 2018, as the growth in global and domestic fronts has settled into a slower pace. The global economy has been disrupted by the moderating international trade due to the heightened trade tensions and protectionist sentiments. A reduction in global demand will dim the trade and export prospects of Malaysia. However, the domestic economy is expected to remain favourable although moderate, underpinned by continued strong growth in private consumption as a result of fiscal reforms such as the removal of goods and services tax (GST) and the standardisation of minimum wage across the country. Despite the easing of public investment, the 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.

Crop production and selling prices are two key factors that influence the Plantation Division's profitability. The Division's crop production is much affected by labour shortages and operating issues in the Sarawak region but supported by the contribution from the recently acquired Pertama estates. CPO prices slid downwards during the 3rd quarter in the midst of increased supplies and stockpiles. The trade war between China and United States had caused soy oil prices to fall and this also led to lower palm oil prices. However, demand remained lacklustre as the purchasing power of India was hit by its week currency against US currency. The forecast of bumper soyabean production in Brazil for 2018/19 growing season is also putting a damper on CPO prices. The price outlook for the remaining months of the year is expected to remain challenging due to high palm oil inventories and slow export growth.

The Pharmaceutical Division delivered an improved performance, achieved on the back of higher demand from Government hospitals coupled with lower operating expenses. The Division is confident on a positive outlook ahead, particularly in light of the Government's recent Budget 2019 announcement, which reflects a strong commitment towards scaling up the healthcare sector. This includes an increased allocation of approximately RM29.0 billion for the Ministry of Health with RM10.8 billion slated for the provision of medicine and upgrading efforts for health services at clinics and hospitals. This certainly bodes well for the Division's prospects, as the Division is well-positioned to tap these opportunities. Moving forward, the Division remains committed to expanding its market presence in the private sector via strategic marketing initiatives alongside concurrent focus on strengthening business synergies between its subsidiaries, PT Millennium Pharmacon International and PT Errita Pharma, to tap into opportunities in this growing market.

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	32.4	86.0
- Deferred	(5.7)	(4.6)
	26.7	81.4
Under provision of prior years	(3.0)	(3.8)
	23.7	77.6

The Group's effective rate for current and cumulative 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) The Company had issued three tranches of Islamic Medium Term Notes (IMTN) under the RM2.0 billion Sukuk Programme as follows:

a) RM150 million on 24 April 2018, with maturity of 3 years at a profit rate of 5.7% per annum

b) RM200 million on 29 August 2018, with maturity of 7 years at a profit rate of 6.2% per annum

c) RM150 million on 15 October 2018, with maturity of 3 years at a profit rate of 5.7% per annum

All issuances are 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.

(iii) 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 acres 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. The acquisition was completed on 11 October 2018.

(iv) On 24 January 2018, Boustead Plantation Berhad (BPB) announced that CIMB Islamic Trustee Berhad (CITB), acting solely as trustee for BPB, entered into 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. The sale of the lands is expected to be completed in the 4th quarter of 2018.

(v) On 1 August 2018, Boustead Rimba Nilai Sdn Bhd (BRNSB), a wholly-owned Subsidiary of BPB entered into a sale and purchase agreement (SPA) with several parties for the acquisition of oil palm plantation lands within the District of Beluran, Kinabatangan and Labuk & Sugut comprising 17 land titles measuring a total of 12,144.99 acres (4,915.25 hectares) together with a 75 tonnes per hour palm oil mill and buildings erected thereon as well as movable assets, machineries and vehicles for a cash consideration of RM397 million (Proposed Acquisition).

BRNSB has paid a 10% deposit. The SPA is pending the approvals of shareholders of the vendors, regulatory authorities and other conditions precedent, where applicable. The Proposed Acquisition is expected to be completed by the 1st quarter of 2019.

There were no other corporate proposals announced or pending completion as at 29 November 2018.

(b) Status on Utilisation of Proceeds from Rights Issue as at 31 October 2018

(In RM Million)	Proposed Utilisation	Actual Utilisation	Time Frame	Deviation Amount	Deviation %	Explanation
Repayment of bank borrowings	486.0	486.0	Within 12 months	-		Fully utilised
Property development activities	507.0	259.8	Within 43 months until 31 December 2019	247.2	49%	To be utilised
Working capital	60.5	60.5	Within 12 months	-		Fully utilised
Rights Issue expenses	1.3	1.3	Within 6 months	-		Fully utilised
	1,054.8	807.6		247.2		

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

(c) Status on Utilisation of Proceeds from Issue of IMTNs as at 31 October 2018

(In RM Million)	Proposed Utilisation	Actual Utilisation	Time Frame	Deviation Amount
Refinancing of existing borrowings/ financing	1,112.4	1,112.4	Not applicable	-
Funding of reserve account and expenses of IMTN programme	44.4	44.4	Not applicable	-
Funding of working capital	343.2	343.2	Not applicable	-
	1,500.0	1,500.0		-

23. Changes in Material Litigations

(i) The Company and its wholly-owned subsidiary, Bakti Wira Development Sdn Bhd (BWSB) had, on 16 October 2018 and 18 October 2018 respectively, being served with a Writ of Summons by Deepak Jaikishan A/L Jaikishan Rewachand (Plaintiff). The Company has been made the Third Defendant and BWSB the Fourth Defendant while the First and Second Defendants are Dato' Seri Najib Bin Tun Razak and Datin Paduka Seri Rosmah Mansor. The suit was filed in the Kuala Lumpur High Court on 12 October 2018.

Under the Writ of Summons, the Plaintiff is alleging tort of conspiracy and/or conspiracy to defraud and/or tort of conversion and/or undue influence by the Defendants in the following transactions:

a) the acquisition of 16,000,000 ordinary shares of Astacanggih Sdn Bhd (Astacanggih) by BWSB for a cash consideration of RM30 million from Prestige Dimension and other minority shareholders of Astacanggih pursuant to the Share Sale Agreement dated 20 December 2012, and;

b) the acquisition of 200 acres of freehold lands in Selangor from Awan Megah (M) Sdn Bhd at a cash consideration of RM130 million by BWSB and Astacanggih pursuant to the Land Sale Agreement dated 27 December 2012.

The Plaintiff is claiming against the Defendants joint and/or severally, among others for, general damages of RM600 million, exemplary damages of RM50 million, aggravated damages of RM26 million, interest on each damages, special damages equivalent to 80% of current market value of certain lands, return of shares in Astacanggih which was acquired by the Company and BWSB, declaration that certain past transactions are null and void and declaration that the Plaintiff's rights over certain lands be returned to him.

The Company and BWSB categorically deny the allegations made by the Plaintiff as they are baseless, frivolous, vexatious and unjustifiable. The Company and BWSB have at all times observed good corporate governance and ethical business practices in the companies' dealings and had given due commercial considerations before entering into the transactions mentioned in the Plaintiff's Statement of Claims. The Directors of the Company and BWSB believe that the Plaintiff's claims are untenable and are therefore positive that both companies will prevail in this litigation.

The Company and BWSB entered their appearances on 23 October 2018, and filed their Defence and requested for further and better particulars from the Plaintiff on 9 November 2018. At the case management on 14 November 2018, the parties were informed that the First and Second Defendants have not filed their Defence yet, and will only do so within 14 days after receiving the documents requested under Order 24 rules 10 of the Rules of Court 2012 from the Plaintiff. The Court then fixed 18 December 2018 as the next case management date.

(ii) In respect of the litigation referred to in Note 38 (a) of 2017 Annual Report, trial that took place on 16 and 17 April 2018 and 7 May 2018 continued on 22 and 23 November 2018 with cross-examination by BNS' lawyers of the Plaintiff's second witness. The Plaintiff closed its case after its lawyers re-examined the said witness. The Court then fixed the case for continued trial on 22 January 2019 and 19 February 2019.

(iii) 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. On 4 April 2018, the arbitration proceedings against PCSB have been withdrawn.

As at 29 November 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/(loss) for the period (RM million)	**7.3**	310.6	**(14.2)**	359.1
Weighted average number of ordinary shares in issue (million)	**2,027.0**	2,027.0	**2,027.0**	2,027.0
Basic/diluted earnings/(loss) per share (sen)	**0.36**	15.32	**(0.70)**	17.72

25. Group Borrowings and Debt Securities

Total group borrowings as at 30 September 2018 are as follows:-

	30.9.2018 RM million	31.12.2017 RM million	30.9.2017 RM million
Non-current:			
Term loans			
- Denominated in Great Britain Pound	**63.7**	66.0	69.0
- Denominated in Indonesian Rupiah	**126.2**	102.7	109.3
- Denominated in US Dollar	**-**	-	53.7
- Denominated in RM	**711.3**	519.2	668.7
	901.2	687.9	900.7
Asset-backed bonds	**209.4**	758.9	758.7
Islamic medium term notes	**1,342.5**	992.5	992.3
Bank guaranteed medium term notes	**-**	-	607.7
	2,453.1	2,439.3	3,259.4
Less: repayable in 1 year	**614.8**	982.8	1,670.1
	1,838.3	1,456.5	1,589.3
Current:			
Bank overdrafts	**57.7**	39.1	28.9
Bankers' acceptances			
- Denominated in Indonesian Rupiah	**10.2**	15.0	13.7
- Denominated in RM	**464.7**	317.0	238.1
Revolving credits	**4,575.3**	3,373.5	3,515.0
Short term loans	**614.8**	982.8	1,670.1
	5,722.7	4,727.4	5,465.8
Total borrowings	**7,561.0**	6,183.9	7,055.1

The Islamic medium term notes (IMTN) comprise:-

i) 2 tranches of RM500 million Sukuk Murabahah, which were issued during the previous financial year, with maturity 7 years from the date of issue and carry profit rate of 5.9% per annum

ii) 1 tranche of RM150 million Sukuk Murabahah, which was issued during the period, with maturity 3 years from the date of issue and carries profit rate of 5.7% per annum

iii) 1 tranche of RM200 million Sukuk Murabahah, which was issued during the current quarter, with maturity 7 years from the date of issue and carries profit rate of 6.2% per annum

The asset-backed bonds (Bonds) comprise of 1 class of guaranteed bonds which are rated AAA(fg). The maturity date of the Bonds is 7 years from the date of issue with the effective interest rate of 5.9% per annum. The Bonds are secured by a debenture over the assets of a Subsidiary, a special purpose vehicle created for the Bonds issuance.

A Subsidiary has a term loan of RM66.2 million (2017: RM234.3 million) which is repayable within 4 years commencing from 27 April 2017. This Subsidiary also has revolving credits of RM933.1 million (2017: RM1,029.3 million) which are secured by way of an assignment on contract proceeds.

A Subsidiary has a term loan denominated in Great Britain Pound equivalent to RM63.7 million (2017: RM66.0 million) which is secured against a property owned by the Subsidiary.

During the period, a Subsidiary has fully-settled a term loan 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. The amount of this term loan outstanding as at 31 December 2017 was RM114.0 million.

All the other borrowings are unsecured.

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

	30.9.2018	31.12.2017	30.9.2017
Denominated in Great Britain Pound	**11.8**	12.1	12.2
Denominated in Indonesian Rupiah	**476,923**	394,966	392,971
Denominated in US Dollar	**-**	-	12.7
Exchange rate:			
- Great Britain Pound	**5.42**	5.47	5.67
- Indonesian Rupiah	**0.0286**	0.0298	0.0313
- US Dollar	**-**	-	4.23

As at 30 September 2018, the Group's borrowing was higher at RM7.6 billion (As at 31 December 2017: RM6.2 billion). The increase was mainly due to higher borrowing from BPB to finance the acquisition of new estates in Sabah.

As at 30 September 2018, the weighted average interest rate of borrowings is 5.1% (As at 31 December 2017: 5.2%) per annum. The proportion of debt based on fixed and floating interest rate is 21% (As at 31 December 2017: 28%) and 79% (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	**96.6**	89.0	**270.0**	275.8
Provision for and write off of receivables	**3.6**	1.6	**11.5**	6.4
Provision for and write off of inventories	**2.1**	2.4	**10.4**	6.9
Gain on disposal of properties & plantation land	**-**	(554.9)	-	(554.9)
Gain on disposal of other property, plant and equipment	**(12.3)**	(0.2)	**(15.2)**	(1.1)
Stockholding (gain)/loss	**(10.0)**	(18.7)	**(18.9)**	(6.1)
Foreign exchange loss/(gain)	**19.0**	3.5	**8.6**	(10.5)
Net fair value (gain)/loss on derivatives	**(5.8)**	4.0	**(4.7)**	14.0

27. Plantation Statistics

		Cumulative Period	
		2018	**2017**
(a) Crop production and yield			
FFB (MT)		**660,088**	696,668
FFB (MT/ha)		**10.4**	11.9
CPO production (MT)		**146,909**	160,073
PK production (MT)		**30,663**	33,170
(b) Average selling prices (RM per MT)			
FFB		**466**	629
Crude palm oil (CPO)		**2,391**	2,871
Palm kernel (PK)		**1,924**	2,478
(c) Oil extraction rate (%)			
Crude palm oil		**21.1**	20.9
Palm kernel		**4.4**	4.3
(d) Planted areas (hectares)			
		As at 30.9.2018	**As at 31.12.2017**
Oil palm	- immature	**6,363**	5,876
	- young mature	**12,481**	12,179
	- prime mature	**29,750**	32,363
	- past prime	**26,438**	14,569
		75,032	64,987