**Boustead Holdings Berhad (3871-H)**

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

| **For the quarter ended 31 December 2018** | **Current Period** | | **Cumulative Period** | |
|---|---|---|---|---|
| **(All figures are stated in RM million)** | **2018** | **2017** | **2018** | **2017** |
| **Revenue** | **3,024.7** | 3,005.0 | **10,186.4** | 10,238.3 |
| Operating cost | **(3,391.8)** | (2,740.4) | **(10,296.4)** | (9,557.9) |
| (Loss)/profit from operations | **(367.1)** | 264.6 | **(110.0)** | 680.4 |
| Gain on disposal of plantation land | **-** | - | **-** | 554.9 |
| Interest income | **7.8** | 11.6 | **32.5** | 41.8 |
| Other investment results | **(72.8)** | 5.6 | **(72.4)** | 6.4 |
| Finance cost | **(76.0)** | (61.3) | **(271.5)** | (254.4) |
| Share of results of associates | **35.2** | 38.2 | **115.5** | 112.0 |
| Share of results of joint ventures | **(69.5)** | (33.4) | **(82.0)** | (67.9) |
| **(Loss)/profit before taxation** | **(542.4)** | 225.3 | **(387.9)** | 1,073.2 |
| Taxation | **(22.6)** | (68.0) | **(100.2)** | (197.8) |
| **(Loss)/profit for the period** | **(565.0)** | 157.3 | **(488.1)** | 875.4 |
| *(Loss)/profit for the period attributable to:* | | | | |
| Shareholders of the Company | **(455.0)** | 77.1 | **(469.2)** | 436.2 |
| Holders of Perpetual Sukuk | **18.8** | 18.6 | **73.9** | 73.7 |
| Non-controlling interests | **(128.8)** | 61.6 | **(92.8)** | 365.5 |
| **(Loss)/profit for the period** | **(565.0)** | 157.3 | **(488.1)** | 875.4 |
| **(Loss)/earnings per share - sen** | | | | |
| Basic/diluted | **(22.45)** | 3.80 | **(23.15)** | 21.52 |

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 December 2018 | Current Period | | Cumulative Period | |
|---|---|---|---|---|
| (All figures are stated in RM million) | 2018 | 2017 | 2018 | 2017 |
| **(Loss)/profit for the period** | **(565.0)** | 157.3 | **(488.1)** | 875.4 |
| Other comprehensive income/(loss) | | | | |
| *Items that may be reclassified to profit or loss* | | | | |
| Currency translation difference in respect of foreign operations | **5.1** | (8.3) | **(2.5)** | (17.1) |
| Net gain on available for sale investments | | | | |
| - fair value changes | **-** | 1.6 | **-** | 4.4 |
| - transfer to profit or loss on disposal | **-** | - | **-** | 0.1 |
| Share of OCI of investments accounted for using the equity method | **8.3** | (10.1) | **15.6** | 12.6 |
| | **13.4** | (16.8) | **13.1** | - |
| *Items that cannot be reclassified to profit or loss* | | | | |
| Net loss on equity investments designated at fair value through other comprehensive income | | | | |
| - fair value changes | **(1.9)** | - | **(3.0)** | - |
| - disposal | **(0.5)** | - | **(0.3)** | - |
| | **(2.4)** | - | **(3.3)** | - |
| **Total comprehensive (loss)/income for the period** | **(554.0)** | 140.5 | **(478.3)** | 875.4 |
| Attributable to: | | | | |
| Shareholders of the Company | **(446.4)** | 65.3 | **(457.8)** | 446.4 |
| Holders of Perpetual Sukuk | **18.8** | 18.6 | **73.9** | 73.7 |
| Non-controlling interests | **(126.4)** | 56.6 | **(94.4)** | 355.3 |
| **Total comprehensive (loss)/income for the period** | **(554.0)** | 140.5 | **(478.3)** | 875.4 |

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 December 2018** | **As at 31 December** | **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 | **6,899.6** | 6,664.8 | 6,807.8 |
| Investment properties | **1,905.4** | 1,804.8 | 1,641.1 |
| Development properties | **759.9** | 591.1 | 583.9 |
| Prepaid land lease payments | **49.6** | 51.7 | 54.0 |
| Long term prepayment | **207.1** | 201.8 | 183.1 |
| Deferred tax assets | **61.3** | 52.5 | 46.3 |
| Associates | **1,971.5** | 2,051.5 | 1,973.7 |
| Joint ventures | **531.8** | 552.4 | 619.0 |
| Investments | **18.7** | 35.7 | 32.1 |
| Intangible assets | **1,346.0** | 1,391.0 | 1,435.2 |
| Receivables | **335.2** | - | - |
| | **14,086.1** | 13,397.3 | 13,376.2 |
| **Current assets** | | | |
| Biological assets | **15.7** | 23.0 | 30.3 |
| Inventories | **977.5** | 743.8 | 863.9 |
| Property development in progress | **137.6** | 38.8 | 32.6 |
| Due from customers on contracts | **931.0** | 1,166.6 | 831.8 |
| Receivables | **1,592.1** | 2,247.9 | 1,617.6 |
| Deposits, cash and bank balance | **753.3** | 631.1 | 1,717.6 |
| Assets classified as held for sale | **330.3** | 14.0 | 60.1 |
| | **4,737.5** | 4,865.2 | 5,153.9 |
| **TOTAL ASSETS** | **18,823.6** | 18,262.5 | 18,530.1 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to shareholders of the Company** | | | |
| Share capital | **2,735.7** | 2,735.7 | 1,013.5 |
| Reserves | **2,632.3** | 3,446.0 | 4,971.4 |
| **Shareholders' equity** | **5,368.0** | 6,181.7 | 5,984.9 |
| Perpetual Sukuk | **1,207.9** | 1,207.7 | 1,207.7 |
| **Non-controlling interests** | **1,601.7** | 1,854.0 | 1,681.9 |
| **Total equity** | **8,177.6** | 9,243.4 | 8,874.5 |
| **Non current liabilities** | | | |
| Borrowings | **2,669.0** | 1,456.5 | 1,440.6 |
| Other payables | **26.8** | 35.7 | 34.8 |
| Deferred tax liabilities | **424.2** | 390.0 | 350.6 |
| | **3,120.0** | 1,882.2 | 1,826.0 |
| **Current liabilities** | | | |
| Borrowings | **4,863.9** | 4,727.4 | 5,876.1 |
| Trade and other payables | **2,508.5** | 2,296.4 | 1,799.7 |
| Due to customer on contracts | **108.7** | 82.1 | 127.1 |
| Taxation | **14.5** | 31.0 | 26.7 |
| Dividend payable | **30.4** | - | - |
| | **7,526.0** | 7,136.9 | 7,829.6 |
| **Total liabilities** | **10,646.0** | 9,019.1 | 9,655.6 |
| **TOTAL EQUITY AND LIABILITIES** | **18,823.6** | 18,262.5 | 18,530.1 |

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 December 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** | **433.0** | **2,827.1** | **6,181.7** | **1,207.7** | **1,854.0** | **9,243.4** |
| Adjustment arising from adopting MFRS 9 | **-** | **-** | **(20.8)** | **(52.3)** | **-** | **29.5** | **(43.6)** | **-** | **(5.3)** | **(48.9)** |
| As at 1 January 2018, restated | **2,735.7** | **-** | **8.5** | **104.3** | **433.0** | **2,856.6** | **6,138.1** | **1,207.7** | **1,848.7** | **9,194.5** |
| Currency translation difference in respect of foreign operations | **-** | **-** | **-** | **-** | **(1.1)** | **-** | **(1.1)** | **-** | **(1.4)** | **(2.5)** |
| Net loss on equity investment designated at fair value through other comprehensive income | | | | | | | | | | |
| - fair value changes | **-** | **-** | **(3.0)** | **-** | **-** | **-** | **(3.0)** | **-** | **-** | **(3.0)** |
| - disposal | **-** | **-** | **(0.3)** | **-** | **-** | **-** | **(0.3)** | **-** | **-** | **(0.3)** |
| Share of OCI investments accounted for using equity method | **-** | **-** | **13.7** | **-** | **2.1** | **-** | **15.8** | **-** | **(0.2)** | **15.6** |
| Total other comprehensive income/(loss) for the period | **-** | **-** | **10.4** | **-** | **1.0** | **-** | **11.4** | **-** | **(1.6)** | **9.8** |
| (Loss)/profit for the period | **-** | **-** | **-** | **-** | **-** | **(469.2)** | **(469.2)** | **73.9** | **(92.8)** | **(488.1)** |
| Total comprehensive income/(loss) for the period | **-** | **-** | **10.4** | **-** | **1.0** | **(469.2)** | **(457.8)** | **73.9** | **(94.4)** | **(478.3)** |
| Deferred tax arising from changes in tax rate in fair value surpluses of freehold lands, previously credited directly to retained earnings | **-** | **-** | **-** | **-** | **-** | **(16.7)** | **(16.7)** | **-** | **(12.4)** | **(29.1)** |
| Share of effect arising from group reorganisation by an Associate | **-** | **-** | **-** | **-** | **-** | **(146.2)** | **(146.2)** | **-** | **-** | **(146.2)** |
| **Transactions with owners** | | | | | | | | | | |
| Perpetual Sukuk | | | | | | | | | | |
| - Distribution | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(73.7)** | **-** | **(73.7)** |
| Share of options charged during the year by an Associate | **-** | **-** | **-** | **-** | **-** | **1.7** | **1.7** | **-** | **-** | **1.7** |
| Share of an Associate's obligation to buy its Subsidiary's shares | **-** | **-** | **-** | **-** | **-** | **(0.8)** | **(0.8)** | **-** | **-** | **(0.8)** |
| Share of effect on changes in group's structure of an Associates on dilution in Subsidiary | **-** | **-** | **-** | **-** | **-** | **0.2** | **0.2** | **-** | **-** | **0.2** |
| Changes in ownership interests in Subsidiaries | | | | | | | | | | |
| - Issue of shares by a Subsidiary | **-** | **-** | **-** | **-** | **-** | **(0.6)** | **(0.6)** | **-** | **1.0** | **0.4** |
| - Share options granted by a Subsidiary | **-** | **-** | **-** | **-** | **-** | **2.1** | **2.1** | **-** | **2.3** | **4.4** |
| Transfers during the period | | | | | | | | | | |
| - Regulatory reserve of an Associate | **-** | **-** | **-** | **82.1** | **-** | **(82.1)** | **-** | **-** | **-** | **-** |
| Dividends | **-** | **-** | **-** | **-** | **-** | **(152.0)** | **(152.0)** | **-** | **(143.5)** | **(295.5)** |
| **Balance at 31 December 2018** | **2,735.7** | **-** | **18.9** | **186.4** | **434.0** | **1,993.0** | **5,368.0** | **1,207.9** | **1,601.7** | **8,177.6** |

**Boustead Holdings Berhad (3871-H)**

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

| For the financial period ended 31 December 2017 | Attributable to shareholders of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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 | 439.4 | 2,371.3 | 5,984.9 | 1,207.7 | 1,681.9 | 8,874.5 |
| Adjustment for effects of Companies Act (2016) | 1,722.2 | (1,722.2) | - | - | - | - | - | - | - | - |
| Currency translation difference in respect of foreign operations | - | - | - | - | (6.9) | - | (6.9) | - | (10.2) | (17.1) |
| Net gain on available for sale investments | | | | | | | | | | |
| - fair value changes | - | - | 4.4 | - | - | - | 4.4 | - | - | 4.4 |
| - transfer to profit or loss on disposal | - | - | 0.1 | - | - | - | 0.1 | - | - | 0.1 |
| Share of OCI investments accounted for using equity method | - | - | 12.1 | - | 0.5 | - | 12.6 | - | - | 12.6 |
| Total other comprehensive income/(loss) for the period | - | - | 16.6 | - | (6.4) | - | 10.2 | - | (10.2) | - |
| Profit for the period | - | - | - | - | - | 436.2 | 436.2 | 73.7 | 365.5 | 875.4 |
| Total comprehensive income/(loss) for the period | - | - | 16.6 | - | (6.4) | 436.2 | 446.4 | 73.7 | 355.3 | 875.4 |
| **Transactions with owners** | | | | | | | | | | |
| Perpetual Sukuk | | | | | | | | | | |
| - Distribution | - | - | - | - | - | - | - | (73.7) | - | (73.7) |
| Adjustments arising from the finalisation of purchase price allocation on acquisition of a Subsidiary | - | - | - | - | - | - | - | - | 0.3 | 0.3 |
| Share of effect on changes in group's structure of an Associates on dilution in Subsidiary | - | - | - | - | - | (0.5) | (0.5) | - | - | (0.5) |
| Changes in ownership interests in Subsidiaries | | | | | | | | | | |
| - Additional investment in a Subsidiary | - | - | - | - | - | (5.4) | (5.4) | - | (10.8) | (16.2) |
| - Issue of shares by a Subsidiary | - | - | - | - | - | (0.5) | (0.5) | - | 1.1 | 0.6 |
| - Share options granted by a Subsidiary | - | - | - | - | - | - | - | - | 6.9 | 6.9 |
| Transfers during the period | | | | | | | | | | |
| - Statutory reserve of an Associate ^ | - | - | - | (373.8) | - | 373.8 | - | - | - | - |
| - Regulatory reserve of an Associate | - | - | - | 104.6 | - | (104.6) | - | - | - | - |
| Dividends | - | - | - | - | - | (243.2) | (243.2) | - | (180.7) | (423.9) |
| **Balance at 31 December 2017** | 2,735.7 | - | 29.3 | 156.6 | 433.0 | 2,827.1 | 6,181.7 | 1,207.7 | 1,854.0 | 9,243.4 |

**NOTES**

* Denotes non distributable reserves.

^ 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 31 December 2018**

| **(All figures are stated in RM million)** | **2018** | **2017** |
|---|---|---|
| **Operating activities** | | |
| Receipts from customers | **10,910.2** | 9,737.5 |
| Cash paid to suppliers and employees | **(9,825.6)** | (8,689.1) |
| | **1,084.6** | 1,048.4 |
| Income taxes paid less refund | **(90.5)** | (161.8) |
| Net cash from operating activities | **994.1** | 886.6 |
| **Investing activities** | | |
| Biological assets and property, plant & equipment purchased | **(940.8)** | (253.7) |
| Purchase and development of development property and investment properties | **(379.9)** | (228.7) |
| Contribution to a joint venture's capital expenditure | **(109.3)** | (120.5) |
| Purchase of intangible assets | **(45.9)** | (27.4) |
| Disposal of property plant & equipment and biological assets | **14.4** | 621.5 |
| Acquisition of a joint venture | **(11.1)** | (0.6) |
| Additional investment in an associates and Subsidiaries | **-** | (16.2) |
| Deposit received on disposal of land | **9.5** | - |
| Deposit paid on acquisition of land | **(39.7)** | (75.0) |
| Additional investment in a joint venture | **(50.0)** | - |
| Others | **65.8** | 88.8 |
| Net cash used in investing activities | **(1,487.0)** | (11.8) |
| **Financing activities** | | |
| Transactions with owners | **(121.6)** | (243.2) |
| Transactions with holders of Perpetual Sukuk | **(73.7)** | (73.7) |
| New loans | **1,052.1** | 1,032.1 |
| Loans repayment | **(1,004.5)** | (1,259.1) |
| Other borrowings | **1,289.5** | (896.1) |
| Interest paid | **(402.9)** | (352.2) |
| Dividends paid to non-controlling interests | **(143.5)** | (180.7) |
| Net cash from/(used in) financing activities | **595.4** | (1,972.9) |
| Net increase/(decrease) in cash and cash equivalent | **102.5** | (1,098.1) |
| Foreign currency translation difference | **(0.5)** | (2.8) |
| Cash and cash equivalent at beginning of period | **592.0** | 1,692.9 |
| **Cash and cash equivalent at end of period** | **694.0** | 592.0 |
| **Analysis of cash and cash equivalents** | | |
| Deposits, cash and bank balances | **753.3** | 631.1 |
| Overdrafts | **(59.3)** | (39.1) |
| **Cash and cash equivalent at end of period** | **694.0** | 592.0 |

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 December 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 December 2018, are the Group's fourth 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 Group also early adopted Amendments to MFRS 3 Business Combinations (Definition of a Business). 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);
(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 maturity 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.

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 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, leasehold land and buildings and bearer plants 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 RM621.0 million (31 December 2017: RM584.6 million) with corresponding increase in deferred tax liabilities of RM218.9 million (31 December 2017: RM224.2 million) and corresponding increase in non-controlling interest of RM62.8 million (31 December 2017: RM44.2 million). The resulting adjustments were recognised against retained earnings. Accordingly, amortisation net of replanting expenditure increased by RM32.3 million and RM36.4 million (FYE2017) and income tax expense increased by RM2.9 million and RM5.3 million (FYE2017).

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

**2. Accounting Policies (cont'd.)**

**2.2 Significant accounting policies (cont'd.)**

(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 December 2017: RM23.0 million) was recognised in biological assets with corresponding increase in deferred tax liabilities of RM6.1 million (31 December 2017: RM5.0 million) and corresponding increase in non-controlling interest of 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 and decrease in fair value of RM7.4 million (FYE2017) were recognised in statement of profit or loss with income tax expense increased by RM1.2 million and decreased by RM1.2 million (FYE2017)

(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 no significant impact on the Group's statement of financial position and statement of profit or loss and other comprehensive income, with the exception of the below:

(i) recognition of dealers' commission amounting to RM218.2 million at gross on the basis that the Group is able to direct the use and the benefits received from the operation of petrol station. This has the effect of increasing revenue and administrative expenses in the statement of profit or loss and other comprehensive income; and

(ii) reclassification of land held for development of RM52.7 million to property, plant and equipment.

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

The classification and measurement requirements of MFRS 9 did not have a significant impact on the Group. The Group continued measuring at fair value all financial assets previously held at fair value under MFRS 139, except that quoted equity instruments previously classified as available for sale (AFS) financial assets are now classified and measured as equity instruments designated at fair value through other comprehensive income (FVOCI). The Group elected to classify irrevocably its quoted equity investments under this category as it intends to hold these investments for the foreseeable future. There were impairment losses recognised in profit or loss for these investments in prior periods.

As a result of the change in classification of the Group's quoted equity investments, the AFS fair value reserve of RM29.3 million related to those investments was reclassified to fair value reserve of financial assets at FVOCI as at 1 January 2018. The impairment losses recognised in profit or loss for these investments in prior periods of RM9.6 million was then reclassified to fair value reserve of financial assets at FVOCI as at 1 January 2018.

(ii) Impairment

The Group has applied the simplified approach and record lifetime expected losses on its trade receivables and an increase in loss allowance of trade and other receivables, including deferred tax impact of RM11.8 million was recognised. The resulting adjustments were recognised against opening retained earnings of RM6.6 million and non controlling interests of RM5.2 million in the current period.

(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 RM37.1 million was recognised in investment in associates. The resulting adjustments were recognised against retained earnings of RM26.4 million and non-distributable reserves of RM63.5 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 5.

**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), (c) and (d) | 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** | - | 1,869.6 | **6,807.8** |
| Biological assets | **1,248.6** | - | (1,248.6) | - |
| Investment properties | **1,641.1** | - | - | **1,641.1** |
| Development properties | **636.6** | - | (52.7) | **583.9** |
| 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** |
| Investments | **32.1** | - | - | **32.1** |
| Intangible assets | **1,435.2** | - | - | **1,435.2** |
| | **12,807.9** | - | 568.3 | **13,376.2** |
| **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** | - | 598.6 | **18,530.1** |
| **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** | - | (0.1) | **439.4** |
| - Retained profit | **2,031.0** | 41.6 | 298.7 | **2,371.3** |
| **Shareholders' equity** | **5,686.3** | - | 298.6 | **5,984.9** |
| Perpetual Sukuk | **1,207.7** | - | - | **1,207.7** |
| **Non-controlling interests** | **1,606.9** | - | 75.0 | **1,681.9** |
| **Total equity** | **8,500.9** | - | 373.6 | **8,874.5** |
| **Non current liabilities** | | | | |
| Borrowings | **1,440.6** | - | - | **1,440.6** |
| Other payables | **34.8** | - | - | **34.8** |
| Deferred tax liabilities | **125.6** | - | 225.0 | **350.6** |
| | **1,601.0** | - | 225.0 | **1,826.0** |
| **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** | - | 225.0 | **9,655.6** |
| **TOTAL EQUITY AND LIABILITIES** | **17,931.5** | - | 598.6 | **18,530.1** |

**2. Accounting policies (cont'd.)**

**2.2 Significant accounting policies (cont'd.)**

**(ii) 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), (c) and (d) | 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** | - | 1,819.5 | **6,664.8** |
| Biological assets | **1,234.9** | - | (1,234.9) | **-** |
| Investment properties | **1,804.8** | - | - | **1,804.8** |
| Development properties | **643.8** | - | (52.7) | **591.1** |
| 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** |
| Investments | **35.7** | - | - | **35.7** |
| Intangible assets | **1,391.0** | - | - | **1,391.0** |
| | **12,865.4** | - | 531.9 | **13,397.3** |
| **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** | - | 554.9 | **18,262.5** |
| **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** | - | (0.1) | **433.0** |
| - Retained profit | **2,512.6** | 41.6 | 272.9 | **2,827.1** |
| **Shareholders' equity** | **5,908.9** | - | 272.8 | **6,181.7** |
| Perpetual Sukuk | **1,207.7** | - | - | **1,207.7** |
| **Non-controlling interests** | **1,801.1** | - | 52.9 | **1,854.0** |
| **Total equity** | **8,917.7** | - | 325.7 | **9,243.4** |
| **Non current liabilities** | | | | |
| Borrowings | **1,456.5** | - | - | **1,456.5** |
| Other payables | **35.7** | - | - | **35.7** |
| Deferred tax liabilities | **160.8** | - | 229.2 | **390.0** |
| | **1,653.0** | - | 229.2 | **1,882.2** |
| **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** | - | 229.2 | **9,019.1** |
| **TOTAL EQUITY AND LIABILITIES** | **17,707.6** | - | 554.9 | **18,262.5** |

**2. Accounting policies (cont'd.)**

**2.2 Significant accounting policies (cont'd.)**

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

| | FRS 31 December 2017 | Note 2.2 (b) (ii), (c) and (d) | MFRS 31 December 2017 |
|---|---|---|---|
| **(All figures are stated in RM million)** | | | |
| **Revenue** | **10,020.1** | 218.2 | **10,238.3** |
| Operating cost | **(9,295.9)** | (262.0) | (9,557.9) |
| Profit from operations | **724.2** | (43.8) | **680.4** |
| 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** | (43.8) | **1,073.2** |
| Taxation | **(193.7)** | (4.1) | (197.8) |
| **Profit for the period** | **923.3** | (47.9) | **875.4** |
| **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** | **(47.9)** | **875.4** |
| **Profit for the year attributable to:-** | | | |
| Shareholders of the Company | **462.0** | (25.8) | **436.2** |
| Holders of Perpetual Sukuk | **73.7** | - | **73.7** |
| Non-controlling interests | **387.6** | (22.1) | **365.5** |
| **Profit for the year** | **923.3** | (47.9) | **875.4** |
| **Total comprehensive income attributable to:** | | | |
| Shareholders of the Company | **472.2** | (25.8) | **446.4** |
| Holders of Perpetual Sukuk | **73.7** | - | **73.7** |
| Non-controlling interests | **377.4** | (22.1) | **355.3** |
| **Total comprehensive income for the period** | **923.3** | (47.9) | **875.4** |

**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 |
| • IC Interpretation 23 - Uncertainty over Income Tax Treatments | 1 January 2019 |
| • Amendments to MFRS 9 - Prepayment Features with Negative Compensation | 1 January 2019 |
| • Amendments to MFRS 11 - Annual Improvements to MFRS Standards 2015-2017 Cycle | 1 January 2019 |
| • MFRS 16 - Leases | 1 January 2019 |
| • 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 |
| • Amendments to MFRS 101 - Presentation of Financial Statements (Definition of Material) | 1 January 2020 |
| • Amendments to MFRS 108 - Accounting Policies, Changes in Accounting Estimates and Errors | 1 January 2020 |
| • MFRS 17 - Insurance Contracts | 1 January 2021 |
| • Amendments to MFRS 10 and MFRS128 - Sale or Contribution of Assets between an Investor and its Associate or Joint-Venture | Deferred |

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 December 2018, the Group has non-cancellable operating lease commitments of RM34.7 million. The Group is in the process of assessing the impact of MFRS 16 on the amount to be reported and disclosed in the financial statements.

**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 operating result is influenced by both CPO prices and FFB crop production. The cropping pattern for oil palms 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 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).

(ii) On 4 July 2018, the Company paid 1$^{st}$ 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 2$^{nd}$ 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).

(iv) On 8 January 2019, the Company paid 3$^{rd}$ interim dividend of 1.5 sen (2017: 3.0 sen) per share in respect of the financial year ending 31st December 2018 amounting to RM30.4 million (2017: RM60.8 million).

For the current quarter, the Directors did not declare any dividend (2017: 2.5 sen per share) in respect of the financial year ending 31 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 | 584.0 | 1,135.0 | 556.5 | 204.5 | 2,385.0 | 5,343.8 | (22.4) | 10,186.4 |
| Inter-segment sales | - | - | (22.4) | - | - | - | 22.4 | - |
| External sales | 584.0 | 1,135.0 | 534.1 | 204.5 | 2,385.0 | 5,343.8 | - | 10,186.4 |
| **Result** | | | | | | | | |
| Segment result | | | | | | | | |
| - external | (20.5) | (406.3) | 78.0 | 11.4 | 97.2 | 130.2 | - | (110.0) |
| Finance cost | (36.8) | (74.4) | (78.8) | (129.1) | (46.3) | (20.2) | 114.1 | (271.5) |
| Interest income | 1.3 | 1.6 | 16.6 | 124.4 | 0.9 | 1.8 | (114.1) | 32.5 |
| Other investment result | - | (106.2) | 23.5 | 4.4 | - | 5.9 | - | (72.4) |
| Share of result of associates | 5.0 | - | (0.2) | 109.9 | - | 0.8 | - | 115.5 |
| Share of result of joint ventures | - | (7.5) | (37.0) | (37.5) | - | - | - | (82.0) |
| **(Loss)/profit before taxation** | (51.0) | (592.8) | 2.1 | 83.5 | 51.8 | 118.5 | - | (387.9) |
| Taxation | | | | | | | | (100.2) |
| **Loss after taxation** | | | | | | | | (488.1) |
| **Other Information** | | | | | | | | |
| Depreciation and amortisation | (139.7) | (52.1) | (26.6) | (21.5) | (55.2) | (74.4) | - | (369.5) |
| (Loss)/profit on disposal | | | | | | | | |
| - Other assets | (3.1) | 11.9 | - | (0.1) | - | 3.8 | - | 12.5 |
| Other non-cash (expense)/income* | 10.0 | (226.3) | 15.6 | (1.5) | (17.9) | 13.8 | - | (206.3) |
| **Breakdown of Revenue** | | | | | | | | |
| Sale of produce | 582.9 | - | - | - | - | - | - | 582.9 |
| Sale of petroleum products | - | - | - | - | - | 4,969.0 | - | 4,969.0 |
| Sale of pharmaceutical products | - | - | - | - | 2,385.0 | - | - | 2,385.0 |
| Shipbuilding and repair | - | 1,130.1 | - | - | - | - | - | 1,130.1 |
| Sale of development properties | - | - | 266.9 | - | - | - | - | 266.9 |
| Hotel operations | - | - | 153.2 | - | - | - | - | 153.2 |
| Others | 1.1 | 1.6 | 0.2 | 203.3 | - | 367.3 | - | 573.5 |
| Revenue from contracts with customers | 584.0 | 1,131.7 | 420.3 | 203.3 | 2,385.0 | 5,336.3 | - | 10,060.6 |
| Rental income | - | 3.3 | 113.8 | 1.2 | - | 7.5 | - | 125.8 |
| **Total revenue** | 584.0 | 1,135.0 | 534.1 | 204.5 | 2,385.0 | 5,343.8 | - | 10,186.4 |
| **Timing of Revenue Recognition** | | | | | | | | |
| Goods/services transferred: | | | | | | | | |
| - At a point in time | 584.0 | 4.8 | 267.8 | 204.1 | 2,334.5 | 5,329.0 | - | 8,724.2 |
| - Over time | - | 1,130.2 | 266.3 | 0.4 | 50.5 | 14.8 | - | 1,462.2 |
| | 584.0 | 1,135.0 | 534.1 | 204.5 | 2,385.0 | 5,343.8 | - | 10,186.4 |

**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 | 760.1 | 1,682.0 | 618.1 | 181.3 | 2,324.0 | 4,695.1 | (22.3) | 10,238.3 |
| Inter-segment sales | - | - | (22.3) | - | - | - | 22.3 | - |
| External sales | 760.1 | 1,682.0 | 595.8 | 181.3 | 2,324.0 | 4,695.1 | - | 10,238.3 |
| **Result** | | | | | | | | |
| Segment result | | | | | | | | |
| - external | 145.7 | 207.2 | 103.3 | (7.0) | 92.3 | 138.9 | - | 680.4 |
| Gain on disposal of plantation land | 554.9 | - | - | - | - | - | - | 554.9 |
| Finance cost | (27.9) | (90.8) | (67.8) | (97.6) | (38.9) | (17.0) | 85.6 | (254.4) |
| Interest income | 11.6 | 5.0 | 15.6 | 93.7 | 0.7 | 0.8 | (85.6) | 41.8 |
| Other investment result | - | (34.7) | 29.8 | 3.6 | - | 7.7 | - | 6.4 |
| Share of result of associates | 4.6 | - | (4.0) | 109.6 | - | 1.8 | - | 112.0 |
| Share of result of joint ventures | - | (13.5) | (22.8) | (31.6) | - | - | - | (67.9) |
| **Profit before taxation** | 688.9 | 73.2 | 54.1 | 70.7 | 54.1 | 132.2 | - | 1,073.2 |
| Taxation | | | | | | | | (197.8) |
| **Profit after taxation** | | | | | | | | 875.4 |
| **Other Information** | | | | | | | | |
| Depreciation and amortisation | (117.6) | (83.6) | (23.1) | (21.9) | (55.0) | (67.3) | - | (368.5) |
| (Loss)/profit on disposal | | | | | | | | |
| - Other assets | - | (0.2) | - | - | - | 1.1 | - | 0.9 |
| Other non-cash (expense)/income* | (9.9) | (95.7) | 28.7 | 3.2 | (6.6) | (12.8) | - | (93.1) |
| **Breakdown of Revenue** | | | | | | | | |
| Sale of produce | 758.5 | - | - | - | - | - | - | 758.5 |
| Sale of petroleum products | - | - | - | - | - | 4,325.2 | - | 4,325.2 |
| Sale of pharmaceutical products | - | - | - | - | 2,324.0 | - | - | 2,324.0 |
| Shipbuilding and repair | - | 1,547.2 | - | - | - | - | - | 1,547.2 |
| Sale of development properties | - | - | 319.2 | - | - | - | - | 319.2 |
| Hotel operations | - | - | 162.6 | - | - | - | - | 162.6 |
| Others | 1.6 | 131.5 | 0.1 | 180.4 | - | 362.2 | - | 675.8 |
| Revenue from contracts with customers | 760.1 | 1,678.7 | 481.9 | 180.4 | 2,324.0 | 4,687.4 | - | 10,112.5 |
| Rental income | - | 3.3 | 113.9 | 0.9 | - | 7.7 | - | 125.8 |
| **Total revenue** | 760.1 | 1,682.0 | 595.8 | 181.3 | 2,324.0 | 4,695.1 | - | 10,238.3 |
| **Timing of Revenue Recognition** | | | | | | | | |
| Goods/services transferred: | | | | | | | | |
| - At a point in time | 760.1 | 132.7 | 276.6 | 181.0 | 2,295.7 | 4,667.1 | - | 8,313.2 |
| - Over time | - | 1,549.3 | 319.2 | 0.3 | 28.3 | 28.0 | - | 1,925.1 |
| | 760.1 | 1,682.0 | 595.8 | 181.3 | 2,324.0 | 4,695.1 | - | 10,238.3 |

* 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 million of Assets-backed bonds.

(ii) During the period, the Company issued a total of RM500 million of Islamic Medium Term Notes (IMTN) under the RM2.0 billion Sukuk Programme. The details are disclosed in note 22(a)(ii).

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 February 2019 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 28 February 2019. No other contingent liability has arisen since the financial year end.

**14. Commitments**

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

| | Authorised but not contracted RM million | Authorised and contracted RM million |
|---|---|---|
| Capital expenditure | 514.0 | 109.1 |
| Acquisition of plantation land | - | 357.3 |
| Share of joint venture's capital commitment | - | 25.0 |
| | 514.0 | 491.4 |

**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 | Rights to supply | Others | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 January 2018 | 1,226.7 | 75.0 | 259.0 | 24.4 | 1,585.1 |
| Additions | - | - | 45.8 | 45.8 | 91.6 |
| Foreign exchange fluctuation | (1.9) | - | - | (0.7) | (2.6) |
| At 31 December 2018 | 1,224.8 | 75.0 | 304.8 | 69.5 | 1,674.1 |
| **Accumulated amortisation and impairment** | | | | | |
| At 1 January 2018 | 49.9 | 58.7 | 77.0 | 8.5 | 194.1 |
| Amortisation | - | 8.6 | 18.5 | 2.4 | 29.5 |
| Impairment | 106.2 | - | - | - | 106.2 |
| Foreign exchange fluctuation | - | - | - | (1.7) | (1.7) |
| At 31 December 2018 | 156.1 | 67.3 | 95.5 | 9.2 | 328.1 |
| **Net carrying amount** | | | | | |
| At 31 December 2018 | 1,068.7 | 7.7 | 209.3 | 60.3 | 1,346.0 |
| At 31 December 2017 | 1,176.8 | 16.3 | 182.0 | 15.9 | 1,391.0 |

Included in the Group's other intangible assets are pharmacy manufacturing licence, trade name, intelectual properties, software and capitalised development cost of work in progress.

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

**17. Performance Review**

| **For the quarter ended 31 December 2018** | **Current Period** | | **+/(-)** | **Cumulative Period** | | **+/(-)** |
|---|---|---|---|---|---|---|
| **(All figures are stated in RM million)** | **2018** | **2017** | **%** | **2018** | **2017** | **%** |
| Revenue | 3,024.7 | 3,005.0 | 1% | 10,186.4 | 10,238.3 | -1% |
| (Loss)/profit from operations | (367.1) | 264.6 | -239% | (110.0) | 680.4 | -116% |
| (Loss)/profit before interest and taxation | (474.2) | 275.0 | -272% | (148.9) | 1,285.8 | -112% |
| (Loss)/profit before taxation | (542.4) | 225.3 | -341% | (387.9) | 1,073.2 | -136% |
| (Loss)/profit for the period | (565.0) | 157.3 | -459% | (488.1) | 875.4 | -156% |
| (Loss)/profit attributable to shareholders of the Company | (455.0) | 77.1 | -690% | (469.2) | 436.2 | -208% |

For the 4th quarter ended 31 December 2018 (4QFY18), the Group registered a loss before taxation (LBT) of RM542.4 million compared unfavourably against the profit before taxation (PBT) of RM225.3 million recorded in last year's corresponding period (4QFY17). The Group was mainly impacted by provisions and impairments in its Heavy Industries Division. The Plantation Division also incurred a loss while the other Divisions recorded lacklustre results. The Group also incurred a loss after taxation of RM565.0 million (4QFY17: profit after taxation of RM157.3 million). After allocation to non-controlling interest and perpetual sukuk holder, the Group's net loss stood at RM455.0 million (4QFY17: net profit of RM77.1 million).

For the year ended 31 December 2018 (FY2018), the Group posted an LBT of RM387.9 million as opposed to last year's (FY2017) PBT of RM1,073.2 million. The bottom line for FY2018 was impacted by losses incurred in Heavy Industries Division as mentioned above. Meanwhile, the results from the other Divisions, with the exception of the Finance & Investment Division, were also weaker than FY2017. In addition, the bottom line for FY2017 was also bolstered by the profit on disposal of plantation land of RM554.9 million. Cumulative loss after taxation stood at RM488.1 million (FY2017: profit after taxation of RM875.4 million) while net loss was at RM469.2 million (FY2017: net profit of RM436.2 million).

For FY2018, the Group recorded a revenue of RM10.2 billion, which is at par with FY2017. The Plantation Division ended the year with a revenue of RM584.0 million, a drop of 23% from RM760.1 million in FY2017, mainly due to decline in palm product prices. In FY2018, the Heavy Industries Division also posted a lower revenue of RM1.1 billion (FY2017: RM1.7 billion) primarily due to lack of ship building and ship repair activities. In addition, the Heavy Industries Division's revenue for FY2017 was boosted by contribution from MHS Aviation which had since been scaled down. The revenue for Property Division decreased by 10% as a result of lower contribution from property development activity in Taman Mutiara Rini, Johor. The revenue for Trading & Industrial Division registered a 14% increase to RM5.3 billion (FY2017: RM4.7 billion) mainly due to higher fuel price in the 1st half of FY2018. On the other hand, revenue for Pharmaceutical and Finance & Investment Divisions of RM2.4 billion (FY2017: RM2.3 billion) and RM204.5 million (FY2017: RM181.3 million) had increased by 3% and 13% respectively.

In FY2018, the Heavy Industries Division incurred a loss of RM592.8 million (FY2017: surplus of RM73.2 million) as its operating units were affected by provisions and impairments. Boustead Heavy Industries Corporation Berhad ended the year with a deficit mainly due to increased share of loss from a joint venture company which was impacted by provisions for Liquidated Ascertained Damages (LAD). Meanwhile, MHS Aviation (MHSA) was affected by impairment on its fleet of aircraft as its operations were scaled down. Boustead Naval Shipyard (BNS) also recorded a deficit as a result of revision in the Littoral Combat Ship (LCS) project cost due to variation orders and increase in its project finance cost, pending customer's approval. Due to this weaker performance, the Group recorded an impairment of goodwill for BNS and MHSA amounting to RM106 million.

The Plantation Division closed the year with an LBT of RM51.0 million (FY2017: PBT of RM688.9 million), mainly due to declines in prices and sales volumes of palm products, increase in interest cost to finance the acquisition of Pertama estates and higher operating expenditure. The huge disparity in result was also due to gain on disposal of plantation estate in FY2017 as mentioned above. For FY2018, the average selling price for CPO was RM2,261 per MT, lower by 20% or RM549 from RM2,810 per MT recorded a year ago. Similarly, the average selling price for PK of RM1,780 per MT was down by 29% or RM725 from RM2,505 per MT achieved in FY2017. FFB production stood at 966,134 MT, marginally lower than 973,513 MT recorded in FY2017. Oil and kernel extraction rates averaged at 21.2% (FY2017: 21.0%) and 4.4% (FY2017: 4.3%) respectively.

The Trading & Industrial Division ended the year with a lower pre-tax profit of RM118.5 million (FY2017: RM132.2 million) mainly due to stockholding loss incurred by Boustead Petroleum Marketing (BPM) as a result of the drop in oil prices and higher finance cost. The Property Division closed the year with a lower profit of RM2.1 million (FY2017: RM54.1 million) mainly due to higher share of loss in a joint venture and weaker result from hotel segment on lower occupancy rate attained. In addition, net fair value gain from investment properties in FY2018 was also lower.

The Finance & Investment Division ended the FY2018 with a better pre-tax profit of RM83.5 million (FY2017: RM70.7 million). This was achieved on the back of better contribution from Boustead Cruise Centre, University of Nottingham in Malaysia and Cadbury, which had more than compensated the lower share of profit in Affin Bank.

The Pharmaceutical Division registered a lower PBT for FY2018 of RM51.8 million (FY2017: RM54.1 million) mainly due to increased selling & distribution and finance costs, which were partly negated by the reduced operating costs arising from cost containment measures. The PBT for FY2017 was also bolstered by the one-off gain on compensation receivable in relation to a former joint venture company in China.

**17. Performance Review (Cont'd.)**

Statement of Financial Position

As at 31 December 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

In FY2018, the Group recorded a higher cash inflow from operation of RM994.1 million (FY2017: RM886.6 million) mainly due to higher collection from Heavy Industries Division and lower tax paid. On the other hand, the cash outflow from investing activity for the year was higher at RM1,487.0 million (FY2017: RM11.8 million) mainly due to payment for the purchase of Pertama estate in Sabah. The financing activity for the year recorded cash inflow of RM595.4 million (FY2017: cash outflow of RM1,972.9 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 31 December 2018** | **Current Period** | **Immediate Preceding Period** | **+/(-)** |
|---|---|---|---|
| **(All figures are stated in RM million)** | **31.12.2018** | **30.9.2018** | **%** |
| Revenue | 3,024.7 | 2,543.0 | 19% |
| (Loss)/profit from operations | (367.1) | 108.4 | -439% |
| (Loss)/profit before interest and taxation | (474.2) | 130.1 | -464% |
| (Loss)/profit before taxation | (542.4) | 63.8 | -950% |
| (Loss)/profit for the period | (565.0) | 40.1 | -1509% |
| (Loss)/profit attributable to shareholders of the Company | (455.0) | 7.3 | -6333% |

For the current quarter (4QFY18), the Group posted an LBT of RM542.4 million as opposed to the PBT of RM63.8 million in the preceding quarter (3QFY18). The unfavourable result was mainly due to the impairment of goodwill and huge deficit incurred by Heavy Industries Division. Consequently, the Group recorded a loss after tax of RM565.0 million (3QFY18: profit after tax of RM40.1 million) while net loss for the quarter stood at RM455.0 million (3QFY18: net profit of RM7.3 million).

Property Division closed the 4QFY18 with a better PBT of RM15.4 million (3QFY18: RM5.4 million). This was achieved on the back of fair value gain on investment properties and higher earnings from property development activities in Taman Mutiara Rini, Johor. Nevertheless, this was partly negated by the higher share of loss in Boustead Ikano, a joint venture.

In the current quarter, the Finance & Investment Division recorded a lower PBT of RM6.4 million (3QFY18: RM25.8 million) mainly due to higher share of loss in a joint venture, Irat Properties, arising from recognition of loss following the termination of AES contract.

In 4QFY18, the Pharmaceutical Division registered a lower pre-tax profit of RM6.8 million (3QFY18: RM13.1 million) mainly due to increase in operating cost particularly selling & distribution cost. Trading & Industrial Division ended the quarter with a reduced PBT of RM1.1 million (3QFY18: RM43.3 million) on weaker results from BPM which incurred a stockholding loss due to the drop in oil prices.

Plantation Division ended the period with a lower LBT of RM9.4 million (3QFY18: RM23.2 million) as the higher sales volume had more than compensated for the impact of lower selling price. The Division’s recorded FFB production of 306,046 MT, an increase of 34% from 228,739 MT in 3QFY18. Average CPO price for 4QFY18 was RM1,967 per MT, fell by RM282 from RM2,249 per MT in 3QFY18. Meanwhile, average PK price for 4QFY18 was RM1,438 per MT, a drop of RM306 from RM1,744 in 3QFY18.

In 4QFY18, the Heavy Industries Division registered a much higher deficit of RM562.7 million (3QFY18: RM0.5 million) mainly due to increased share of loss in a joint venture company as a result of provision for LAD, impairment on MHSA’s fleet of aircraft as well as revision in the LCS project cost due to variation orders and increase in its project finance cost, pending customer’s approval. The Division is also affected by impairment of goodwill for BNS and MHSA.

**19. Prospects**

We expect 2019 to be another challenging year, on both global and domestic fronts. The global economy is forecasted to be surrounded by the uncertainties on the state of US-China trade disputes, UK’s Brexit deal, movements of global oil prices as well as geopolitical and political risks. Meanwhile, domestic economic growth for the coming year is expected to be lower at 4.5% - 4.7% (FY2018 estimate: 4.6% - 4.8%), reflecting slower growth in internal and external demands. Nevertheless, long-term prospects for Malaysia economy are positive, supported by strong economic fundamentals, a sound financial and monetary policies as well as implementation of various Government initiatives. The diversified nature of BHB in six core areas of the Malaysia economy certainly augurs well for the Group.

The Plantation Division's prospects for the coming year will be challenging. However, the recognition of the gain on disposal of land in Seberang Perai Utara, upon completion, should boost earnings of the Division. FFB production for 2019 is projected to see some improvement from the slow production in 2018, supported by expected increase in crops from existing operations and the Pertama Estates. The proposed acquisition of more than 4,000 hectares of mature fields and a palm oil mill in Sandakan, Sabah, upon completion in 2$^{nd}$ quarter of 2019 will also contribute to the Division's performance. Production in Sarawak is likely to remain weak given the operational difficulties in the region. During the 4$^{th}$ quarter of 2018, CPO was traded at between RM1,710 to RM2,150 per MT. The price is expected to climb towards RM2,400 per MT by early part of 2$^{nd}$ quarter of 2019, in line with expected stocks drawdown. The biodiesel mandates of Indonesia, reduction of duty on crude and refined palm oil in India coupled with China’s positive outlook from the trade dispute with the US are some of the factors supporting CPO.

Pharmaceutical Division will continue its pursuit in boosting its market presence in the private sector via aggressive marketing initiatives with parallel focus on enhancing operational efficiencies as well as ongoing containment measures, both in domestic and Indonesia operations. Moving forward, the Division will continue to focus on strengthening business synergies between its overseas subsidiaries, PT Millennium Pharmacon International TbK and PT Errita Pharma to tap into opportunities in Indonesia market. With the above and increased budget allocation for healthcare sector, the Division remains upbeat and is confident on a positive outlook ahead.

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 continue to generate good rental as well as appreciation in value over time. On the other hand, whilst the Division’s hotel activities are expected to continue facing challenges in term of occupancies and rate, the performance going forward is envisaged to be satisfactory.

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 | 11.3 | 97.3 |
| - Deferred | (3.6) | (8.2) |
| | 7.7 | 89.1 |
| Under provision of prior years | 14.9 | 11.1 |
| | 22.6 | 100.2 |

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 completion of the infrastructure works by the Vendor.

(ii) The Company had issued four 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

d) RM200 million on 30 January 2019, with maturity of 7 years at a profit rate of 6.2% 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 RM13.6 million has been paid by the purchasers. The sale of the lands is expected to be completed in the 1$^{st}$ quarter of 2019.

(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. Conditions precedent set out in the SPA have not been fully fulfilled. The Proposed Acquisition is expected to be completed by the 2$^{nd}$ quarter of 2019.

(vi) On 19 February 2019, the Group's wholly owned Subsidiary, Boustead Hotel & Resorts Sdn Bhd (BHR) accepted an offer (Letter of Offer) from Hotel Royal Limited (HRL), a company incorporated and listed in Singapore, to acquire the Royale Chulan Bukit Bintang and its business (the Hotel) located on 2 parcels of freehold land measuring approximately 3,189 square meter which was held under GRN 70145, Lot 1297 and GRN 7-146, Lot 1298, both in Seksyen 67, District of Kuala Lumpur for a cash consideration of RM197 million.

The Letter of Offer is subject to the following terms:

a) HRL being granted an exclusive period of one-month commencing 19 February 2019 (Exclusivity Period) to conduct due diligence exercise on the Hotel

b) BHR shall refrain during the exclusive period for responding to (other than to reject) any enquiry, discussion, proposal or offer to continue, propose to, negotiate or hold discussion, and/or enter into any agreements, arrangements or understanding with any other parties in relation to the hotel;

c) the execution of a conditional sale and purchase agreement (SPA) by the BHR and HRL within the Exclusivity Period; and

d) statutory and regulatory approvals required under Malaysia law and Singapore Exchange Securities Trading Limited.

As part of the terms of the Letter of Offer, HRL had paid a sum of RM3.94 million, being the 2% earnest deposit of the disposal consideration. In the event that the SPA is not executed for any reason, the earnest deposit shall be refunded in full by BHR within 14 days from date of written demand from HRL.

There were no other corporate proposals announced or pending completion as at 28 February 2019.

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

**(b) Status on Utilisation of Proceeds from Rights Issue as at 15 February 2019**

| (In RM Million) | Proposed Utilisation | Actual Utilisation | Time Frame | Deviation Amount | % | Explanation |
|---|---|---|---|---|---|---|
| Repayment of bank borrowings | 486.0 | 486.0 | Within 12 months | - | | Fully utilised |
| Property development activities | 507.0 | 268.5 | Within 43 months until 31 December 2019 | 238.5 | 47% | 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 | 816.3 | | 238.5 | | |

**(c) Status on Utilisation of Proceeds from Issue of IMTNs as at 15 February 2019**

| (In RM Million) | Proposed Utilisation | Actual Utilisation | Time Frame | Deviation Amount |
|---|---|---|---|---|
| Refinancing of existing borrowings/ financing | 1,312.4 | 1,312.4 | 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 | - |
| | 1,700.0 | 1,700.0 | | - |

**23. Changes in Material Litigations**

(i) CIMB Islamic Trustee Berhad (First Plaintiff), trustee for Boustead Plantations Berhad (BPB) and BPB (Second Plaintiff) had on 28 December 2018 filed a Writ of Summons and Statement of Claim on Setia Fontaines Sdn Bhd (Defendant) for breach of Sale and Purchase Agreement dated 22 December 2016. The claim is in respect of damages of RM37,207,353.35 relating to goods and services tax (GST) due from the Defendant together with interest at the rate of 8% per annum and other costs and relief deemed fit by the Court.

In consultation with the Plaintiffs' solicitors, the Group is of the view that the Plaintiffs have a good case in this suit and are positive of the outcome of the litigation.

(ii) 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 on 9 November 2018, filed their Statement of Defence and requested for further and better particulars from the Plaintiff. On 17 December 2018, the Company and BWSB filed a striking out application enclosing the Supporting Affidavit to strike out the Plaintiff suit against them.

The Plaintiff had on 28 December 2018, filed their Reply to the Company and BWSB's Statement of Defence. Subsequently, the Plaintiff filed their Affidavit in Reply to the Company and BWSB's striking out application on 8 January 2018 and the Company and BWSB thereafter replied to the Plaintiff's Affidavit with their Second Affidavit on 28 January 2019. The court fixed 15 March 2019 for the parties to exchange their written submissions and the Hearing for all the striking out applications by the Defendants will be on 4 April 2019.

**23. Changes in Material Litigations (Cont'd.)**

(iii) In respect of the litigation referred to in Note 38 (a) of 2017 Annual Report, on 22 January 2019, BNS' fourth witness testified on the worthiness of the copper cables. Trial which supposed to continue on 19 February 2019 was postponed to 5 and 10 April 2019.

(iv) 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 28 February 2019, 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 (loss)/profit for the period (RM million) | **(455.0)** | 77.1 | **(469.2)** | 436.2 |
| Weighted average number of ordinary shares in issue (million) | **2,027.0** | 2,027.0 | **2,027.0** | 2,027.0 |
| Basic/diluted (loss)/earnings per share (sen) | **(22.45)** | 3.80 | **(23.15)** | 21.52 |

**25. Group Borrowings and Debt Securities**

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

| | 31.12.2018 RM million | 31.12.2017 RM million | 1.1.2017 RM million |
|---|---|---|---|
| Non-current: | | | |
| Term loans | | | |
| - Denominated in Great Britain Pound | **61.5** | 66.0 | 68.7 |
| - Denominated in Indonesian Rupiah | **121.2** | 102.7 | 116.6 |
| - Denominated in US Dollar | **-** | - | 137.3 |
| - Denominated in RM | **597.5** | 519.2 | 845.9 |
| | **780.2** | 687.9 | 1,168.5 |
| Asset-backed bonds | **209.6** | 758.9 | 758.2 |
| Islamic medium term notes | **1,492.5** | 992.5 | - |
| Revolving credits | **649.1** | - | - |
| Bank guaranteed medium term notes | **-** | - | 763.7 |
| | **3,131.4** | 2,439.3 | 2,690.4 |
| Less: repayable in 1 year | **462.4** | 982.8 | 1,249.8 |
| | **2,669.0** | 1,456.5 | 1,440.6 |
| Current: | | | |
| Bank overdrafts | **59.3** | 39.1 | 24.7 |
| Bankers' acceptances | | | |
| - Denominated in Indonesian Rupiah | **15.5** | 15.0 | 11.1 |
| - Denominated in RM | **476.1** | 317.0 | 363.5 |
| Revolving credits | **3,850.6** | 3,373.5 | 4,227.0 |
| Short term loans | **462.4** | 982.8 | 1,249.8 |
| | **4,863.9** | 4,727.4 | 5,876.1 |
| Total borrowings | **7,532.9** | 6,183.9 | 7,316.7 |

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) 2 tranches of RM150 million Sukuk Murabahah, which were 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 period 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 (2017: 3 classes) of guaranteed bonds which are rated AAA(fg). The maturity date of the Bonds is 7 years (2017: 6 years to 7 years) from the date of issue with the effective interest rate of 5.9% (2017: 5.5%) 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 RM61.9 million (2017: RM234.3 million) which is repayable within 4 years commencing from 27 April 2017. This Subsidiary also has revolving credits of RM874.6 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 RM61.5 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.

**25. Group Borrowings and Debt Securities (Cont'd.)**

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

| | 31.12.2018 | 31.12.2017 | 1.1.2017 |
|---|---|---|---|
| Denominated in Great Britain Pound | **11.7** | 12.1 | 12.5 |
| Denominated in Indonesian Rupiah | **474,653** | 394,966 | 383,483 |
| Denominated in US Dollar | **-** | - | 30.6 |
| Exchange rate: | | | |
| - Great Britain Pound | **5.27** | 5.47 | 5.51 |
| - Indonesian Rupiah | **0.0288** | 0.0298 | 0.0333 |
| - US Dollar | **-** | - | 4.49 |

As at 31 December 2018, the Group's borrowing was higher at RM7.5 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 31 December 2018, the weighted average interest rate of borrowings is 5.3% (As at 31 December 2017: 5.2%) per annum. The proportion of debt based on fixed and floating interest rate is 23% (As at 31 December 2017: 28%) and 77% (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 |
| Net fair value gain on investment properties | **(32.7)** | (43.9) | **(32.7)** | (43.9) |
| Depreciation and amortisation | **99.5** | 92.7 | **369.5** | 368.5 |
| Provision for and write off of receivables | **2.3** | 4.8 | **13.8** | 11.2 |
| Provision for and write off of inventories | **22.5** | (0.9) | **32.9** | 6.0 |
| Impairment of property plant and equipment | **80.2** | 56.9 | **80.2** | 56.9 |
| Impairment of other receivables | **27.3** | 12.7 | **27.3** | 12.7 |
| Impairment of goodwill | **106.2** | 38.0 | **106.2** | 38.0 |
| Gain on disposal of properties & plantation land | **-** | - | **-** | (554.9) |
| Loss/(gain) on disposal of other property, plant and equipment | **2.7** | 0.2 | **(12.5)** | (0.9) |
| Stockholding loss/(gain) | **44.1** | (8.0) | **25.2** | (14.1) |
| Foreign exchange loss/(gain) | **1.3** | (20.6) | **9.9** | (31.1) |
| Net fair value (gain)/loss on derivatives | **(1.7)** | 8.5 | **(6.4)** | 22.5 |

**27. Plantation Statistics**

| | Cumulative Period | |
|---|---|---|
| | 2018 | 2017 |
| **(a) Crop production and yield** | | |
| FFB (MT) | **966,134** | 973,513 |
| FFB (MT/ha) | **14.9** | 16.7 |
| CPO production (MT) | **211,847** | 226,843 |
| PK production (MT) | **43,601** | 46,896 |
| **(b) Average selling prices (RM per MT)** | | |
| FFB | **426** | 610 |
| Crude palm oil (CPO) | **2,261** | 2,810 |
| Palm kernel (PK) | **1,780** | 2,505 |
| **(c) Oil extraction rate (%)** | | |
| Crude palm oil | **21.2** | 21.0 |
| Palm kernel | **4.4** | 4.3 |

**(d) Planted areas (hectares)**

| | | As at 31.12.2018 | As at 31.12.2017 |
|---|---|---|---|
| Oil palm | - immature | **6,364** | 5,876 |
| | - young mature | **12,480** | 12,179 |
| | - prime mature | **29,750** | 32,363 |
| | - past prime | **26,438** | 14,569 |
| | | **75,032** | 64,987 |