

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

Director	Directorships	Principal activities	Involvement in business activities other than as a director
Dr. Raja Abdul Malek bin Raja Jallaludin (Cont'd)	<i>Previous directorships:</i> <ul style="list-style-type: none"> • AFFIN Bank Berhad (<i>resigned on 29 March 2014</i>) • Medifit Sdn Bhd (<i>dissolved on 4 November 2011</i>) 	<ul style="list-style-type: none"> • Provision of commercial banking and hire purchase services • Dormant 	

Notes:

- (1) *In the process of being struck off.*
- (2) *This company is under members' voluntary winding up.*

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9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

9.1.4 Involvement of executive directors in other businesses or corporations

We do not have any executive directors involved in other businesses or corporations.

9.1.5 Interest of our Directors in other businesses or corporations which carry on a similar trade as that of our Group or which are our customers and/or suppliers

Save as disclosed below, as at the LPD, none of our Directors have any interest, direct or indirect, in other business or corporations which are (i) carrying on a similar trade as that of our Group; or (ii) our customers and/or suppliers.

Director	Businesses/Corporations	Nature of interest
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin ⁽¹⁾ Datuk Zakaria bin Sharif ⁽¹⁾	<i>Similar trade as that of our Group:</i>	
	• Anglo Eastern Plantations (M) Sdn Bhd	• LTAT ⁽²⁾ has 20.0% direct equity interest
	• Ketengah Jaya Sdn Bhd	• LTAT ⁽²⁾ has 29.1% direct equity interest
	• Ketengah Perwira Sdn Bhd	• LTAT ⁽²⁾ has 49.0% direct equity interest
	<i>Supplier of fertiliser to our Group:</i>	
	• Union Harvest Sdn Bhd	• LTAT ⁽²⁾ has 37.5% indirect equity interest
	<i>Supplier of petroleum products to our Group:</i>	
	• Boustead Petroleum Marketing Sdn Bhd	• LTAT ⁽²⁾ has 30.0% and 70.0% direct and indirect equity interest respectively
		• BHB ⁽³⁾ has 70.0% indirect equity interest
	<i>Supplier of motor vehicles to our Group:</i>	
	• Chery Automobile (Malaysia) Sdn Bhd ⁽⁴⁾	• LTAT ⁽²⁾ has 100.0% indirect equity interest
Dato' Mohzani bin Datuk Dr Abdul Wahab ⁽¹⁾	<i>Similar trade as that of our Group:</i>	
	• TH Plantations Berhad	• Lembaga Tabung Haji ⁽⁵⁾ has 71.8% direct equity interest

Notes:

- (1) Tan Sri Dato' Seri Lodin bin Wok Kamaruddin, Datuk Zakaria bin Sharif and Dato' Mohzani bin Datuk Dr Abdul Wahab do not have any direct and/or indirect equity interest in the companies which may carry on a similar trade as that of our Group, our customers and/or our suppliers.
- (2) Deemed interested by virtue of Tan Sri Dato' Seri Lodin bin Wok Kamaruddin and Datuk Zakaria bin Sharif's positions as Chief Executive of LTAT and Deputy Chief Executive of LTAT respectively.
- (3) Deemed interested by virtue of Tan Sri Dato' Seri Lodin bin Wok Kamaruddin's position as Deputy Chairman/Group Managing Director of BHB.
- (4) Datuk Zakaria bin Sharif is a director of Chery Automobile (Malaysia) Sdn Bhd.
- (5) Deemed interested by virtue of Dato' Mohzani bin Datuk Dr Abdul Wahab's position as member of the investment panel of Lembaga Tabung Haji.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

(i) Tan Sri Dato' Seri Lodin bin Wok Kamaruddin

Tan Sri Dato' Seri Lodin bin Wok Kamaruddin's interest in Anglo Eastern Plantations (M) Sdn Bhd, Ketengah Jaya Sdn Bhd, Ketengah Perwira Sdn Bhd, Union Harvest Sdn Bhd, Boustead Petroleum Marketing Sdn Bhd and Chery Automobile (Malaysia) Sdn Bhd (collectively referred to as "**Associated Companies**") is via his position as Chief Executive of LTAT, as LTAT has direct and indirect equity interests in the Associated Companies.

Further, Tan Sri Dato' Seri Lodin bin Wok Kamaruddin's interest in Boustead Petroleum Marketing Sdn Bhd is also via his position as Deputy Chairman/ Group Managing Director of BHB.

For further information on the nature of LTAT and BHB's interest in the Associated Companies, see Section 9.3.5 of this Prospectus.

(ii) Datuk Zakaria bin Sharif

Datuk Zakaria bin Sharif's interest in the Associated Companies is via his position as Deputy Chief Executive of LTAT, as LTAT has direct and indirect equity interests in the Associated Companies.

Further, Datuk Zakaria bin Sharif sits on the board of directors of Chery Automobile (Malaysia) Sdn Bhd, which supplied motor vehicles under the Chery marque to B Emastulin pursuant to the latter's automobile dealership business prior to 1 October 2013. Pursuant to our Group's streamlining exercise for the IPO, B Emastulin had undertaken the Disposal of Motor Vehicle Business on 1 October 2013. Hence, our Directors are of the view that the directorship held by Datuk Zakaria bin Sharif in Chery Automobile (Malaysia) Sdn Bhd will not give rise to a conflict of interest situation with our Group's plantation businesses in the future following the Disposal of Motor Vehicle Business. Further information on the transaction between our Group and Chery Automobile (Malaysia) Sdn Bhd for the past three consecutive financial years is set out in item 6 of Section 11.1.2 of this Prospectus.

For further information on the nature of LTAT's interest in the Associated Companies, see Section 9.3.5 of this Prospectus.

(iii) Dato' Mohzani bin Datuk Dr. Abdul Wahab

Dato' Mohzani bin Datuk Dr. Abdul Wahab is a member of the investment panel of Lembaga Tabung Haji, which is a substantial shareholder of TH Plantations Berhad, holding approximately 71.8% equity interest in TH Plantations Berhad. TH Plantations Berhad is principally involved in the cultivation of oil palm, processing of FFBs, marketing of CPO, PK and FFB, similar to our Group's principal activities. Our Directors believe that Dato' Mohzani bin Datuk Dr Abdul Wahab's influence in the operations and management of TH Plantations Berhad is remote and therefore will not give rise to a conflict of interest situation with our Group's businesses due to the following:

- Dato' Mohzani bin Datuk Dr. Abdul Wahab does not sit on the board of directors of TH Plantations Berhad. Additionally, majority of the members of the Investment Panel of Lembaga Tabung Haji do not sit on the board of directors of TH Plantations Berhad. Accordingly, the investment decisions made by the Investment Panel of Lembaga Tabung Haji do not influence the decisions made by the board of directors of TH Plantations Berhad; and

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

- Dato' Mohzani bin Datuk Dr. Abdul Wahab does not hold any executive positions in Lembaga Tabung Haji. As such, his contribution to our Group is not affected as he is not involved in the daily operations and management of Lembaga Tabung Haji. Further, Lembaga Tabung Haji as an Islamic fund manager is not involved in the daily operations and management of TH Plantations Berhad as all oil palm plantation estates are owned and managed by TH Plantations Berhad.

9.1.6 Audit Committee

Our Audit Committee was formed by our Board on 6 November 2013. The main function of the Audit Committee is to assist our Board in performing its duties and discharging its responsibilities in evaluating our financial statements, internal control and the audit process. Our Audit Committee currently comprises the following members, of which majority of them are Independent Non-Executive Directors:

Name	Designation	Directorship
Dato' Mohzani bin Datuk Dr. Abdul Wahab	Chairman	Senior Independent Non-Executive Director
Datuk Zakaria bin Sharif	Member	Non-Independent Non-Executive Director
Dr. Raja Abdul Malek bin Raja Jallaludin	Member	Independent Non-Executive Director

In carrying out its duties and responsibilities, the Audit Committee shall have the authority to:

- (a) investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties and to obtain independent professional or other advice it deem necessary;
- (c) have full and unrestricted access to any information pertaining to our Group;
- (d) have direct communication channels with the external and internal auditors, as well as employees of our Group;
- (e) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance or other Directors and employees of the Company, whenever deemed necessary;
- (f) identify, assess, treat, report and monitor significant risks in an effective manner;
- (g) enable systematic risk review and reporting on key risks, existing control measures and any proposed action plans; and
- (h) create a risk-aware culture and building the necessary knowledge for risk management at every level of management.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

The duties and functions of our Audit Committee comprise, *inter alia*, the following:

- (i) review the external auditors' audit plan, the scope of its audits and audit report;
- (ii) review the evaluation of the system of internal control with the internal and external auditors;
- (iii) review the adequacy of the scope, functions, competency and resources of the in-house internal audit function, including whether it has the necessary authority to carry out its work;
- (iv) review the internal audit plan and results of the internal audit plan or investigation undertaken and follow-up on the recommendations contained in the audit reports of the internal audit function ;
- (v) review our Group's quarterly results and the annual financial statements prior to the approval by our Board, focusing particularly on:
 - (a) changes in or implementation of major accounting policies;
 - (b) significant and unusual events; and
 - (c) compliance with accounting standards and other regulatory requirements;
- (vi) review any potential related party transactions that may arise within our Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (vii) review the procedures of recurrent related party transactions undertaken by our Company and our Group;
- (viii) review the Risk Management Committee's periodic report on key risk profiles and risk management activities;
- (ix) discuss with the external auditors with regards to problems and observations noted in their interim and final audits;
- (x) assess the performance of the external auditors and make recommendations to our Board on its appointment and removal;
- (xi) recommend the nomination of a person or persons as external auditors;
- (xii) review any letter of resignation from the external auditors or suggestions for their dismissal;
- (xiii) monitor our Group's compliance to the Bursa Securities LR and the MCGG 2012 from assurances by the Company Secretary and the results of review by the external and internal audits;
- (xiv) where the Audit Committee is of the view that a matter reported by it to our Board has not been satisfactorily resolved resulting in a breach of the Bursa Securities LR, the Audit Committee must promptly report such matter to the Bursa Securities;
- (xv) carry out any other functions that may be mutually agreed upon by the Audit Committee and our Board;
- (xvi) communicate our Group's vision, risk policy, responsibilities and reporting lines to all employees;

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

- (xvii) identify and communicate to our Board the critical risks our Group faces, and the management action plans to manage the risks;
- (xviii) perform risk oversight and review risk profiles of our Group; and
- (xix) provide guidance to the business units on our Group's and business units' risk appetite and capacity.

9.1.7 Nomination Committee

Our Nomination Committee was established by our Board on 6 November 2013. Our Nomination Committee currently comprises the following members comprising exclusively of Non-Executive Directors, of which a majority of them are Independent Non-Executive Directors:

Name	Designation	Directorship
Dato' Mohzani bin Datuk Dr. Abdul Wahab	Chairman	Senior Independent Non-Executive Director
Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R)	Member	Non-Independent Non-Executive Director
Maj. Gen. Dato' Haji Khairuddin bin Abu Bakar (R) J.P.	Member	Independent Non-Executive Director

Our Nomination Committee undertakes, *inter alia*, the following functions:

- (a) to propose new nominees to our Board and Board Committee;
- (b) to assess on an annual basis, the contribution of each individual Director; and
- (c) to assess on an annual basis, the overall effectiveness of our Board.

The final decision as to who shall be appointed as a Director remains the responsibility of our full Board, after considering the recommendation of the Nomination Committee.

The terms of reference of the Nomination Committee are proposed as follows:-

- (i) to assess and recommend to our Board candidates for directorship on our Board as well as membership of the Board Committee;
- (ii) to review and assess annually the overall composition of our Board in terms of appropriate size, required mix of skills, experience and core competencies, and the adequacy of balance between executive Directors, Non- Executive Directors and Independent Directors;
- (iii) to establish the mechanism for the formal annual assessment of the effectiveness of the individual Directors, and to annually appraise the performance of the individual Directors based on objective performance criteria as approved by our Board; and
- (iv) the quorum of the Nomination Committee shall be two Directors, of which one shall be an Independent Director.

The Nomination Committee convenes its meeting as and when necessary.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

9.1.8 Remuneration Committee

Our Remuneration Committee was formed by our Board on 6 November 2013. Our Remuneration Committee currently comprises the following members:

Name	Designation	Directorship
Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R)	Chairman	Non-Independent Non-Executive Chairman
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	Member	Non-Independent Non-Executive Vice Chairman
Dr. Raja Abdul Malek bin Raja Jallaludin	Member	Independent Non-Executive Director

Our Remuneration Committee undertakes, *inter alia*, the following functions:

- (a) to review annually the remuneration packages applicable to senior executives;
- (b) to review annually rewards structure applicable to senior executives;
- (c) to review annually fringe benefits applicable to senior executives; and
- (d) make recommendations to our Board.

In establishing the level of remuneration for senior executives, the Remuneration Committee has regards to package offered by comparable companies, and may obtain independent advice.

The terms of reference of the Remuneration Committee are proposed as follows:-

- (i) to review annually and make recommendations to our Board the remuneration packages, reward structure and fringe benefits applicable to all executive Directors and senior executives to ensure that the rewards commensurate with their contributions to our Group's growth and profitability;
- (ii) to ensure that the level of remuneration of the Non-Executive Directors are linked to their level of responsibilities undertaken and contributions to the effective functioning of our Board;
- (iii) to keep abreast of the terms and conditions of service of key senior management officers including their total remuneration packages for market comparability and to review and recommend to our Board changes whenever necessary;
- (iv) to keep abreast of the remuneration packages of the Non-Executive Directors to ensure that the commensurate with the scope of responsibilities held and to review and recommend to our Board changes whenever necessary; and
- (v) the quorum of the Remuneration Committee shall be two Directors, of which one shall be a Non-Executive Director.

The Remuneration Committee convenes its meeting as and when necessary.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

9.1.9 Service contracts with our Directors

As at the LPD, we do not have any existing or proposed service contracts with our Directors.

9.1.10 Remuneration of our Directors

The aggregate remuneration and benefits paid or proposed to be paid to our Directors for services rendered to us in all capacities for the FYE 31 December 2013 and FYE 31 December 2014 are as follows:

Director	Remuneration band	
	For the FYE 31 December 2013	For the FYE 31 December 2014
	(Actual)	(Forecast)
Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R)	RM50,000 to RM100,000	RM50,000 to RM100,000
Tan Sri Dato' Seri Lodin bin Wok Kamaruddin	RM50,000 and below	RM50,000 to RM100,000
Datuk Zakaria bin Sharif	-	RM50,000 to RM100,000
Dato' Mohzani bin Datuk Dr. Abdul Wahab	RM50,000 and below	RM50,000 to RM100,000
Maj. Gen. Dato' Haji Khairuddin bin Abu Bakar (R) J.P.	-	RM50,000 to RM100,000
Dr. Raja Abdul Malek bin Raja Jallaludin	-	RM50,000 to RM100,000

The remuneration of our Directors, which includes Directors' fees, bonus and such other allowances as well as other benefits, must be considered and recommended by our Remuneration Committee and subsequently approved by our Board. Upon Listing, our Directors' fees must be further approved/ endorsed by our shareholders at a general meeting.

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9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

9.2 KEY MANAGEMENT

Our key management is responsible for our day-to-day management and operations. Our key management consists of experienced personnel in charge of matters related to corporate and business strategy, operation of plantations, finance, human resource and corporate communication, sales and marketing and engineering.

The members of our key management as at the LPD are set out below:

Name	Nationality	Age	Designation
Fahmy bin Ismail	Malaysian	37	Chief Executive Officer
Chow Kok Choy	Malaysian	65	Chief Operating Officer
Dato' Shoib bin Abdullah	Malaysian	66	Senior General Manager, Human Resource and Corporate Communication
Teng Peng Khen	Malaysian	63	Senior General Manager, Sales and Marketing
Sharudin bin Jaffar	Malaysian	54	Planting Director
Loh Wai Cheong	Malaysian	59	Group Engineer
Chin Sup Chien	Malaysian	54	Chief Financial Officer

9.2.1 Profiles of our key management

(i) Fahmy bin Ismail

Fahmy bin Ismail is our Chief Executive Officer. He graduated with a Bachelor of Commerce in Accounting and Finance from University of Sydney, Australia in 1999. He obtained both his qualifications as a Chartered Accountant under the Malaysian Institute of Accountants (MIA) and as a Certified Practising Accountant under CPA Australia in 2003.

He began his career as a management trainee in the then Renong Berhad group of companies ("**Renong Group**") in the year 1999. He assumed several finance roles within the Renong Group and one of its subsidiaries, Crest Petroleum Berhad, ranging from accounting, performance reporting, treasury and corporate finance. His last held position prior to joining BHB, was Assistant Manager, Corporate Finance for SapuraCrest Petroleum Bhd.

He joined BHB in January 2006 as its Corporate Planning Manager. In addition to his corporate planning role, his responsibilities included amongst others, investor relations, corporate finance, institutional relations, head of transformation office for the GLC Transformation Programme and several CSR initiatives within the BHB Group.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

In the year 2007, he was appointed as Deputy Chief Executive Officer of BREIT Managers, where his key responsibilities include assisting the Chief Executive Officer of BREIT Managers in formulating and implementing BREIT's overall business strategy, management of BREIT's investment in oil palm plantation and non-plantation assets and overseeing the performance of BREIT's plantation advisers in relation to the review of the performance of the plantation assets in-line with the investment objectives of BREIT.

On 15 January 2009, he was appointed as the Chief Executive Officer of BREIT Managers. He was responsible for the overall day-to-day management of BREIT Managers, being the manager of BREIT which primarily invests in oil palm plantations.

Following the BREIT Privatisation, he resigned from BREIT Managers on 28 February 2014 and was appointed as our Chief Executive Officer on 1 March 2014. His main responsibilities include the implementation of the overall corporate and business strategy and business development by defining objectives and business plans, setting and evaluating key performance indicators and integrating our Group's resources to ensure alignment with the overall direction of our Group as well as overseeing the management of the various operating centres under our Group.

He is also a director of BREIT Managers, Boustead Shipping Agencies Sdn Bhd, AB Shipping Pte Ltd and Boustead Information Technology Sdn Bhd.

(ii) **Chow Kok Choy**

Chow Kok Choy is our Chief Operating Officer. He holds a Master of Science in Plantation Management (M. Sc) obtained from Universiti Pertanian Malaysia, in 2000. He also obtained an Associate Diploma in Plantation Management from Incorporated Society of Planters, Malaysia, in 1974 and Diploma in Agriculture from Universiti Putra Malaysia (formerly known as College of Agriculture Malaya), in 1969.

He began his career as an Assistant Estate Manager with Guthrie Estate from 1969 to June 1971 prior to joining Eldred Estate in July 1971. The Eldred Estate was part of the estates owned by Malakoff Berhad which was previously a subsidiary of BBEA. In 1978, he was promoted to Estate Manager while stationed at Telok Sengat Estate and subsequently served as the Estate Manager in other estates belonging to our Group in Johor, Kelantan, Sabah, Perak and Kedah. He was appointed as Planting Advisor in 1993 and subsequently transferred to BEA in Kuala Lumpur. In 2001, he was promoted to the position of Planting Director where he was tasked to head the Plantation Advisory Department. He was later promoted to the position of Director of Operations – Plantations in 2008.

He assumed his present position as Chief Operating Officer in 2014 and is tasked with the responsibility of maximising productivity and profitability of the various operating centres under our Group, in ensuring that they operate in a responsible and sustainable manner using best management practices and good management practices.

He also holds the position of Council Member of MAPA and member of its Finance and Executive Committee, Council Member of MPOA and Board Chairman of MPOA Security Services Sdn Bhd, Board Member of Nottingham MyRIAD Solutions Sdn Bhd, AA Resources and AA Research.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

(iii) Dato' Shoib bin Abdullah

Dato' Shoib bin Abdullah is our Senior General Manager, Human Resource and Corporate Communication. He completed his secondary education in Anderson School, Perak, Malaysia, in 1965 and attended Royal Military College between 1966 and 1967 as an officer cadet.

He joined the Armed Forces in 1966 where he was attached to the Royal Malaysian Rangers from 1967 to 1972. In 1972, he left the Armed Forces as an Acting Captain and joined the plantation industry as a planter at Riverview Rubber Estate, Perak, and was appointed as General Manager in 1994. He then joined PT Poliplant in 1994 as Technical Advisor of Operations prior to joining BEA in 1995 as the General Manager of Plantation Operations.

He assumed his present position as Senior General Manager, Human Resource and Corporate Communication in 2002 and is responsible for motivating employees to achieve optimum productivity while at the same time managing their necessities. He sits on the board of directors of several BHB companies including Boustead Shipping Agencies Sdn Bhd, Boustead Engineering Sdn Bhd, Boustead Construction Sdn Bhd, Boustead Information Technology Sdn Bhd and Drew Ameroid (M) Sdn Bhd. He is also a Board Member of Lembaga IDC UrusLadang Sdn Bhd, a subsidiary of Perbadanan Kemajuan Ekonomi Islam Negeri Perak Sdn Bhd. He also previously served as Chairman of Perak Planters Association (PPA) in 1987, and Council Member of United Planting Association of Malaysia (UPAM) and MAPA between 1986 and 1989.

(iv) Teng Peng Khen

Teng Peng Khen is our Senior General Manager of Sales and Marketing. He graduated with a B.A. Honours (Economics) from Universiti Malaya, Malaysia, in 1975.

He joined Felda Marketing Corporation in 1975 as a Marketing Executive. He was subsequently posted to Felda's London Office as an Assistant Manager in 1978 and served as Manager in Felda San Francisco and Felda New York between 1979 and 1981. Upon his return to Malaysia, he joined the Boustead Group as Manager in the Marketing Department in 1982. He was promoted to General Manager in 1993.

He assumed his present position of Senior General Manager of Sales and Marketing in 2000 and is responsible for all sales and marketing activities carried out by our Group.

(v) Sharudin bin Jaffar

Sharudin bin Jaffar is our Planting Director. He obtained his Diploma in Agriculture in 1980 from Universiti Putra Malaysia (formerly known as Universiti Pertanian Malaysia) and Associate Diploma in Plantation from Incorporated Society Planters, Malaysia, in 1988. He then obtained his Master of Science in Plantation Management (M. Sc) obtained from Universiti Putra Malaysia, in 2001.

He began his career in 1980 as an Assistant Manager in Barlow Boustead Estates Agency Sendirian Berhad which is currently known as BEA. His first appointment was as Assistant Manager at Eldred Estate in 1980. He has served on various estates within our Group prior to reaching the position of Senior Manager in 2000.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

He assumed his present position of Planting Director in 2008 and is responsible for the agronomic operations for our entire Group and external plantations, companies as well as implementing our Group's planting policy on "Good Agricultural Practices" with the objective of achieving the company's target and the best estates produce.

He serves on the Negotiation Committee of MAPA and sits on the board of directors of AA Resources, B Tinjar, B Kanowit, B Sungai Manar, B Sedili, B Gradient, B Rimba Nilai and Nottingham MyRIAD Solutions Sdn Bhd.

(vi) Loh Wai Cheong

Loh Wai Cheong is our Group Engineer in the Group Engineering Department. He obtained the First Grade Steam Engineer's Certificate of Competency issued by the Department of Occupational Safety and Health in 1982 which qualified him as a certified engineer.

He began his career by training as a Power Station Engineer at the Perak River Hydro Power Station in Malim Nawar in 1973 to 1977. Thereafter he worked as an Assistant Engineer in a private mill until 1980. He joined our Group in 1980 as a Mill Assistant, working through six palm oil mills managed or owned by our Group in Peninsular Malaysia and Sabah. In 1996, he was promoted to Senior Engineer and then to Deputy Group Engineer in 2002. He assumed his present role as Group Engineer in 2007.

His responsibilities revolve around the management of our ten palm oil mills and providing engineering services for erection of new palm oil mills as well as upgrade works for mill and plantation infrastructure. Throughout his career, he has contributed towards achieving economic returns to our Group via innovative and environmentally and user friendly designs and systems in milling technologies.

He is an active member of the Technical Research Committee of MPOB and participates as an invited lecturer on technical papers for MPOB's Diploma Programme for Palm Oil Mill Engineers. He possesses a First Grade Steam Engineer's Certificate of Competency as well as City & Guilds London Electrical Final Certificate.

(vii) Chin Sup Chien

Chin Sup Chien is our Chief Financial Officer. She qualified as a graduate of the Chartered Association of Certified Accountants ("CACA") in December 1981 and subsequently obtained the Diploma in Commerce (Financial Accounting) from Kolej Tunku Abdul Rahman in June 1982. She was admitted as an Associate of CACA in 1985 and subsequently admitted as a Fellow of the Association in 1990. She was also classified as a Registered Accountant with the Malaysian Institute of Accountants in 1986.

She began her career with Kreston John & Gan (formerly known as TH Liew & Co) in 1982 and worked in various capacities within the firm for approximately three years. She joined Ernst & Young (formerly known as Ernst & Whinney) in 1987 as an Audit Senior before joining our Group in 1990 as an Accountant. Her career has since progressed to Group Accountant in 1995, Financial Controller in 2004 and finally her present position as Chief Financial Officer in 2011.

She is responsible for all financial related matters of BPB Group including financial reporting, accounting, cash flow management, budgeting, risk assessment and development of tax strategies in ensuring the achievement of business objectives.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

9.2.2 Shareholding of our key management

The following table sets out the direct and indirect shareholdings of each of our key management before and after the IPO (assuming full subscription of the Offer Shares allocated to the eligible directors and employees of our Group, persons who have contributed to the success of our Group, the eligible directors and employees of BHB and the specified directors of the selected subsidiaries of BHB):

Key management	Before the IPO				After the IPO ⁽¹⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Fahmy bin Ismail	-	-	-	-	506,300	*	-	-
Chow Kok Choy	-	-	-	-	675,500	*	-	-
Dato' Shoib bin Abdullah	-	-	-	-	574,200	*	-	-
Teng Peng Khen	-	-	-	-	640,300	*	-	-
Sharudin bin Jaffar	-	-	-	-	137,600	*	-	-
Loh Wai Cheong	-	-	-	-	146,600	*	-	-
Chin Sup Chien	-	-	-	-	168,700	*	-	-

Notes:

(1) Assuming full subscription of the Issue Shares entitled by our key management pursuant to the Restricted Offering.

(2) Based on our enlarged issued and paid-up share capital of 1,600,000,000 Shares.

* Negligible

9.2.3 Service contracts with key management

Save as disclosed below and as at the date of this Prospectus, there are no other existing or proposed service contracts between our key management and us:

(i) Chow Kok Choy

BEA entered into a service contract dated 8 May 2014 with Chow Kok Choy for his appointment as our Chief Operating Officer for a period of two years commencing from 23 May 2014 to 31 May 2016 where BEA has the option to extend this contract on terms to be mutually agreed upon between us and Chow Kok Choy. The service contract may be terminated by Chow Kok Choy by way of written notice to BEA in not less than three months before the date of departure.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

(ii) Dato' Shoib bin Abdullah

BEA entered into a service contract dated 16 April 2014 with Dato' Shoib bin Abdullah for his appointment as our Senior General Manager, Human Resource and Corporate Communication for a period of one year commencing from 15 May 2014 to 31 May 2015 where BEA has the option to extend this contract on terms to be mutually agreed upon between us and Shoib bin Abdullah. The service contract may be terminated by Dato' Shoib bin Abdullah by way of written notice to BEA in not less than three months before the date of departure.

(iii) Teng Peng Khen

BEA entered into a service contract dated 16 April 2014 with Teng Peng Khen for his appointment as our Senior General Manager of Sales and Marketing for a period of one year commencing from 20 April 2014 to 30 April 2015 where BEA has the option to extend this contract on terms to be mutually agreed upon between us and Teng Peng Khen. The service contract may be terminated by Teng Peng Khen by way of written notice to BEA in not less than three months before the date of departure.

(iv) Loh Wai Cheong

BEA entered into a service contract dated 16 April 2014 with Loh Wai Cheong for his appointment as our Group Engineer for a period of one year commencing from 27 May 2014 to 31 May 2015 where BEA has the option to extend this contract on terms to be mutually agreed upon between us and Loh Wai Cheong. The service contract may be terminated by Loh Wai Cheong by way of written notice to BEA in not less than three months before the date of departure.

9.2.4 Remuneration of our Chief Executive Officer

The remuneration and benefits paid/estimated to be paid to our Chief Executive Officer is as set out below:

Name	Remuneration band	
	For the FYE 31 December 2013	For the FYE 31 December 2014
	(Actual)	(Forecast)
Fahmy bin Ismail*	-	RM400,000 to RM450,000

Note:

* *Fahmy bin Ismail was appointed as Chief Executive Officer of BPB on 1 March 2014.*

The remuneration of our Chief Executive Officer, which includes salaries, bonus, fees and allowances as well as other benefits, must be considered and recommended by our Remuneration Committee and subsequently approved by our Board.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

9.2.5 Involvement of our key management in other businesses or corporations

As at the LPD, none of our key management is involved in the management and day-to-day operations of other businesses or corporations. The involvement of our key management in other businesses or corporations as highlighted below is minimal and is not expected to affect their contribution and duties to our Group. Hence, we do not foresee any conflict of interest arising from this.

Name	Directorship	Principal activities	Involvement in business activities other than as a director
Fahmy bin Ismail	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> Boustead Information Technology Sdn Bhd Boustead REIT Managers Sdn Bhd Boustead Shipping Agencies Sdn Bhd Passiolab Lifestyle Sdn Bhd Passion Herbs Sdn Bhd <p><i>Previous directorship:</i></p> <ul style="list-style-type: none"> Nil 	<ul style="list-style-type: none"> Marketing of licensed computer software, provision of software development and other computer related services Manager of BREIT Agent for local and overseas shipping principals and providing warehousing, sea and air freight forwarding services Dormant Supply raw material and manufacturing health food 	Nil
Chow Kok Choy	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> MPOA Security Services Sdn Bhd Nottingham MyResearch Sdn Bhd Nottingham MyRIAD Solutions Sdn Bhd 	<ul style="list-style-type: none"> Security services for the plantation industry Provision of research and development services relating to science and technology for application in various fields, which includes, among others, the agriculture, aerospace, automotive, chemical, biotechnology and pharmaceutical industries Conducting and organising training workshops and conferences, rendering services, consultancies and research activities including commercialisation of research and development 	<ul style="list-style-type: none"> Council Member of MAPA Member of Finance and Executive Committee of MAPA Council Member of MPOA

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

Name	Directorship	Principal activities	Involvement in business activities other than as a director
Chow Kok Choy (Cont'd)	<i>Previous directorship:</i> • Boustead CTI Biofuels Sdn Bhd (dissolved on 1 March 2012)	<ul style="list-style-type: none"> Electronic commerce 	
Dato' Shoib bin Abdullah	<i>Present directorships:</i> <ul style="list-style-type: none"> AB Shipping Sdn Bhd Boustead Shipping Agencies Sdn Bhd Boustead Engineering Sdn Bhd Boustead Segaria Sdn Bhd Boustead Construction Sdn Bhd Boustead Information Technology Sdn Bhd Bestari Marine Sdn Bhd Cargo Freight Shipping Sdn Bhd Drew Ameroid (M) Sdn Bhd Hyundai Merchant Marine (Malaysia) Sdn Bhd IDC Urus Ladang Sdn Bhd IDC Jadi Sdn Bhd 	<ul style="list-style-type: none"> Sea freight forwarding and shipping agency services provider Agents for local and overseas shipping principals and providing warehousing, sea and freight forwarding Manufacturer's representative for engineering products and manufacturing industrial machinery Investment holding – industrial trading, project management, insurance agency, oil and gas services and information technology companies Project management for property development and construction Marketing of licensed computer software, provision of software development and other computer related services Marine consulting and surveying services Agents for shipping principals and managing and chartering of vessels Merchandising of chemical products Shipping agent Land development and estate management services Land development and estate management and services 	<ul style="list-style-type: none"> Chairman of IDC Jadi Sdn Bhd and IDC Urus Ladang Sdn Bhd

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

Name	Directorship	Principal activities	Involvement in business activities other than as a director
Dato' Shoib bin Abdullah (Cont'd)	<p><i>Present directorships (Cont'd):</i></p> <ul style="list-style-type: none"> • PKEINPK Sdn Bhd • Speedy Transport Sdn Bhd⁽¹⁾ <p><i>Previous Directorships:</i></p> <ul style="list-style-type: none"> • Bernam Agricultural Services Sdn Bhd (resigned on 26 July 2009) • Minat Warisan Sdn Bhd (dissolved on 21 November 2011) 	<ul style="list-style-type: none"> • Carry out activities for the purpose of Islamic economic and social development of the Muslim community • Dormant • Trading and nurturing oil palm seeding • Oil palm in Indonesia 	
Teng Peng Khen	<p><i>Present directorship:</i></p> <ul style="list-style-type: none"> • Nil <p><i>Previous Directorship:</i></p> <ul style="list-style-type: none"> • Barlow Bulking Sdn Bhd (resigned on 7 May 2009) 	<ul style="list-style-type: none"> • Palm oil 	Nil
Sharudin bin Jaffar	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> • Nottingham MyResearch Sdn Bhd • Nottingham MyRIAD Solutions Sdn Bhd <p><i>Previous directorship:</i></p> <ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • Provision of research and development services relating to science and technology for application in various fields, which includes, among others, the agriculture, aerospace, automotive, chemical, biotechnology and pharmaceutical industries • Conducting and organising training workshops and conferences, rendering services, consultancies and research activities including commercialisation of research and development 	<ul style="list-style-type: none"> • Negotiation Committee of MAPA
Loh Wai Cheong	<p><i>Present directorships:</i></p> <ul style="list-style-type: none"> • Boustead Segaria Sdn Bhd 	<ul style="list-style-type: none"> • Investment holding – industrial trading, project management, insurance agency, oil and gas services and information technology companies 	Nil

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

Name	Directorship	Principal activities	Involvement in business activities other than as a director
Loh Wai Cheong (Cont'd)	<p><i>Present directorships (Cont'd):</i></p> <ul style="list-style-type: none"> Drew Ameroid (M) Sdn Bhd <p><i>Previous directorship:</i></p> <ul style="list-style-type: none"> Nil 	<ul style="list-style-type: none"> Merchandising of chemical products 	
Chin Sup Chien	<p><i>Present/Previous directorship:</i></p> <ul style="list-style-type: none"> Nil 		Nil

Note:

(1) In the process of being struck off.

9.2.6 Involvement of our key management in other businesses or corporations which carry on a similar trade as that of our Group or which are our customers and/or suppliers

Save as disclosed below, as at the LPD, none of our key management has any interest, direct or indirect, in other businesses or corporations which are (i) carrying on a similar trade as that of our Group; or (ii) our customers and/or suppliers.

Name	Businesses/Corporations	Nature of interest	Direct		Indirect	
			No. of shares	%	No. of shares	%
Dato' Shoib bin Abdullah	<p><i>Similar trade as that of our Group:</i></p> <ul style="list-style-type: none"> IDC Jadi Sdn Bhd IDC Urus Ladang Sdn Bhd 	<ul style="list-style-type: none"> Non-Executive Chairman Non-Executive Chairman 	-	-	-	-

Our Directors are of the view that the directorships held by Dato' Shoib bin Abdullah in the corporations which carry out a similar trade as that of our Group do not represent a conflict of interest on the following basis:

- Dato' Shoib bin Abdullah does not hold any executive positions in IDC Jadi Sdn Bhd and IDC Urus Ladang Sdn Bhd (collectively referred to as the "IDC Companies"). Additionally, he does not have any equity interest in the IDC Companies. As such, his contribution to our Group is not affected as he is not involved in the daily operations and management of the IDC Companies;
- our Group is not a customer and/or supplier of the IDC Companies and the IDC Companies do not own any plantation estates or palm oil mill. The IDC Companies only manage plantation estates that belong to the Perak state religious authority, endowment or waqf, religious schools and individuals; and
- the IDC Companies are wholly-owned subsidiaries of PKEINPK Sdn Bhd, which in turn, is a subsidiary of Perbadanan Kemajuan Ekonomi Islam Negeri Perak, where the principal activities are for the purpose of Islamic economic and social development of the Muslim community and not for his personal interest. His appointment to the board of directors of PKEINPK Sdn Bhd was also by the pleasure of the Sultan of Perak.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

9.2.7 Shared administrative services between BPB and BHB

On 1 April 2014, we have entered into an arrangement for the provision of certain shared administrative support functions on an arm's length basis between BPB and BHB, whereby BHB has agreed to provide specialised services, which include, but are not limited to internal audit and taxation matters.

The provisions of shared administrative services from BHB allow us to centralise one or more back-office operations used by our various departments such as finance and administration, in respect of our operations. The shared arrangement allows us to enhance efficiency through a back-office outsourcing arrangement to BHB Group which reduce our personnel and infrastructure costs.

9.2.8 Management succession plan

Managing succession is the cornerstone of our Company's strategic viability in ensuring business continuity through retention of high-value talent. It secures future leadership capability which is critical for driving organisational performance. Its process integrates the identification, assessment and development of talent with long-range strategic planning.

This approach involves the process where critical positions are identified and a talent pool from middle management and above is established. This talent pool of middle management is generally sourced from employees that are attached at the respective estates and mills. Potential employees are then put through various assessment tests to identify leadership capabilities that could be harnessed for greater value which may fit the requirements of functional roles such as planting advisory, estate management and engineering at headquarters level. The talent pool is dynamic and is continuously assessed to ensure that the identified employees remain relevant to the needs of our Group, reach their full potential and are readily available to undertake leadership positions throughout our Group.

Our development programmes are designed and selected to ensure that our employees are provided with current and highly relevant personal development and self-enhancement programmes.

In our efforts to ensure business continuity, several approaches have been implemented, which include:

- (i) building a leadership pipeline/talent pool to ensure our Group has talent readily available from a capability perspective to undertake leadership positions;
- (ii) developing potential successors in ways that best fit their strengths by identifying key competencies and requirements for managers and higher positions. Job and candidate profiles are developed for management positions in line with the business goals, strategies and culture of our Group; and
- (iii) allocating adequate resources under the talent development programme to promising junior staff in order to enhance their management and technical skills for the purpose of career advancement within our Group.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

We acknowledge that six members of our key management are either employed on service contracts expiring in April/May 2015 and May 2016 or will reach their retirement age within six years. It is our intention to renew the service contracts of our key management upon expiry subject to terms and conditions acceptable to both parties. We could also enter into service contracts for our key management who are going to retire. The six members of our Group's key management are supported by their respective teams of experienced personnel which would ensure business continuity in the event the incumbent key management is unable to continue. From within their respective teams, we have identified key middle management personnel to succeed the six existing key management and ensure a smooth leadership transition in situations of unplanned departures.

We ensure that our middle management personnel are constantly exposed to various aspects of our business activities. This enables our middle management personnel to acquire a comprehensive understanding of the required responsibilities and decision making process so that they are adequately equipped with the knowledge necessary for them to advance to higher senior management positions.

9.3 PROMOTER AND SUBSTANTIAL SHAREHOLDERS

9.3.1 Profile of our Promoter

BHB

BHB can trace its history to 1828 when it was founded as a trading company in Singapore under the name of Boustead & Co. In the early 1900's, BHB diversified its business interest and began trading in rubber. BHB expanded into the management and ownership of rubber estates while exporting sheet rubber and latex before expanding its business interest to import and distribution of goods. The independence of Malaya in 1957 saw Boustead & Co consolidating its various businesses and split into two entities, one of which is based in London and the incorporation of Boustead & Company (1960) Limited on 25 July 1960 as a public limited company in Malaya. Subsequently, BHB was listed on the Main Market of Bursa Securities on 17 March 1961. BHB changed its name to Boustead Holdings Limited on 18 February 1966 and had on 15 April 1966 assumed its present name.

BHB, with well over 180 years since its establishment, has evolved and reinvented itself from a modest trading company to a leading participant in the plantation sector and now a well-diversified homegrown conglomerate. The BHB Group has an active interest in six primary sectors of the economy, namely plantation, property, pharmaceutical, heavy industries, trading & industrial and finance & investment.

The principal activities of each division are as follows:

- (i) plantation – primarily involved in the cultivation of oil palm crops and the production of crude palm oil and palm kernel;
- (ii) property – development and investment of properties, management of projects and properties, as well as hotel operations;
- (iii) pharmaceutical – manufacturing of generic pharmaceuticals, logistics and distribution, sales and marketing, supply of medical products & services and hospital equipping;
- (iv) heavy industries – shipbuilding, maintenance of vessels and defence-related products, fabrication of offshore structures as well as provision of helicopter services to the oil and gas industry;
- (v) trading & industrial – mainly involved in petroleum retail, building materials and paints; and

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

- (vi) finance & investment – financial services involving consumer banking, investment banking, islamic banking, general and life insurance as well as investment in tertiary education.

With human capital of 16,135 employees, the BHB Group has total assets in excess of approximately RM15.1 billion as at 31 December 2013 and has more than 80 active subsidiaries and associates of which 3 companies are listed on the Main Market of Bursa Securities.

The substantial shareholders of BHB and its respective shareholdings in BHB as at the LPD are as follows:

Substantial shareholder	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
LTAT	601,998,309	58.2	-	-
Kumpulan Wang Persaraan (Diperbadankan)	73,870,700	7.1	-	-

9.3.2 Profiles of our substantial shareholders

(i) BHB

BHB is also our Promoter. For details of BHB's profile, see Section 9.3.1 of this Prospectus.

(ii) LTAT

LTAT or the Armed Forces Fund Board, is a government statutory body which was established in August 1972 by an Act of Parliament as a provident fund especially for serving members of the Armed Forces, with more than RM7.7 billion of funds under its management.

LTAT has two main objectives; the first is to provide retirement and other benefits to members of the other ranks in the Armed Forces (compulsory contributors) and to enable officers and mobilised members of the Volunteer Forces in the service to participate in a savings scheme. The second main objective is to promote socio-economic development and to provide welfare and other benefits for the retiring and retired personnel of the Armed Forces of Malaysia.

LTAT has grown to become not only a viable source of income for members of the Malaysian Armed Forces about to retire but also in fulfilling various socio-economic objectives for its members. LTAT's investment strategy has resulted in the payment of consistently high dividends for its members. As required by the Tabung Angkatan Tentera Act 1973, LTAT invests not less than 70% of its fund in trustee investments and not more than 30% in non-trustee investments. Through meticulous and strategic planning, LTAT has successfully implemented various programmes to attain its vision and objectives.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

9.3.3 Shareholding of our Promoter and substantial shareholders

The following table sets forth the direct and indirect shareholding of our Promoter and substantial shareholders before and after the IPO based on our Register of substantial shareholders' shareholdings as at the LPD:

Shareholder	Before the IPO			After the IPO – Assuming Over-allotment Option not exercised ⁽¹⁾			After the IPO – Assuming Over-allotment Option fully exercised ⁽¹⁾				
	Direct		Indirect	Direct		Indirect	Direct		Indirect		
	No. of Shares '000	%	No. of Shares '000	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%		
Promoter	1,020,000	100.0	-	944,000	59.0	-	-	880,000	55.0	-	
LTAT	-	-	1,020,000 ⁽²⁾	168,172 ⁽³⁾	10.5	944,000 ⁽²⁾	59.0	168,172 ⁽³⁾	10.5	880,000 ⁽²⁾	55.0

Notes:

(1) Based on our enlarged issued and paid-up share capital of 1,600,000,000 Shares.

(2) Deemed interested by virtue of its shareholdings in BHB pursuant to Section 6A of the Act.

(3) Based on the full subscription of 47,772,100 Issue Shares and 120,399,600 Issue Shares pursuant to the Restricted BREIT Offering and the Restricted BHB Offering respectively, via the Undertaking Letter.

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9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

9.3.4 Changes in the Promoter's and the substantial shareholders' shareholdings in our Company for the past three years

Save for the Share Split and Bonus Issue as set out in Section 6.1.2 of this Prospectus, there has been no change in the Promoter's and the substantial shareholders' shareholdings in our Company for the past three years preceding the LPD.

9.3.5 Involvement of our substantial shareholders in other businesses or corporations which carry on a similar trade as that of our Group or which are our customers and/or suppliers

Save as disclosed below, as at the LPD, our substantial shareholders do not have any interest, direct or indirect, in other businesses or corporations which are (i) carrying on a similar trade as that of our Group; or (ii) our customers and/or suppliers.

Substantial shareholder	Businesses/Corporations	Nature of interest	Direct		Indirect	
			No. of shares	%	No. of shares	%
LTAT	<i>Similar trade as that of our Group:</i>					
	• Anglo Eastern Plantations (M) Sdn Bhd	Shareholder	13,996,192	20.0	-	-
	• Ketengah Jaya Sdn Bhd	Shareholder	6,400,000	29.1	-	-
	• Ketengah Perwira Sdn Bhd	Shareholder	13,965,000	49.0	-	-
	• Various listed plantation companies on Bursa Securities ("Listed Plantation Companies")	Shareholder	N/A	<1.0 ⁽¹⁾	-	-
LTAT	<i>Supplier of fertiliser to our Group:</i>					
	• Union Harvest Sdn Bhd	Shareholder	-	-	750,000 ⁽²⁾	37.5
BHB/LTAT	<i>Supplier of petroleum products to our Group:</i>					
	• Boustead Petroleum Marketing Sdn Bhd	Shareholder	68,990,000	30.0	160,976,667 ⁽³⁾	70.0
LTAT	<i>Supplier of motor vehicles to our Group:</i>					
	• Chery Automobile (Malaysia) Sdn Bhd	Shareholder	-	-	100,000 ⁽⁴⁾	100.0

Notes:

- (1) Denotes that LTAT holds less than 1% equity interest in the issued and paid-up share capital of each of the Listed Plantation Companies.
- (2) Deemed interested pursuant to Section 6A(4) of the Act by virtue of its 20.0% direct equity interest in Federal Fertiliser Co Sdn Bhd, which in turn has 37.5% direct equity interest in Union Harvest Sdn Bhd.
- (3) Deemed interested pursuant to Section 6A(4) of the Act by virtue of LTAT's 58.2% direct equity interest in BHB, which in turn has 59.8% direct equity interest in Boustead Petroleum Sdn Bhd, which in turn has 70.0% direct equity interest in Boustead Petroleum Marketing Sdn Bhd.
- (4) Deemed interested pursuant to Section 6A(4) of the Act by virtue of its 20.0% direct equity interest in Chery Holdings (Malaysia) Sdn Bhd, which in turn has 100.0% direct equity interest in Chery Automobile (Malaysia) Sdn Bhd.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)**(i) Similar trade as that of our Group**

LTAT has equity interests in Anglo Eastern Plantations (M) Sdn Bhd, Ketengah Jaya Sdn Bhd and Ketengah Perwira Sdn Bhd (collectively referred to as "**LTAT Plantation Associates**"), which are companies principally engaged in oil palm cultivation and development and operation of oil palm estates. As part of its equity investment activities, LTAT also has investments in the Listed Plantation Companies which are categorised as held for trading securities and available for sale securities ("**HFT and AFS Investment**").

Our Directors believe that LTAT's degree of influence in the daily commercial affairs of the LTAT Plantation Associates and the Listed Plantation Companies is remote and hence, will not give rise to a conflict of interest situation with our Group's plantation businesses due to the following:

- (a) none of the directors of the LTAT Plantation Associates are members of our Board and none of our Directors are members of the board of directors of the LTAT Plantation Associates;
- (b) our Group does not sell any FFB to the mills owned by the LTAT Plantation Associates or buy any FFB from the estates owned by the LTAT Plantation Associates;
- (c) LTAT is not involved in the daily commercial affairs of the LTAT Plantation Associates as the task of day-to-day management and operation of the LTAT Plantation Associates are managed by the key management of the LTAT Plantation Associates who are not under the directions or instructions of LTAT and do not report to any nominee directors of LTAT that are members of the board of directors of the LTAT Plantation Associates; and
- (d) the HFT and AFS Investment is purely for investment purposes with the objective of realising gains through capital appreciation and dividend payout. The HFT and AFS Investment amounts to less than 1.0% of the issued and paid-up share capital of each of the Listed Plantation Companies as at the LPD. Further, LTAT is not involved in the daily commercial affairs of the Listed Plantation Companies as none of the members of LTAT's board of directors and/or investment panel are on the board of directors of the Listed Plantation Companies.

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9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

(ii) Supplier of fertiliser to our Group

LTAT has an effective equity interest in Union Harvest Sdn Bhd of approximately 7.5% through its shareholdings of approximately 20.0% in Federal Fertiliser Co Sdn Bhd, which in turn has approximately 37.5% equity interest in Union Harvest Sdn Bhd. Our Directors are of the view that LTAT's degree of influence in the daily commercial affairs of Union Harvest Sdn Bhd via its interest in Federal Fertiliser Co Sdn Bhd is remote and hence, will not give rise to a conflict of interest situation with our Group's plantation businesses due to the following:

- (a) LTAT does not have any nominee directors on the board of directors of Union Harvest Sdn Bhd. As such, LTAT is not involved in the daily commercial affairs of Federal Fertiliser Co Sdn Bhd as LTAT does not have a controlling equity interest in Federal Fertiliser Co Sdn Bhd; and
- (b) Union Harvest Sdn Bhd is principally involved in the manufacturing and trading of fertilisers and chemicals. The purchase of fertilisers from Union Harvest Sdn Bhd represents approximately 6.16%, 2.02% and 6.46% of the total purchases of fertilisers by our Group for the FYE 31 December 2011, 31 December 2012 and 31 December 2013, respectively. The purchases of fertilisers by our Group are made through a tender process to the public whereby our Group will select its suppliers based on, amongst other requirements, best market prices.

(iii) Supplier of petroleum products to our Group

LTAT has a direct equity interest in Boustead Petroleum Marketing Sdn Bhd of approximately 30.0%. BHB has 59.8% direct equity interest in Boustead Petroleum Sdn Bhd, which in turn has 70.0% direct equity interest in Boustead Petroleum Marketing Sdn Bhd. Our Directors are of the view that the purchases of the petroleum products from Boustead Petroleum Marketing Sdn Bhd will not give rise to a conflict of interest situation with our Group's plantation businesses as the purchases of petroleum products by our Group are solely based on current market prices, which are regulated by the Ministry of Domestic Trade, Co-Operatives and Consumerism.

(iv) Supplier of motor vehicles to our Group

LTAT has an effective equity interest in Chery Automobile (Malaysia) Sdn Bhd of 20.0% through its direct shareholdings of 20.0% in Chery Holdings (Malaysia) Sdn Bhd, which in turn owns the entire equity interest in Chery Automobile (Malaysia) Sdn Bhd. Chery Automobile (Malaysia) Sdn Bhd supplied motor vehicles under the Chery marque to B Emastulin pursuant to the latter's automobile dealership business prior to 1 October 2013. Following the Disposal of Motor Vehicle Business, our Directors are of the view that the equity interest held by LTAT in Chery Automobile (Malaysia) Sdn Bhd will not give rise to a conflict of interest situation with our Group's plantation businesses in the future. Further information on the transaction between our Group and Chery Automobile (Malaysia) Sdn Bhd for the past three consecutive financial years is set out in item 6 of Section 11.1.2 of this Prospectus.

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

Although the interests as described above may give rise to a conflict of interest situation, where applicable, on matters or transactions requiring the approval of our Board, directors who are deemed interested or conflicted in such matters or transactions shall be required to declare their interest and abstain from deliberations and voting on resolutions relating to such matters or transactions. Our Board will also need to identify matters or transactions that our substantial shareholders are deemed interested in or conflicted which require to be disclosed and if required, obtain the approval from our non-interested shareholders.

Going forward and upon our Listing, our Group will be required to comply with the relevant provisions stipulated under the Bursa Securities LR for related party transactions. For transactions above certain thresholds as set out in the Bursa Securities LR, the appointment of an independent adviser may also be required to advise the non-interested shareholders. Should any matter or transaction arise with the businesses and corporations mentioned above, our Board will ensure compliance with the related party transaction procedures as required by the Bursa Securities LR.

For other matters or transactions that may not fall within the thresholds stipulated under the Bursa Securities LR, our Board will also ensure compliance with related party transaction procedures via our Audit Committee and any director or substantial shareholder who is interested, directly or indirectly, in the matter or transaction is required to abstain from deliberation and voting at the board or general meeting on the matter or transaction. The procedures for such related party transactions are set out in Section 11.2 of this Prospectus.

9.4 RELATIONSHIPS OR ASSOCIATIONS BETWEEN OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, there are no family relationships/associations between our Directors, key management, Promoter and substantial shareholders:

- (a) Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R), who is our Chairman and Non-Independent Non-Executive Director, is also the Chairman and an Independent Non-Executive Director of BHB;
- (b) Tan Sri Dato' Seri Lodin bin Wok Kamaruddin, who is our Non-Independent Non-Executive Vice Chairman, is also the Deputy Chairman/Group Managing Director of BHB and the Chief Executive of LTAT; and
- (c) Datuk Zakaria bin Sharif, who is our Non-Independent Non-Executive Director, is also the Deputy Chief Executive of LTAT.

9.5 DECLARATION BY OUR DIRECTORS, KEY MANAGEMENT AND PROMOTER

None of our Directors, key management or Promoter is and has been involved in any of following events (whether in or outside Malaysia):

- (i) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) disqualified from acting as a director of any corporation or from taking part, directly or indirectly, in the management of any corporation;
- (iii) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) any judgment was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or

9. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, PROMOTER AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

- (v) the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

9.6 OTHER MATTERS

Save as disclosed below, no other amounts or benefits have been paid or intended to be paid to our Directors, Promoter and substantial shareholders within the two years preceding the date of this Prospectus:

- (i) remuneration received by our Directors in the course of their employment and directors' fees as set out in Section 9.1.10, and dividends paid to our substantial shareholders;
- (ii) the allocation of Issue Shares which may be subscribed by them under our IPO as set out in Section 4.3 of this Prospectus;
- (iii) historical and future payments to our substantial shareholders in the ordinary course of business as set out under Section 11.1 of this Prospectus;
- (iv) the utilisation of the IPO proceeds for the repayment of net advances made by BHB to our Company for the BREIT Privatisation as set out in note 3 of Section 4.8 of this Prospectus; and
- (v) the amounts paid by us to BHB and LTAT as set out in items 1, 6, 7 and 9 under Section 11.1.1 of this Prospectus.

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10. APPROVALS AND CONDITIONS

10.1 APPROVALS AND CONDITIONS

The SC has, via its letter dated 21 March 2014, approved our IPO under Section 212(2)(a) of the CMSA and the equity requirement for public companies, subject to compliance with the following conditions:

Details of condition imposed	Status of compliance
(a) BPB to resolve the issue on the ownership of the Malay reserved lands i.e the estates specified below prior to the registration of the Prospectus:	
(i) <u>Kuala Muda Estate</u> Lot Nos. 2537, 51, 581, 1818, 49, 20, 21 and 1759, all within Mukim of Sidam Kiri, District of Kuala Muda, Kedah; and	Complied. Pejabat Pengarah Tanah dan Galian Negeri Kedah vide its letter dated 4 March 2014 acknowledged and confirmed that BPB is not required to be recognised as a "Malay" company for the purpose of owning the lands as the previous owners of the lands were not "Malay" companies and accordingly, the lands can be sold to other non-Malay companies or individuals.
(ii) <u>Lepan Kabu Estate</u> Lot Nos. 97, 735, 1483, 1484 and 1541, all within Mukim of Manek Urai, District of Jajahan Kuala Krai, Kelantan.	Complied. Messrs Murad Yee Partnership had, vide its letter dated 5 May 2014, opined that CIMB Trustee's present registered ownership of the Malay reserved land is valid and BPB's current beneficial interest of the Malay reserved land is not subject to any invalidity arising from the IPO in the context of the Malay Reservation Enactment 1930 of Kelantan.
(b) AFFIN Investment and BPB to fully comply with the relevant requirements under the SC's Equity Guidelines and Prospectus Guidelines – Equity pertaining to the implementation of the Proposed Listing.	Noted.

The SAC of the SC has, via its letter dated 25 April 2014, classified our Shares as Shariah-compliant based on our latest audited financial statements for the FYE 31 December 2013.

The SC has, via its letter dated 12 December 2013 approved the relief sought by us from having to comply with a requirement under the Prospectus Guidelines. The details of the relief sought and the corresponding conditions imposed by the SC are as follows:

Reference	Details of relief sought	Condition imposed (if any)	Status of compliance (if any)
Prospectus Guidelines			
Paragraph 13.10	Relief to allow for the inclusion of the standalone audit report of the Company and individual subsidiaries of BPB and BREIT in the Accountants' Report	Nil	N/A

10. APPROVALS AND CONDITIONS (Cont'd)

The SC has, via its letter dated 17 December 2013 approved the relief sought by us from having to comply with a requirement under the Equity Guidelines. The details of the relief sought and the corresponding conditions imposed by the SC are as follows:

Reference	Details of relief sought	Condition imposed (if any)	Status of compliance (if any)
Equity Guidelines			
Paragraph 5.21(b) and (d)	Relief to allow the restricted offer and allocation of the IPO Shares to be extended to: <ul style="list-style-type: none"> (i) the Entitled Unitholders of BREIT; and (ii) the specified directors of selected subsidiaries of BHB. 	Nil	N/A

The Equity Compliance Unit of the SC has, via its letter dated 21 March 2014, noted that the effective equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company would change arising from the Listing, as follows:

Category of Shareholder	Before the IPO	After the IPO	
		Assuming Over-allotment Option not exercised	Assuming Over-allotment Option fully exercised ⁽¹⁾
	%	%	%
Bumiputera	62.06	62.54	60.05
Non-Bumiputera	30.18	31.04	33.84
Foreign	7.76	6.42	6.11
Total	100.00	100.00	100.00

Note:

(1) Assuming 64,000,000 of our Shares will be placed out to non-Bumiputera institutional investors under the Over-allotment Option.

The MITI has also, via its letter dated 21 January 2014, informed that it has no objection to the allocation of 125,196,500 Issue Shares to Bumiputera investors approved by the MITI.

Bursa Securities has, via its letter dated 29 April 2014, approved the Admission and the Listing.

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10. APPROVALS AND CONDITIONS (Cont'd)**10.2 MORATORIUM ON THE SALE OF SHARES**

Pursuant to the Equity Guidelines, the Shares held by our Promoter at the date of Admission are to be placed under moratorium on their sale. In this respect, the Shares that are subject to moratorium are set out below:

Promoter	After the IPO – Assuming Over-allotment Option not exercised				After the IPO – Assuming Over-allotment Option fully exercised			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	%	No. of Shares	% ⁽¹⁾	No. of Shares	%
BHB	944,000,000	59.0	-	-	880,000,000	55.0	-	-

Note:

(1) Based on our enlarged issued and paid-up share capital of 1,600,000,000 Shares.

Our Promoter has fully accepted the moratorium on the sale of its Shares. Our Promoter will not be permitted to sell, transfer or assign any part of their interest in the Shares under moratorium for a six-month period beginning from the date of our Listing.

The above moratorium restrictions are specifically endorsed on the share certificates representing the Shares held by our Promoter which are under the moratorium on sale to ensure that our Company's share registrar does not register any transfer that contravenes such restrictions.

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11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

11.1 RELATED PARTY TRANSACTIONS

Under the Bursa Securities LR, a "related party transaction" is a transaction entered into by a listed issuer or its subsidiaries that involves the interests, direct or indirect, of a related party. A "related party" of a listed issuer (not being a special purpose acquisition company) is:

- (i) a director having the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding six months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive of the listed issuer, its subsidiary or holding company; or
- (ii) a major shareholder includes any person who is or was within the preceding six months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or its subsidiaries or holding company, and has or had an interest or interests in one or more voting shares in a corporation and the nominal amount of that share or the aggregate of the nominal amounts of those shares is:
 - (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or
 - (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation, or
- (iii) a person connected with such director or major shareholder.

Certain transactions, despite falling within the definition of a related party transaction above, are not normally regarded as related party transactions. These are detailed in Paragraph 10.08(11) of the Bursa Securities LR.

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11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

11.1.1 Non-recurrent related party transactions

Save as disclosed below, there are no other existing or potential material non-recurrent related party transactions for the past three FYE 31 December 2011, 31 December 2012 and 31 December 2013 and up to the LPD that we have entered into in respect of which rights and obligations are subsisting and/or proposed as at the date of this Prospectus.

No.	Date of transaction	Transacting parties	Nature of relationship	Nature of transaction	Transaction value
1.	1 July 2013	BPB and BHB	<p><u>Interested major shareholder</u></p> <ul style="list-style-type: none"> • LTAT⁽¹⁾ • BHB <p><u>Interested Director</u></p> <ul style="list-style-type: none"> • Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R)⁽²⁾ • Tan Sri Dato' Seri Lodin bin Wok Kamaruddin⁽³⁾ • Datuk Zakaria bin Shariff⁽⁶⁾ 	Disposal of the entire equity interest in BEA from BHB to BPB	RM '000 21,600
2.	1 July 2013	B Rimba Nilai and B Segaria	<p><u>Interested major shareholder</u></p> <ul style="list-style-type: none"> • LTAT⁽¹⁾ • BHB <p><u>Interested Director</u></p> <ul style="list-style-type: none"> • Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R)⁽²⁾ • Tan Sri Dato' Seri Lodin bin Wok Kamaruddin⁽³⁾ • Dato' Shoib bin Abdullah⁽⁴⁾ • Datuk Zakaria bin Shariff⁽⁶⁾ 	Assignment of sub-lease of Resort Estate from B Segaria to B Rimba Nilai and transfer of net assets	16,974

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Date of transaction	Transacting parties	Nature of relationship	Nature of transaction	Transaction value RM '000
3.	1 April 2011	B Telok Sengat and BHB	<p><u>Interested major shareholder</u></p> <ul style="list-style-type: none"> • LTAT⁽¹⁾ • BHB <p><u>Interested Director</u></p> <ul style="list-style-type: none"> • Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R)⁽²⁾ • Tan Sri Dato' Seri Lodin bin Wok Kamaruddin⁽³⁾ • Datuk Zakaria bin Sharif⁽⁶⁾ 	Assumption of Taiping Rubber Plantation Estate's and Trong Palm Oil Mill's net assets by B Telok Sengat from BHB	3,318
4.	1 April 2011	CIMB Trustee and BHB ⁽⁵⁾	<p><u>Interested major shareholder</u></p> <ul style="list-style-type: none"> • LTAT⁽¹⁾ • BHB <p><u>Interested Director</u></p> <ul style="list-style-type: none"> • Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R)⁽²⁾ • Tan Sri Dato' Seri Lodin bin Wok Kamaruddin⁽³⁾ • Datuk Zakaria bin Sharif⁽⁶⁾ 	Acquisition of Taiping Rubber Plantation Estate and Trong Palm Oil Mill from BHB	88,733

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Date of transaction	Transacting parties	Nature of relationship	Nature of transaction	Transaction value RM '000
5.	21 June 2011	BPB and The University of Nottingham in Malaysia Sdn Bhd	<p><u>Interested major shareholder</u></p> <ul style="list-style-type: none"> • LTAT⁽¹⁾ • BHB <p><u>Interested Director</u></p> <ul style="list-style-type: none"> • Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R)⁽²⁾ • Tan Sri Dato' Seri Lodin bin Wok Kamaruddin⁽³⁾ • Datuk Zakaria bin Sharif⁽⁶⁾ 	Sale and purchase agreement for leasehold land held under PT No 14532 HS (D) No.74582 Mukim of Semenyih, Daerah Ulu Langat, Selangor	2,442
6.	For the year 2011, 2012 and 2013 and up to the LPD	BPB and BHB	<p><u>Interested major shareholder</u></p> <ul style="list-style-type: none"> • LTAT⁽¹⁾ • BHB <p><u>Interested Director</u></p> <ul style="list-style-type: none"> • Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R)⁽²⁾ • Tan Sri Dato' Seri Lodin bin Wok Kamaruddin⁽³⁾ • Datuk Zakaria bin Sharif⁽⁶⁾ 	Advances to shareholder	752,881

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Date of transaction	Transacting parties	Nature of relationship	Nature of transaction	Transaction value RM '000
7.	28 January and 29 January 2014	BPB and LTAT	<u>Interested major shareholder</u> <ul style="list-style-type: none"> • LTAT⁽¹⁾ <u>Interested Director</u> <ul style="list-style-type: none"> • Tan Sri Dato' Seri Lodin bin Wok Kamaruddin⁽³⁾ • Datuk Zakaria bin Shariff⁽⁶⁾ 	SUR Exercise and the Special Dividend	167,202
8.	For the year 2012 and 2013	BPB and B Segaria	<u>Interested major shareholder</u> <ul style="list-style-type: none"> • LTAT⁽¹⁾ • BHB <u>Interested Director</u> <ul style="list-style-type: none"> • Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R)⁽²⁾ • Tan Sri Dato' Seri Lodin bin Wok Kamaruddin⁽³⁾ • Datuk Zakaria bin Shariff⁽⁶⁾ 	Advances to B Segaria for investment purposes	40,000

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Date of transaction	Transacting parties	Nature of relationship	Nature of transaction	Transaction value
9.	For the year 2012	BPB and Golden Crop Returns Berhad	<p><u>Interested major shareholder</u></p> <ul style="list-style-type: none"> • LTAT⁽¹⁾ <p><u>Interested Director</u></p> <ul style="list-style-type: none"> • Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R)⁽²⁾ • Tan Sri Dato' Seri Lodin bin Wok Kamaruddin⁽³⁾ • Datuk Zakaria bin Sharif⁽⁶⁾ 	Buyback of plantation assets from Golden Crop Returns Berhad	RM '000 527,469
10.	19 November 2013	BPB and B Balau	<p><u>Interested major shareholder</u></p> <ul style="list-style-type: none"> • LTAT⁽¹⁾ • BHB <p><u>Interested Director</u></p> <ul style="list-style-type: none"> • Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R)⁽²⁾ • Tan Sri Dato' Seri Lodin bin Wok Kamaruddin⁽³⁾ • Datuk Zakaria bin Sharif⁽⁶⁾ 	Sale of 38.502 acres of Land in Balau Estate, Semenyih, Selangor	10,901

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Date of transaction	Transacting parties	Nature of relationship	Nature of transaction	Transaction value RM '000
11.	19 November 2013	BPB and U.K Realty	<u>Interested major shareholder</u> <ul style="list-style-type: none"> • LTAT⁽¹⁾ • BHB <u>Interested Director</u> <ul style="list-style-type: none"> • Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R)⁽²⁾ • Tan Sri Dato' Seri Lodin bin Wok Kamaruddin⁽³⁾ • Datuk Zakaria bin Sharif⁽⁶⁾ 	Sale of 340.63 acres of Land in Balau Estate, Semenyih, Selangor	96,446

Notes:

- (1) As at the LPD, LTAT is a major shareholder of BHB, having equity interest of 58.7%.
- (2) Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R) is deemed interested by virtue of his directorships in BPB and BHB.
- (3) Tan Sri Dato' Seri Lodin bin Wok Kamaruddin is deemed interested by virtue of his directorships in BPB, BHB and LTAT. He holds approximately 2.7% equity interest in BHB.
- (4) Dato' Shoib bin Abdullah is deemed interested by virtue of his directorships in B Rimba Nilai and B Segania.
- (5) Pursuant to the BREIT Privatisation, CIMB Trustee is holding the property on trust for our Company.
- (6) Datuk Zakaria bin Sharif is deemed interested by virtue of his directorship in BPB and his position in LTAT as Deputy Chief Executive.

Our Directors is of the view that the related party transactions above were carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties, and are not to the detriment of our minority shareholders.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)**11.1.2 Recurrent related party transactions**

Related party transactions are deemed recurrent if they are entered into at least once every three years, in the ordinary course of business and are of a revenue nature necessary for the day-to-day operations of our Group.

After the Listing, our Company will be required to seek shareholders' approval each time we enter into a related party transaction in accordance with the Bursa Securities LR. However, if the related party transactions can be deemed as recurrent related party transactions, our Company may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate. We do not anticipate to enter into and/or to be involved in any material recurrent related party transaction until our next Annual General Meeting which is anticipated to be held before May 2015.

Under the Bursa Securities LR, related party transactions may be aggregated to determine its materiality if the transactions occur within a 12-month period, are entered into with the same party or with parties connected to one another, or if the transactions involve the acquisition or disposal of securities or interests in one corporation/asset or of various parcels of land contiguous to each other. We will make disclosures in our annual report of the aggregate value of transactions conducted based on the nature of recurrent transactions made, the names of the related parties involved and their relationship with our Company during the financial year and in the annual reports for subsequent financial years.

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11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

Save as disclosed below, there are no other existing or potential material recurrent related party transactions for the past three FYE 31 December 2011, 31 December 2012 and 31 December 2013 and up to the LPD and the proposed material recurrent related party transactions for the period ending 12 months 14 May 2015 as at the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction Value				
				For the FYE 31 December (Actual)		2013 RM'000	1 January 2014 up to the LPD (Actual) RM '000	For 12-month period ending 14 May 2015 (Estimated) RM '000
				2011 RM'000	2012 RM '000			
1.	BEA and Boustead Realty Sdn Bhd	<p><u>Interested major shareholder</u></p> <ul style="list-style-type: none"> • LTAT⁽¹⁾ • BHB <p><u>Interested Directors</u></p> <ul style="list-style-type: none"> • Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R)⁽²⁾ • Tan Sri Dato' Seri Lodin bin Wok Kamaruddin⁽³⁾ • Datuk Zakaria bin Shariff⁽⁶⁾ 	Rental of 10 th , 11 th and 14 th floors of Menara Boustead situated at Lot nos. 1190 and 1256, Section 57, Town of Kuala Lumpur and comprised in Grant Nos. 9034 and 57370, respectively	1,047	1,058	1,058	264	1,200

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction Value				
				For the FYE 31 December (Actual)			For 12-month period ending 14 May 2015 (Estimated)	
				2011	2012	2013	1 January 2014 up to the LPD (Actual)	
	RM'000	RM '000	RM'000	RM '000	RM '000			
2.	BPB Group and BHB Group	<p><u>Interested major shareholder</u></p> <ul style="list-style-type: none"> • LTAT⁽¹⁾ • BHB <p><u>Interested Directors</u></p> <ul style="list-style-type: none"> • Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R)⁽²⁾ • Tan Sri Dato' Seri Lodin bin Wok Kamaruddin⁽³⁾ • Datuk Zakaria bin Sharif⁽⁶⁾ 	General management fees, internal audit fees, tax consultancy fees and fees for corporate secretarial services	1,207	986	1,293	190	1,800
3.	BPB Group and Boustead Information Technology Sdn Bhd	<p><u>Interested major shareholder</u></p> <ul style="list-style-type: none"> • LTAT⁽¹⁾ • BHB <p><u>Interested Directors</u></p> <ul style="list-style-type: none"> • Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R)⁽²⁾ • Tan Sri Dato' Seri Lodin bin Wok Kamaruddin⁽³⁾ • Datuk Zakaria bin Sharif⁽⁶⁾ 	Provision of computer services provided by Boustead Information Technology Sdn Bhd to BPB Group	432	540	693	267	1,300

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction Value				
				For the FYE 31 December (Actual)		2013 RM'000	1 January 2014 up to the LPD (Actual) RM'000	For 12-month period ending 14 May 2015 (Estimated) RM'000
				2011 RM'000	2012 RM'000			
4.	BPB Group and Union Harvest Sdn Bhd	<u>Interested shareholder</u> • LTAT ⁽⁴⁾	Supply of fertilisers	4,643	1,849	5,195	2,774	7,500

Interested Director

- Tan Sri Dato'
Seri Lodin bin
Wok
Kamaruddin⁽⁸⁾
- Datuk Zakaria bin
Sharif⁽⁶⁾
- Yu Choong
Cheong⁽⁵⁾

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11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction Value				
				For the FYE 31 December (Actual)			1 January 2014 up to the LPD	For 12-month period ending 14 May 2015
				2011	2012	2013	(Actual)	(Estimated)
	RM'000	RM'000	RM'000	RM'000	RM'000			
5.	BPB Group and Golden Crop Returns Berhad	<u>Interested major shareholder</u> <ul style="list-style-type: none"> • LTAT⁽¹⁾ • BHB 	Lease rentals charged by Golden Crop Returns Berhad	51,929	38,863	-	-	-
		<u>Interested Director</u> <ul style="list-style-type: none"> • Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R)⁽²⁾ • Tan Sri Dato' Seri Lodin bin Wok Kamaruddin⁽³⁾ • Datuk Zakaria bin Sharif⁽⁶⁾ 						
6.	BPB Group and Chery Automobile (Malaysia) Sdn Bhd	<u>Interested major shareholder</u> <ul style="list-style-type: none"> • LTAT⁽⁷⁾ 	Purchase of motor vehicles	4,738	1,730	526	-	-
		<u>Interested Director</u> <ul style="list-style-type: none"> • Tan Sri Dato' Seri Lodin bin Wok Kamaruddin⁽⁶⁾ • Datuk Zakaria bin Sharif⁽⁹⁾ 						

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

Notes:

- (1) As at the LPD, LTAT is a major shareholder of BHB, having equity interest of 58.7%.
- (2) Gen. Tan Sri Dato' Mohd Ghazali bin Hj Che Mat (R) is deemed interested by virtue of his directorships in BPB and BHB.
- (3) Tan Sri Dato' Seri Lodin bin Wok Kamaruddin is deemed interested by virtue of his directorships in BPB, BHB and LTAT. He holds approximately 2.7% equity interest in BHB.
- (4) LTAT is deemed interested by virtue of its effective equity interest of approximately 7.5% in Union Harvest Sdn Bhd through its shareholdings of approximately 20.0% in Federal Fertiliser Co Sdn Bhd, which has approximately 37.5% equity interest in Union Harvest Sdn Bhd.
- (5) Yu Choong Cheong had ceased to be a director of BPB on 3 April 2014. However, he is deemed interested by virtue of him being a director in Union Harvest Sdn Bhd and being a former director of our Company within the last 6 months preceding the date the transaction entered into between our Company and Union Harvest Sdn Bhd.
- (6) Datuk Zakaria bin Sharif is deemed interested by virtue of his directorship in BPB and his position in LTAT as Deputy Chief Executive.
- (7) LTAT is deemed interested by virtue of its effective equity interest of 20.0% in Chery Automobile (Malaysia) Sdn Bhd through its shareholdings of 20.0% in Chery Holdings (Malaysia) Sdn Bhd, which owns the entire equity interest in Chery Automobile (Malaysia) Sdn Bhd.
- (8) Tan Sri Dato' Seri Lodin bin Wok Kamaruddin is deemed interested by virtue of his directorship in BPB and LTAT.
- (9) Datuk Zakaria bin Sharif is deemed interested by virtue of his directorship in BPB and Chery Automobile (Malaysia) Sdn Bhd.

Our Directors is of the view that the recurrent related party transactions above were carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties, and are not to the detriment of our minority shareholders.

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11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

11.1.3 Transactions entered into that are unusual in their nature or conditions

There are no unusual transactions in their nature or conditions, involving goods, services, tangible or intangible assets to which we were a party in respect of the past three years for the FYE 31 December 2011, 31 December 2012 and 31 December 2013.

11.1.4 Outstanding loans and guarantees

There are no outstanding loans (including guarantees of any kind) made by our Group to or for the benefit of our related parties in respect of the past three years for the FYE 31 December 2011, 31 December 2012 and 31 December 2013.

11.2 CONFLICTS OF INTEREST**11.2.1 Audit Committee review**

The Audit Committee reviews any potential related party transactions that may arise within our Group including any transaction, procedure or course of conduct that raises questions of management integrity. The Audit Committee periodically reviews the procedures set by our Company to monitor related party transactions to ensure that these transactions are carried out on normal commercial terms not more favourable to the related party than those generally available to the third parties dealing at arm's length and are not to the detriment of our Company's minority shareholders. All reviews by the Audit Committee are reported to our Board for its further action.

11.2.2 Monitoring and oversight of related party transactions and conflicts of interest

Related party transactions, by their very nature, involve a conflict of interest between our Group and the related parties with whom our Group has entered into such transactions. Some of the officers of our Group and our Directors are also officers, directors and in some cases, shareholders of the related parties of our Group, as disclosed herein and, with respect to these related party transactions, may individually and in aggregate have conflicts of interest. It is the policy of the companies within our Group not to enter into transactions with related parties unless these transactions are carried out on normal commercial terms not more favourable to the related party than those generally available to third parties dealing at arm's length with our Group and are not to the detriment of our Company's minority shareholders.

11.2.3 Involvement and interest of our Directors, substantial shareholders and key management in other businesses or corporations

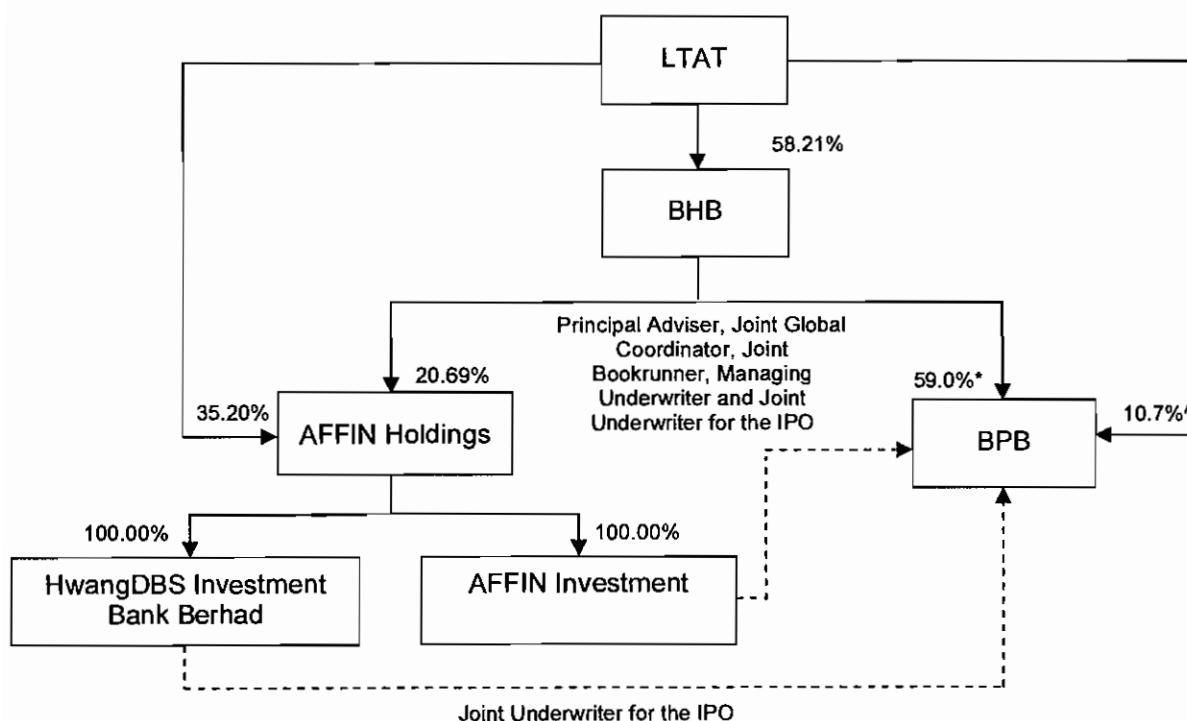
Save as disclosed in Sections 9.1.3, 9.1.5, 9.2.5, 9.2.6 and 9.3.5 of this Prospectus, none of our Directors, substantial shareholders and key management are involved or has any interest, direct or indirect, in other businesses or corporations which are (i) carrying on a similar trade as that of our Group or (ii) our customers and/or suppliers.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

11.3 DECLARATION BY ADVISERS ON CONFLICTS OF INTEREST

11.3.1 Declaration by AFFIN Investment and HwangDBS Investment Bank Berhad

AFFIN Investment and HwangDBS Investment Bank Berhad are wholly-owned subsidiaries of AFFIN Holdings. AFFIN Holdings, its subsidiaries and associated companies (including AFFIN Investment and HwangDBS Investment Bank Berhad) ("**AFFIN Group**") form a diversified financial group which are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. Further, BHB is a substantial shareholder of AFFIN Holdings with 20.69% equity interest in AFFIN Holdings. LTAT effectively controls AFFIN Holdings and BHB with 35.20% and 58.21% equity interest respectively. The shareholding structure of LTAT, BHB, AFFIN Holdings and BPB is illustrated below:



Notes:

* After the IPO (before Over-allotment Option)

^ After the IPO pursuant to the Undertaking Letter for the subscription of the entitlement of the Issue Shares under the Restricted BHB Offering and Restricted BREIT Offering

Tan Sri Dato' Seri Lodin bin Wok Kamaruddin holds the following position as at the LPD:

Name of company	Position held
LTAT	Chief Executive
BHB	Deputy Chairman/Group Managing Director
BPB	Non-Independent Non-Executive Vice Chairman
AFFIN Holdings	Non-Independent Non-Executive Deputy Chairman
AFFIN Bank Berhad	Non-independent Non-Executive Director
AFFIN Islamic Bank Berhad	Non-Independent Non-Executive Director
AFFIN Investment	Non-Independent Non-Executive Director
HwangDBS Investment Bank Berhad	Non-Independent Non-Executive Director

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

AFFIN Bank Berhad, AFFIN Islamic Bank Berhad, AFFIN Investment and HwangDBS Investment Bank Berhad are collectively referred to as "**AFFIN Banking Group**".

In addition, Tan Sri Dato' Seri Lodin bin Wok Kamaruddin also holds 808,714 ordinary shares or 0.06% equity interest in AFFIN Holdings and 28,192,758 BHB Shares or 2.73% in BHB as at the LPD.

The AFFIN Group has engaged and may in the future, engage in transactions with and perform services for any member of the BHB Group, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the AFFIN Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of the BHB Group, hold long or short positions in securities issued by the BHB Group, make investment recommendation and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or for the account of its customers in debt or equity securities or senior loans of any member of the BHB Group. This is a result of the businesses of AFFIN Group generally acting independent of each other, and accordingly there may be situations where parts of the AFFIN Group and/or its customers currently have or in the future, may have interest or take actions that may conflict with the interests of the BHB Group.

Notwithstanding the above, AFFIN Investment and HwangDBS Investment Bank Berhad are of the view that the relationship as described above would not give rise to situation of conflict of interest which prevents:

- AFFIN Investment from acting in its capacity as the Principal Adviser, the Joint Global Coordinator, the Joint Bookrunner, the Managing Underwriter and the Joint Underwriter; and
- HwangDBS Investment Bank Berhad from acting in its capacity as the Joint Underwriter for the Retail Offering,

due to the following:

- (a) based on AFFIN Holdings' audited financial statements as at 31 December 2013, AFFIN Banking Group's total outstanding loan exposure with LTAT and its subsidiaries (excluding BHB Group) ("**LTAT Group**") and the BHB Group are not material as it is less than 1% and 4% of AFFIN Group's total audited gross loans, advances and financing of RM36.9 billion as at 31 December 2013 respectively. The total outstanding loan exposure with the LTAT Group and BHB Group is less than 6% and 20% of AFFIN Group's audited consolidated NA as at 31 December 2013 respectively. However, it should be noted that:
 - (i) AFFIN Holdings is an associate of BHB. LTAT is a government statutory body which was established as a provident fund for serving members of Armed Forces of Malaysia. LTAT and BHB does not have operational control over the board and management of the AFFIN Group, which is governed autonomously by its own board of directors who are fully authorised to manage its affairs;
 - (ii) AFFIN Group's lending activities is strictly governed by Bank Negara Malaysia's guidelines such as the single counter party exposure limit and credit transactions and exposures with connected parties as well as its internal credit controls which monitors loan exposure to a particular sector;

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

- (iii) the granting of financial facilities and services to LTAT Group and BHB Group are part of the ordinary course of business of the AFFIN Group;
 - (iv) the conduct of the AFFIN Group in its banking and financial services business is highly regulated by authorities and is required to comply with the Financial Services Act 2013 upon which the AFFIN Group's internal controls and checks are predicated; and
 - (v) the majority of the board of directors of AFFIN Banking Group comprise independent directors who will ensure that any potential conflicts of interests arising from any transactions with LTAT Group and BHB Group are addressed in the best interest of AFFIN Banking Group;
- (b) AFFIN Investment and HwangDBS Investment Bank Berhad, as part of the AFFIN Holdings' financial services group, is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, including the CMSA, Bursa Securities' Rules and Participating Organisation Directives and Guidance, which require AFFIN Investment and HwangDBS Investment Bank Berhad to have, amongst others, an established internal control structure, policies and procedures to identify, monitor and manage conflict of interest as well as the flow of information through segregation between different divisions and management groups;
- (c) the directorship of Tan Sri Dato' Seri Lodin bin Wok Kamaruddin in AFFIN Holdings and AFFIN Banking Group are non-executive in nature. Further, majority of the board of directors of AFFIN Banking Group comprise independent directors who will ensure that any potential conflicts of interests arising from any dealings with Tan Sri Dato' Seri Lodin bin Wok Kamaruddin together with persons connected to him are thoroughly addressed in the relevant committees or board meetings of the AFFIN Banking Group and to the best interest of AFFIN Banking Group. Further, Tan Sri Dato' Seri Lodin bin Wok Kamaruddin will have to abstain from voting or making recommendations in the relevant committees or board meetings if he is interested in any dealings between AFFIN Banking Group and LTAT Group, BHB Group and BPB;
- (d) the shareholding of Tan Sri Dato' Seri Lodin bin Wok Kamaruddin in AFFIN Holdings and BHB is not substantial, i.e. less than 5% of the issued and paid-up capital of AFFIN Holdings and BHB as at the LPD;
- (e) the placement monies placed by BHB and BPB with AFFIN Investment represents less than 1% of the total placement monies held by AFFIN Investment and the amount of Medium Term Notes issued by BHB and held by AFFIN Investment represents less than 1% of the total investment portfolio of AFFIN Investment; and
- (f) aside from the professional advisory fees, underwriting commission, bookrunner fees and brokerage to be earned by AFFIN Investment as the:
- (i) Principal Adviser to BREIT Managers and BPB for the BREIT Privatisation; and

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

- (ii) Principal Adviser to BHB in respect of the BREIT Privatisation and the Principal Adviser, the Joint Global Coordinator, the Joint Bookrunner, the Managing Underwriter and the Joint Underwriter to BPB in respect of the listing of the enlarged BPB Group,

there are no other direct interest to be derived from AFFIN Investment's in its capacity as the Principal Adviser to BHB, BREIT and BPB in respect of the BREIT Privatisation and the Principal Adviser, the Joint Global Coordinator, the Joint Bookrunner, the Managing Underwriter and Joint Underwriter for the IPO, neither is AFFIN Investment materially interested nor affected by the outcome of the BREIT Privatisation and the IPO.

- (g) aside from the underwriting commission to be earned by HwangDBS Investment Bank Berhad as the Joint Underwriter, there are no other direct interest to be derived from HwangDBS Investment Bank Berhad in its capacity as the Joint Underwriter for the IPO.

Our Board has confirmed that it has been informed and is aware of the situations as described above and is agreeable to the role of AFFIN Investment as the Principal Adviser to our Company in respect of the IPO, as the Joint Global Coordinator and Joint Bookrunner for the IPO, the Managing Underwriter and Joint Underwriter for the Retail Offering as well as HwangDBS Investment Bank Berhad's role as the Joint Underwriter for the Retail Offering.

11.3.2 Declaration by Ernst & Young

Ernst & Young confirms that there is no conflict of interest in its capacity as the Auditors and Reporting Accountants in relation to the IPO.

11.3.3 Declaration by Albar & Partners

Albar & Partners confirms that there is no conflict of interest in its capacity as the Legal Adviser to our Company as to Malaysian law and for the IPO.

11.3.4 Declaration by Azzat & Izzat

Azzat & Izzat confirms that there is no conflict of interest in its capacity as the solicitors to our Company in respect of land matters for the IPO.

11.3.5 Declaration by Kadir Andri & Partners

Kadir Andri & Partners confirms that there is no conflict of interest in its capacity as the solicitors to the Joint Global Coordinators, Joint Bookrunners, the Managing Underwriter and the Joint Underwriters as to Malaysian law.

11.3.6 Declaration by Smith Zander

Smith Zander confirms that there is no conflict of interest in its capacity as the Independent Market Researcher in relation to the IPO.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

11.3.7 Declaration by Maybank Investment Bank Berhad

Maybank Investment Bank Berhad and its related and associated companies (“**Maybank Group**”) form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and fund management and credit transaction services businesses. The Maybank Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or its affiliates, in addition to its role set out in this Prospectus. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group or any other entity or transactions for its own account or the account of its customers in debt or equity securities or senior loans. This is a result of the business of the Maybank Group generally acting independent of each other and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the said interest. Nonetheless the Maybank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require amongst others, segregation between dealing and advisory activities, and Chinese wall between different business divisions.

Maybank Investment Bank Berhad confirms that to the best of its knowledge and after making due enquiry, as at the LPD, there are no circumstances that exists or is likely to exist to give rise to a possible conflict of interest situation in its capacity as the Joint Global Coordinator, Joint Bookrunner and Joint Underwriter for the IPO.

11.3.8 Declaration by Credit Suisse Securities (Malaysia) Sdn Bhd

Credit Suisse Securities (Malaysia) Sdn Bhd together with its ultimate parent company, Credit Suisse AG, its affiliates, branches and subsidiaries (collectively referred to hereinafter as “**Credit Suisse Group**”) comprise a full service financial services provider engaged in securities trading, brokerage activities as well as investment banking and financial advisory services. In the ordinary course of its trading and brokerage activities, members of the Credit Suisse Group may hold positions, for their own account or the accounts of customers, in equity, debt or other securities of our Company or the BHB Group.

The Credit Suisse Group may engage in transactions with, and perform services for, our Company or the BHB Group in the ordinary course of business and have engaged, and may in the future engage, in commercial banking and investment banking transactions, including providing loans or entering into other financing arrangements, with our Company or the BHB Group, for which we have received, or may in the future receive customary compensation.

Having regard to the foregoing, the Credit Suisse Group confirms that there is no conflict of interest which prevents it from acting in its capacity as the Joint Global Coordinator and Joint Bookrunner for the IPO. The Credit Suisse Group will not receive any proceeds from the IPO, save for the fees and expenses incurred by the Credit Suisse Securities (Malaysia) Sdn Bhd in connection with acting as the Joint Global Coordinator and Joint Bookrunner for the IPO.

11.3.9 Declaration by AmlInvestment Bank Berhad

AmlInvestment Bank Berhad confirms that there is no conflict of interest in its capacity to act as the Joint Bookrunner for the IPO and as the Joint Underwriter for the Retail Offering.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

11.3.10 Declaration by CIMB Investment Bank Berhad

CIMB Investment Bank Berhad, its subsidiaries and associated companies, as well as its holding company, CIMB Group Holdings Berhad, and the subsidiaries and associated companies of its holding company ("**CIMB Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The CIMB Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the role set out in this Prospectus. In addition, in the ordinary course of business, any member of the CIMB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with our Company and/or our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates. This is a result of the businesses of the CIMB Group generally acting independently of each other, and accordingly there may be situations where parts of the CIMB Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of our Company.

As at the LPD, CIMB Bank Berhad (a member of the CIMB Group), has in the ordinary course of its banking business, extended credit facilities to our Group.

CIMB Investment Bank Berhad is of the view that the aforementioned extension of credit facilities does not result in conflict of interest in respect of its capacity as the Joint Bookrunner for the IPO and as the Joint Underwriter for the Retail Offering due to the following:

- (i) CIMB Bank Berhad is a licensed commercial bank and the extension of credit facilities to our Group arose in the ordinary course of business of CIMB Bank Berhad; and
- (ii) the total credit facilities granted by CIMB Bank Berhad are not material when compared to the audited NA of the CIMB Group as at 31 December 2013.

11.3.11 Declaration by RHB Investment Bank Berhad

RHB Investment Bank Berhad together with its affiliates, branches and subsidiaries (collectively referred to as "**RHB Banking Group**"), is a full service securities firm engaged in securities trading and brokerage activities as well as investment banking and financial advisory services. In the ordinary course of its trading and brokerage activities, members of the RHB Banking Group may hold position, for their own account or the accounts of customers, in equity, debt or other securities of members of BPB Group and/or BPB's shareholders. In addition, members of the RHB Banking Group have provided, and may in future provide investment banking services to the BPB Group and/or BPB's shareholders, for which members of the RHB Banking Group have received or may receive compensation.

RHB Investment Bank Berhad is of the view that notwithstanding the above, it does not have a conflict of interest which prevents it from acting in its capacity as a Joint Underwriter for the Retail Offering.

12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

The following selected historical financial information have been prepared on the assumption that our Group has been in existence throughout the financial years under review. Accordingly, the historical financial information may not be indicative of our Group's future financial position due to differing underlying business factors before and after the IPO such as the management, tax and cost structure of our Group. For example, for the purpose of the preparation of pro forma consolidated statements of comprehensive income, BREIT is assumed to form part of our Group prior to 1 January 2011. Therefore, it is assumed that BREIT will not be eligible for the tax exemption granted under Section 61A(1) of the Income Tax Act 1967 for the FYE 31 December 2011 to 2013 and we had imputed an estimated income tax for BREIT at the rate of 25%. This differs from the audited financial information of BREIT for FYE 31 December 2011 to 2013, whereby prior to the BREIT Privatisation, BREIT was still exempted from taxation since its establishment under the Trust Deed as a real estate investment trust on 11 December 2006.

As such, the past actual operating results do not reflect, amongst others, commercial, cost, tax and management synergies and opportunities which may have been available if our Group was operating in its current structure in the past. Hence, the financial information included in this Prospectus does not reflect our Group's results of operations, financial position and cash flow in the future and our Group's past operating results are not indicative of our Group's future operating performance.

12.1.1 Pro forma consolidated statements of comprehensive income

The pro forma consolidated statements of comprehensive income for the FYE 31 December 2011, 31 December 2012 and 31 December 2013 have been prepared for illustrative purposes only to show the effects of the pro forma consolidated statements of comprehensive income on the assumption that our Group had been in existence throughout the financial years under review. The pro forma consolidated statements of comprehensive income should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects" set out in Section 12.2 of this Prospectus and the Reporting Accountants' Letter on the Pro Forma Consolidated Financial Information and the notes thereon set out in Section 12.4 of this Prospectus.

	Pro forma		
	FYE 31 December		
	2011	2012	2013
	RM'000	RM'000	RM'000
Revenue	948,998	836,745	684,996
Operating costs	(633,307)	(649,095)	(581,461)
	315,691	187,650	103,535
Gain on disposal of plantation assets	7,238	9,564	92,834
Interest income	21,956	22,248	16,013
Other income	881	902	5,106
Finance costs	(19,352)	(24,850)	(44,180)
Net unrealised fair value gain on investment in quoted Shariah-compliant securities	66	942	-
Share of results from associates	6,324	4,042	5,235
PBT	332,804	200,498	178,543
Income tax expense	(35,803)	(45,041)	(18,873)
PAT	297,001	155,457	159,670

12. FINANCIAL INFORMATION (Cont'd)

	Pro forma		
	FYE 31 December		
	2011	2012	2013
PAT attributable to:			
Owners of our Company	256,919	142,300	161,478
Non-controlling interests	40,082	13,157	(1,808)
	297,001	155,457	159,670
Recurring PAT ⁽¹⁾	304,654	149,355	64,923
EBITDA ⁽²⁾ (RM'000)	360,419	229,002	238,787
PBT margin (%)	35.1	24.0	26.1
PAT margin (%)	31.3	18.6	23.3
Basic EPS attributable to the shareholders of our Company (sen per Share) ⁽³⁾	16.1	8.9	10.1

Notes:

(1) The table below sets out a reconciliation of our PAT to our recurring PAT:

	Pro forma		
	FYE 31 December		
	2011	2012	2013
	RM'000	RM'000	RM'000
PAT	297,001	155,457	159,670
<u>Adjustment for non-recurring items:</u>			
Losses arising from the motor vehicle dealership of our Group	840	677	388
Gain from compulsory acquisition/disposal of plantation land by/to the Malaysian Government/third parties	(7,238)	(9,564)	(92,834)
Other income from the disposal of quoted securities by BREIT	(383)	(555)	(5,071)
Expenses of BREIT not expected to be incurred subsequent to the BREIT Privatisation	3,118	3,165	2,305
Provision for impairment loss/write-off of biological assets	5,445	-	465
Impairment of property, plant and equipment (net of tax allowances)	5,113	175	-
Loss on disposal of prepaid land lease	758	-	-
Recurring PAT	304,654	149,355	64,923

(2) EBITDA represents earnings before taxation, depreciation, impairments and amortisation, finance costs, interest income, share of results from associates and unrealised foreign exchange gains and/or losses.

The table below sets out a reconciliation of our PAT to EBITDA:

	Pro forma		
	FYE 31 December		
	2011	2012	2013
	RM'000	RM'000	RM'000
PAT	297,001	155,457	159,670
Income tax expense	35,803	45,041	18,873
Depreciation	23,661	26,340	29,329
Amortisation	910	618	5,231
Finance costs	19,352	24,850	44,180
Interest income	(21,956)	(22,248)	(16,013)
Share of associates	(6,324)	(4,042)	(5,235)
Impairments and unrealised foreign exchange gains/losses	11,972	2,986	2,752
EBITDA	360,419	229,002	238,787

(3) Computed as PAT for the year attributable to shareholders of our Company divided by 1,600,000,000 BPB Shares in issue after the IPO.

12. FINANCIAL INFORMATION (Cont'd)**12.1.2 Pro forma consolidated statements of financial position**

The pro forma consolidated statements of financial position as at 31 December 2013 have been prepared for illustrative purposes only to show the effects of the audited consolidated statements of financial position of our Group as at 31 December 2013 on the assumption that the Listing and the utilisation of proceeds to be raised from the IPO were effected and completed on 31 December 2013. The pro forma consolidated statements of financial position should be read in conjunction with the Reporting Accountants' Letter on the Pro Forma Consolidated Financial Information and the notes thereon set out in Section 12.4 of this Prospectus.

Pro forma I : After the settlement of the SUR Offer Price, the Special Dividend and the payment of the single-tier dividend of approximately RM90.0 million for the FYE 31 December 2013

Pro forma II : After Pro forma I and after the Share Split, the Bonus Issue, the Public Issue and the Listing

	Audited as at 31 December 2013	Pro forma I	Pro forma II
	RM'000	RM'000	RM'000
Non-current assets			
Property, plant and equipment	1,402,711	1,402,711	1,402,711
Biological assets	1,239,495	1,239,495	1,239,495
Other non-current assets	126,623	126,623	126,623
	2,768,829	2,768,829	2,768,829
Current assets			
Receivables	54,631	54,631	54,631
Amount due from immediate holding company	344,983	-	-
Amount due from related companies within BHB	15,254	4,105	4,105*
Cash and bank balances	32,302	71,223	587,223
Other current assets	43,036	43,036	43,036
	490,206	172,995	688,995
Total assets	3,259,035	2,941,824	3,457,824
Equity and liabilities			
Equity attributable to equity holders of the company			
Share capital	124,521	124,521	800,000
Share premium	177,439	177,439	623,557
Other capital reserves	192	192	192
Retained profits	1,087,717	1,087,717	872,120
	1,389,869	1,389,869	2,295,869
Non-controlling interests	59,099	59,099	59,099
	1,448,968	1,448,968	2,354,968
Non-current liabilities			
Other non-current liabilities	31,844	31,844	31,844
Borrowings	240,000	240,000	240,000
	271,844	271,844	271,844

12. FINANCIAL INFORMATION (Cont'd)

	Audited as at 31 December 2013	Pro forma I	Pro forma II
	RM'000	RM'000	RM'000
Current liabilities			
Unsecured borrowings	737,355	737,355	737,355
Amount due to immediate holding company	801	390,000	-
Amount due to related companies within BHB	5,327	-	-
Amount due to the Entitled Unitholders of BREIT	611,079	-	-
Dividend	90,004	-	-
Other current liabilities	93,657	93,657	93,657
	<u>1,538,223</u>	<u>1,221,012</u>	<u>831,012</u>
Total liabilities	1,810,067	1,492,856	1,102,856
Total equity and liabilities	3,259,035	2,941,824	3,457,824
Number of ordinary shares in issue ('000)	124,521	124,521	1,600,000
NA per share attributable to the equity holders of our Company (RM)	11.16	11.16	1.43

Note:

- * *As at the LPD, the amount due from related companies within BHB of approximately RM4.1 million has been paid.*

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12. FINANCIAL INFORMATION (Cont'd)

12.1.3 Pro forma consolidated statements of cash flows

The pro forma consolidated statements of cash flows for the FYE 31 December 2013 have been prepared for illustrative purposes only to show the effects of the audited consolidated statements of cash flows of our Group for the FYE 31 December 2013 on the assumption that the Listing and the utilisation of proceeds to be raised from the IPO were effected and completed on 1 January 2013. The pro forma consolidated statements of cash flows should be read in conjunction with the Reporting Accountants' Letter on the Pro Forma Consolidated Financial Information and the notes thereon set out in Section 12.4 of this Prospectus.

Pro forma I : After the settlement of the SUR Offer Price, Special Dividend and the payment of the single-tier dividend of approximately RM90.0 million for the FYE 31 December 2013, the Share Split, the Bonus Issue, the Public Issue and the Listing

	Audited for the FYE 31 December 2013	Pro forma I
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers	698,139	698,139
Cash paid to suppliers and employees	(642,264)	(579,100)
Cash generated from operations	55,875	119,039
Tax paid	(15,896)	(15,896)
Net cash generated from operating activities	39,979	103,143
Cash flows from investing activities		
Purchase of property, plant and equipment	(166,381)	(166,381)
Purchase of biological assets	(81,931)	(81,931)
Privatisation of BREIT, net of cash and cash equivalents of BREIT	-	(607,143)
Purchase of prepaid land lease	(1,766)	(1,766)
Proceeds from disposal of property, plant and equipment and biological assets	107,446	111,667
Proceeds from disposal of quoted Shariah-compliant securities	-	11,802
Proceeds from disposal of assets held for sale	5,346	5,346
Net cash inflow on acquisition of assets and liabilities	21,504	-
Net cash outflow on disposal of subsidiary	(13)	(13)
Net cash outflow on acquisition of subsidiaries	(17,572)	(17,572)
Dividends received	31,912	53,932
Interest received	14,980	15,248
Net cash used in investing activities	(86,475)	(676,811)
Cash flow from financing activities		
Decrease in revolving credits	(60,391)	(60,391)
Proceeds from the issuance of shares, net of payment of estimated listing expenses of RM22.0 million	-	906,000
Proceeds from term loans, net of repayments	137,500	137,500
Movement in immediate holding company balance, net	7,564	357,568
Movement in related companies balances, net	21,975	21,975
Interest paid	(33,043)	(42,748)
Distribution paid	-	(164,206)
Net cash generated from financing activities	73,605	1,155,698

12. FINANCIAL INFORMATION (Cont'd)

	Audited for the FYE 31 December 2013	Pro forma I
	RM'000	RM'000
Net increase in cash and cash equivalents	27,109	582,030
Cash and cash equivalents at the beginning of the period	2,494	2,494
Cash and cash equivalents at the end of the period	29,603	584,524
Cash and cash equivalents at 31 December 2013 comprised:		
Cash and bank balances	11,764	566,685
Short term deposits with a licensed bank	20,538	20,538
Bank overdrafts	(2,699)	(2,699)
	29,603	584,524

12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS

The following discussion and analysis of our pro forma consolidated financial information with respect to the FYE 31 December 2011, 31 December 2012 and 31 December 2013 are based on, and should be read in conjunction with, the Reporting Accountants' Letter on the Pro Forma Consolidated Financial Information and Accountants' Report and the notes thereon set out in Section 12.4 and Section 13, respectively included in this Prospectus.

12.2.1 Overview of our Group's business operations

We are one of the most experienced and established upstream oil palm plantations companies in Malaysia and a subsidiary of BHB, one of Malaysia's oldest and largest diversified conglomerates. We are an investment holding company and are involved in the ownership of oil palm plantations. Through our subsidiaries, we are principally involved in the ownership and management of oil palm plantations, cultivation of oil palm and harvesting of FFBS, and the production and sale of CPO and PK. We also sell oil palm FFBS and provide mill design and consultancy services. We are also actively involved in oil palm agricultural and agronomic research as well as commercial production of planting materials through our associate company AA Resources. With over 100 years of plantation management experience backed by BHB's presence in the plantations business, we are one of Malaysia's most established and experienced upstream oil palm companies.

Our involvement in the plantations business is carried out via our wholly-owned subsidiary, BEA, a central agency which provides a range of services such as the management of all plantation activities within our Group, plantation advisory services for oil palm and rubber crops, plantation engineering services, marketing of plantation produce and agronomic services.

We own, co-own and lease a total of 41 oil palm plantation estates and 10 palm oil mills in Malaysia with 20 plantation estates in Peninsular Malaysia, 12 in Sabah and 9 in Sarawak. We own and operate four palm oil mills in Peninsular Malaysia, four in Sabah and two in Sarawak. We cultivate oil palm and harvest FFBS on 70,991.2 Ha of plantation estate land that we own, co-own and lease. These oil palm plantation estates comprise 26,838.8 Ha in Peninsular Malaysia, 26,080.0 Ha in Sabah and 18,072.4 Ha in Sarawak. Additionally, we have planting reserve landbank of 353.2 Ha in Sabah.

12. FINANCIAL INFORMATION (Cont'd)

We sell CPO to palm oil refineries in Malaysia to be further processed into palm-based edible oils and oleo chemicals. Our PK is sold to PK crushing plants in Malaysia for the production of PK products. We also sell FFBS which are harvested from our plantations that are not located in close proximity to our mills, and during the annual maintenance shutdown periods of our mills, to third party mills in Malaysia. Our CPO and PK production 31 December 2011, 2012 and 2013 are summarised below:

	FYE 31 December		
	2011	2012	2013
CPO (MT)	229,623	250,430	238,371
PK (MT)	51,572	56,059	52,927

12.2.2 Significant factors affecting our Group's pro forma results of operations

The primary factors which have affected and are expected to continue to affect our Group's revenue and results of operations include but are not limited to the following:

(i) Prices of commodities

The prices of commodities such as the prices of CPO and PK have a significant impact on the revenue and operating costs of our business. The prices of CPO and PK fluctuate over time and are based on the demand and supply of crude petroleum oil and other vegetable oils such as soybean, canola and sunflower oils in the case of CPO, and the substitute lauric oil, in the case of PK. The sale prices for CPO closely track CPO futures prices quoted by the MPOB and the price of oil palm FFBS closely tracks the price of CPO prices.

The prices of CPO and PK are also influenced by other factors such as global demand and supply for palm oil products, weather conditions, government policies and shifts in consumption patterns, of which we do not have any control.

(ii) Quality of FFBS harvested

The yields of our oil palms have an impact on the revenue and operating costs of our business.

Oil palms take approximately three years to mature and begin bearing fruits and are expected to reach its peak during its 10th to 20th year of growth. By ensuring that our Group adopts good agricultural practices such as using better fertilisers, using integrated pest management programs with economical and environmental-friendly techniques to manage crop pests and planting better quality seeds, our trees could continue to bear fruits with higher yields. However, our oil palm yields may be affected by external factors such as unfavourable weather conditions, pests and diseases and the supply of labour.

(iii) Labour costs

The plantation industry is highly labour-intensive. A significant portion of our expenses consist of our labour costs which we incur as operating costs. Our labour costs are determined by the number of plantation workers employed, current minimum wage levels and the availability of labour in the market with the required skill sets. We also rely to a significant extent on foreign workers, primarily from Indonesia, for our plantation operations. As such, our results of operations are exposed to fluctuations in labour costs, as well as changes to government policies on employment of foreign labour which is beyond our control.

12. FINANCIAL INFORMATION (Cont'd)**(iv) Competition and changes in consumer trends**

The palm oil industry is highly competitive due to the presence of large number of local and international producers, especially Malaysia and Indonesia. With the presence of a large number of competitors in the palm oil industry, factors affecting prices of palm oil products have and will continue to have an impact on our ability to compete with other oil palm plantation companies when selling our CPO and PK to the respective refineries.

The palm oil industry is also subject to competition from other edible oils and fats. Other edible oils and fats such as soy oil, canola oil and sunflower oil are close substitutes to palm oil products. As such, a decrease in the prices of these substitutes would likely cause consumers of oil and fats to purchase these substitutes in place of palm oil products, which will have an adverse effect on our revenue and results of operations.

(v) Trade barriers

The growth of the plantation industry is affected by barriers to trade such as import duties, environmental policies imposed by palm oil consumer countries as well as environmental campaigns carried out by non-government organisations and activists against the production of oil palm. These trade barriers may result in the enactment of restrictive legislations by palm oil producer and consumer countries as well as internal environmental policies by palm oil consumer companies thereby increasing limitations on the operations of the palm oil industry. Accordingly, these limitations may have an impact on our financial results.

12.2.3 Critical accounting policies

For the FYE 31 December 2011, 31 December 2012 and 31 December 2013, we have prepared our consolidated financial statements in accordance with FRS.

For the FYE 31 December 2011, 31 December 2012 and 31 December 2013, we have prepared BREIT's financial statements in accordance with MFRS.

In preparing our consolidated financial statements in conformity with the FRS and MFRS, we are required to make estimates, assumptions and judgements regarding uncertainties that affect certain reported amounts of revenue and expenses during the reporting period as well as certain amounts of our assets and liabilities and the disclosure of our contingent estimates based on assumptions and judgements made in light of our historical experience and on various other reasonable factors, which we review and evaluate on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Our actual results may differ from these estimates, assumptions and judgements under different conditions. We believe our most critical accounting policies that result in the application of estimates, assumptions or judgements are the following:

(i) Impairment of goodwill

Our Group tests whether goodwill has suffered any impairment on an annual basis. This requires the estimation of value in use of the assets or cash-generating units ("CGU") to which the goodwill is allocated. Estimating the value in use requires management to make an estimate of the expected future cash flows from the asset or CGU and also to choose a suitable discount rate in order to calculate the present value of the said cash flows. The preparation of the estimated future cash flows involves exercising significant judgement and estimations. While our Group believes that the assumptions are appropriate and reasonable, changes in the assumptions may materially affect the assessment of the recoverable amounts of an asset or CGU.

12. FINANCIAL INFORMATION (Cont'd)**(ii) Useful lives of property, plant and equipment**

Our Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on our evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the depreciation expenses and decrease the carrying amount of property, plant and equipment. The cost of property, plant and equipment is depreciated on a straight-line basis over the asset's estimated economic useful lives. Our Group estimates the useful lives of these property, plant and equipment to be within 2 to 30 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

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

Our Group reviews the carrying amounts of the biological assets and property, plant and equipment as at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount or value in use is estimated. Determining the value in use of biological assets and property, plant and equipment requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, which thus require our Group to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment loss could have a material adverse impact on our Group's financial position and results of operations. The preparation of the estimated future cash flows involves significant judgment and estimations. While our Group believes that the assumptions are appropriate and reasonable, changes in the assumptions may materially affect the assessment of recoverable amounts. Any resultant impairment loss could have a material adverse impact on our Group's financial position and results of operations.

(iv) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital and agricultural allowances and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, allowances and deductible temporary differences can be utilised. The recognition of deferred tax assets is based upon the likely timing and level of future taxable profits together with tax planning strategies.

(v) Impairment of loans and receivables

Our Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, our Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

12. FINANCIAL INFORMATION (Cont'd)

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

12.2.4 Pro forma results from operations**(i) Revenue**

The pro forma revenue of our Group for the FYE 31 December 2011, 31 December 2012 and 31 December 2013 is set out below:

Product	FYE 31 December		
	2011	2012	2013
	RM'000	RM'000	RM'000
CPO	744,984	699,907	581,306
PK	112,959	87,338	68,344
FFB	83,585	45,028	32,919
Consultancy fees	1,040	1,398	853
Others	6,430	3,074	1,574
Total revenue	948,998	836,745	684,996
Region			
Peninsular Malaysia	374,984	328,303	288,990
Sabah	356,305	314,090	273,573
Sarawak	217,709	194,352	122,433
Total revenue	948,998	836,745	684,996

Our Group's revenue is primarily derived from the sale of, CPO, PK and FFB where CPO is the largest contributor to our revenue stream. A significant portion of our revenue is derived from our oil palm plantations situated in Peninsular Malaysia and Sabah, Malaysia. Our Group's revenue also comprises fees earned from the provision of consultancy services in relation to plantation operations and mill construction as well as sale of motor vehicles from our motor vehicle dealership. For information purposes, we had disposed our motor vehicle dealership in the FYE 31 December 2013.

(ii) Operating costs

The breakdown of the pro forma operating costs of our Group for the FYE 31 December 2011, 31 December 2012 and FYE 31 December 2013 is as follows:

	FYE 31 December		
	2011	2012	2013
	RM'000	RM'000	RM'000
Plantation operating costs	521,968	558,845	523,049
Other operating costs	111,339	90,250	58,412
Total operating costs	633,307	649,095	581,461

12. FINANCIAL INFORMATION (Cont'd)

Our pro forma operating costs comprises the following:

(a) Plantation operating costs

Our plantation operating costs are costs related to the operations of our oil palm plantation estates and palm oil mills as well as taxes levied on the sale of our CPO. These costs account for a significant portion of our total operating cost. Details of the components of our estate costs and palm oil mill costs are set out below:

Estate costs

Our estate costs comprise mainly the following:

<u>Estate cost</u>	<u>Description</u>
Upkeep and cultivation cost	: Costs mainly relating to repair and maintenance of roads and bridges, weeding, pruning, manuring, control of pests and diseases and drainage works.
Collection cost	: Costs mainly relating to wages paid to our payroll and contract workers for the harvesting of our FFBS, transferring of our FFBS to our palm oil mills or to third party palm oil mills as well as the transportation for our workers within the plantation estates.
General charges (estates)	: Costs comprising supervision of plantation activities, costs of labour and other general charges, details of which are as follows: <ul style="list-style-type: none"> (i) Costs of supervision mainly comprise salaries and allowances of our estate managers and staff, employment benefits and staff expenses such as accommodation and transportation expenses. Staff expenses includes costs incurred for the upkeep and maintenance of our estate managers' bungalow and staff quarters and disbursements of housing allowances; (ii) Costs of labour comprise, mainly expenses related to the recruitment of foreign workers, allowances for our workers, workers' benefits such as medical expenses and utility expenses such as, water and electricity expenses; and (iii) Other general charges mainly comprise quit rent, office expenses, expenses on security, insurance and sundry expenses such as the repair and maintenance of main roads leading to the office premises on the plantation estates.
Depreciation	: Depreciation charges on our buildings and motor vehicles and agricultural machinery such as tractors, trailers, grabbers and mechanical fertiliser spreaders.

Under the estate costs, upkeep and cultivation cost, represents the largest cost item, followed by the collection cost.

12. FINANCIAL INFORMATION (Cont'd)Palm oil mill costs

Our palm oil mill costs comprise mainly the following:

<u>Palm oil mill cost</u>	<u>Description</u>
FFB purchases	: Cost of purchasing FFB from third party oil palm plantation estates.
Processing and manufacturing cost	: Costs mainly relating to the upkeep of our palm oil mills, machineries, costs of fuel and electricity, costs of supervision, labour and allowances for our palm oil mill workers.
General charges (palm oil mills)	: Costs comprising supervision of palm oil milling activities, costs of labour as well as other general charges, details of which are as follows: <ul style="list-style-type: none"> (i) Costs of supervision mainly comprise salaries and allowances of our mill managers and staff, employment benefits and staff expenses such as accommodation and transportation expenses. Staff expenses includes costs incurred for the upkeep and maintenance of our estate managers' bungalow and staff quarters and disbursements of housing allowances; (ii) Costs of labour mainly comprise expenses relating to the recruitment of foreign workers, allowances for our palm oil mill workers and palm oil mill workers' benefits, such as medical expenses and utility expenses such as, water and electricity expenses; and (iii) Other general charges mainly comprise quit rent, office expenses, expenses on security, insurance on the palm oil mills and sundry expenses.
Depreciation	: Depreciation charges on our palm oil mills, machinery and equipment at our palm oil mills.
Despatch of palm products	: Cost of transportation of our Group's palm products to our customers.

Our purchases of FFBs from third party oil palm plantations represent the largest portion of our palm oil mill costs, followed by our processing and manufacturing costs as we incur high costs for the upkeep of our machineries as well as consumption of fuel and use of electricity for the operation of our palm oil mills.

Taxes and cess

Our Group incurs taxes which are levied on our palm oil produced and/or sold to our customers, details of which are as follows:

<u>Taxes and cess</u>	<u>Description</u>
Sales tax	: Taxes levied on our CPO sold in Sabah and Sarawak at a tax rate of 7.5% and 5.0%, respectively.

12. FINANCIAL INFORMATION (Cont'd)

<u>Taxes and cess</u>	<u>Description</u>
Windfall tax	: Taxes based on our FFB production in Peninsular Malaysia and Sabah and Sarawak, at a tax rate of 3% and 1.5%, respectively, at prices exceeding the following price thresholds: (i) selling price exceeding RM2,500 per MT for CPO sold in Peninsular Malaysia; and (ii) selling price exceeding RM3,000 per MT for CPO sold in Sabah and Sarawak.
Cess paid to MPOB	: Taxes paid to MPOB for our production of CPO at a rate of RM13 per MT of CPO produced.

Other plantation-related costs

Our Group also incurs other plantation-related costs such as replanting costs for our immature plantation areas and other costs, details of which are as follows:

<u>Other plantation-related costs</u>	<u>Description</u>
Replanting cost	: Costs mainly relating to ground clearing, terracing, replanting, planting of ground cover, planting materials and fertiliser management for our Group's immature plantation areas.
Others	: Other cost related to plantation activities comprise mainly net movement in stocks of CPO and PK.

(b) Other operating costs

In addition to the costs incurred from our plantation activities, we also incur other operating costs such as rental payments pursuant to our ijarah agreements with Golden Crop Returns Berhad, agency cost relating to head office expenses such as salaries, rent and travelling expenses, administrative expenses such as legal, audit and secretarial fees, research and development costs, bonus payments to our estate managers and staff and amortisation of land leases.

(iii) Operating profit

Our operating profit is derived from our total revenue less our total operating costs.

(iv) Gain on disposal of plantation assets

Our gain on disposal of plantation assets relates to the disposal of our plantation estates due to acquisitions by the Malaysian Government or third parties.

(v) Interest income

Our interest income mainly comprises income from our immediate holding company, BHB, in relation to interest-bearing advances made to BHB. These advances have been fully settled on 24 January 2014.

12. FINANCIAL INFORMATION (Cont'd)

(vi) Other income

Our other income mainly consists of income from, amongst others, the dividends received as well as gains or losses from the disposal of our investments in quoted Shariah-compliant securities.

(vii) Finance costs

Our finance costs mainly consist of interest expenses related to our bank overdrafts, revolving credits and term loans and these costs are affected by the level of our financing activities and the applicable interest rates.

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12. FINANCIAL INFORMATION (Cont'd)**12.2.5 Commentary on past performance****12.2.5.1 FYE 31 December 2012 compared with FYE 31 December 2011**

The follow table summarises our pro forma statement of comprehensive income for the periods indicated:

Revenue by product	FYE 31 December		Variance	
	2011	2012	RM'000	%
	RM'000	RM'000	RM'000	
CPO	744,984	699,907	(45,077)	(6.1)
PK	112,959	87,338	(25,621)	(22.7)
FFB	83,585	45,028	(38,557)	(46.1)
Consultancy fees	1,040	1,398	(358)	(34.4)
Others	6,430	3,074	(3,356)	(52.2)
Total revenue	948,998	836,745	(112,253)	(11.8)
Operating cost				
Plantation operating cost:				
▪ Estate costs	265,558	323,640	58,082	21.9
▪ Palm oil mill costs	184,326	181,940	(2,386)	(1.3)
▪ Taxes and cess	48,070	38,084	(9,986)	(20.8)
▪ Other plantation-related costs	24,014	15,181	(8,833)	(36.8)
Other operating cost	111,339	90,250	(21,089)	(18.9)
Total operating cost	633,307	649,095	15,788	2.5
Operating profit	315,691	187,650	(128,041)	(40.6)
Gain on disposal of plantation assets	7,238	9,564	2,326	32.1
Interest income	21,956	22,248	292	1.3
Other income	881	902	21	2.4
Finance costs	(19,352)	(24,850)	5,498	28.4
Net unrealised fair value gain on investment in quoted Shariah-compliant securities	66	942	876	>100
Share of results from associates	6,324	4,042	(2,282)	(36.1)
PBT	332,804	200,498	(132,306)	(39.8)
Income tax expense	(35,803)	(45,041)	9,238	25.8
PAT	297,001	155,457	(141,544)	(47.7)

(i) Revenue

Our revenue had decreased by approximately RM112.3 million, or 11.8%, mainly due to a decrease in the average selling prices of CPO and PK by approximately 11.7% and 28.8%, respectively.

12. FINANCIAL INFORMATION (Cont'd)

The average selling prices of CPO and PK for the FYE 31 December 2012 as compared with the FYE 31 December 2011 are as follows:

Average selling price	FYE 31 December		Variance	
	2011	2012	RM/MT	%
	RM/MT	RM/MT		
CPO	3,287.84	2,901.59	(386)	(11.7)
PK	2,202.10	1,568.12	(634)	(28.8)

The decrease in the average prices of CPO and PK was mainly due to the following:

- large excess supply of CPO in Malaysia as palm oil refiners in Malaysia faced difficulty in competing with Indonesia's relatively lower priced palm oil exports; and
- reduction in CPO prices was also due to the slowdown in China's economy and the Eurozone crisis during the year 2012, which had curbed demand for palm oil during the year.

(ii) Plantation operating costs**(a) Estate costs**

Our estate costs had increased by approximately 21.9% mainly due to the following:

- (aa) the increase in upkeep and cultivation costs mainly arising from:
- additional costs incurred for weeding and pruning as well as application of chemicals for treatment of pests and disease; and
 - additional costs mainly related to the repair and maintenance of bridges and roads at our plantation estates in Sabah which were damaged due to heavy rainfall. We had also incurred additional costs for the construction of new field roads to facilitate the timely evacuation and transportation of our FFBS to our mills.
- (bb) the increase in collections costs mainly due to:
- additional labour costs due to the revision in the wages of our workers in Sabah and Sarawak; and
 - the increase in the FFB transportation costs arising from the increase in diesel fuel prices.
- (cc) the increase in general charges mainly due to the following:
- increase in salaries and allowances of our estate managers and staff mainly due to the recruitment of additional estate managers;

12. FINANCIAL INFORMATION (Cont'd)

- increase in staff expenses such as staff accommodation and transportation expenses; and
- additional labour cost arising from the Special Gratuitous Payment scheme by our Group, where all workers on our estates are paid additional wages to increase productivity and efficiency, as well as higher expenses on the employment of foreign labour due to the introduction of the 6P Amnesty Program by the Malaysian Government.

(b) Palm oil mill costs

Our palm oil mill costs had decreased by approximately 1.3% mainly due to the lower average purchase price of FFBS from third party oil palm plantations of RM554.30 per MT in the FYE 31 December 2012 compared to RM651.21 per MT in the previous year.

(c) Taxes and cess

Our taxes and cess had decreased by approximately 20.8% mainly due to the decrease in windfall taxes by approximately RM6.4 million due to the lower MPOB's average CPO price of RM2,764 per MT as compared to the previous year. Nevertheless, the MPOB's average CPO price for the FYE 31 December 2012 was still above the CPO price thresholds of RM2,500 per MT for Peninsular Malaysia.

(d) Other plantation-related costs

Our other plantation-related costs had decreased by approximately 36.8% largely due to higher inventory of CPO amounting to approximately RM37.8 million held as at 31 December 2012 as compared to the previous year of approximately RM20.3 million.

(iii) Other operating costs

Our other operating costs had reduced by approximately 18.9% mainly due to the following:

- a decrease in rental payments by approximately RM13.1 million due to the buy-back of the plantation assets from Golden Crop Returns Berhad through the exercise of call options issued by Golden Crop Returns Berhad;
- a reduction in other costs mainly due to the reversal of impairment for biological assets held under B Kanowit of approximately RM3.6 million and a foreign exchange gain of approximately RM1.4 million, arising from a foreign exchange translation for our USD denominated loan of RM38.9 million.

12. FINANCIAL INFORMATION (Cont'd)**(iv) Operating profit**

Our operating profit decreased from approximately RM315.7 million to approximately RM187.7 million, representing a decrease by approximately 40.6% as a result of the factors highlighted above.

(v) Gain on disposal of plantation assets

We had recorded a gain totalling approximately RM9.6 million from the disposal of the following parcels of plantation land:

- additional gains of approximately RM5.9 million from the compulsory acquisition of certain parcels of plantation land at Telok Sengat Estate and Kulai Young Estate by the Johor State Government; and
- disposal of a parcel of plantation land at Balau Estate, which resulted in a gain of approximately RM3.7 million.

(vi) Other income

Our other income increased from RM881,000 to approximately RM902,000, representing an increase by approximately 2.4%. The increase in our other income was attributable to higher dividends received from the investment in quoted Shariah-compliant securities from as well as net realised gains from the disposal of investments in quoted Shariah-compliant securities.

(vii) Finance costs

Our finance cost increased from approximately RM19.4 million to approximately RM24.9 million, representing an increase by approximately 28.4%. The increase in our finance cost was mainly due to increase in financing expenses arising from the financing facility obtained for the buy-back of the plantation estates and palm oil mills from Golden Crop Returns Berhad.

(viii) PBT

Our PBT had decreased from approximately RM332.8 million for the FYE 31 December 2011 to approximately RM200.5 million for the FYE 31 December 2012 mainly due to relatively lower revenue as a result of lower average selling prices of CPO and PK and an increase in operating costs for the FYE 31 December 2012, as explained above.

(ix) Income tax expense

Our income tax expense had increased from approximately RM35.8 million to approximately RM45.0 million mainly due to a decrease in the recognition of deferred tax assets and the utilisation of unused tax losses and unabsorbed capital and agricultural allowances.

(x) PAT

As a result of the factors set out above, our Group had achieved a PAT of approximately RM155.5 million for the FYE 31 December 2012 as compared to the previous year of approximately RM297.0 million. The decrease in our PAT is mainly due to a greater decrease in revenue as compared to our operating costs, as well as higher finance costs and income tax expense in the FYE 31 December 2012 as compared to the FYE 31 December 2011 due to reasons mentioned above.

12. FINANCIAL INFORMATION (Cont'd)

12.2.5.2 FYE 31 December 2013 compared with the FYE 31 December 2012

The following table summarises our pro forma statements of comprehensive income for the periods indicated:

Revenue by product	FYE 31 December		Variance	
	2012	2013		
	RM'000	RM'000	RM'000	%
CPO	699,907	581,306	(118,601)	(16.9)
PK	87,338	68,344	(18,994)	(21.7)
FFB	45,028	32,919	(12,109)	(26.9)
Consultancy fees	1,398	853	(545)	(39.0)
Others	3,074	1,574	(1,500)	(48.8)
Total revenue	836,745	684,996	(151,749)	(18.1)
Operating cost				
Plantation operating cost:				
▪ Estate costs	323,640	302,967	(20,673)	(6.4)
▪ Palm oil mill costs	181,940	147,622	(34,318)	(18.9)
▪ Taxes and cess	38,084	26,800	(11,284)	(29.6)
▪ Other plantation-related costs	15,181	45,660	30,479	>100
Other operating cost	90,250	58,412	(31,838)	(35.3)
Total operating cost	649,095	581,461	(67,634)	(10.4)
Operating profit	187,650	103,535	(84,115)	(44.8)
Gain on disposal of plantation assets	9,564	92,834	83,270	>100.0
Interest income	22,248	16,013	(6,235)	(28.0)
Other income	902	5,106	4,204	>100
Finance costs	(24,850)	(44,180)	19,330	77.8
Net unrealised fair value gain on investment in quoted Shariah-compliant securities	942	-	(942)	(100.0)
Share of results from associates	4,042	5,235	1,193	29.5
PBT	200,498	178,543	(21,955)	(11.0)
Income tax expense	(45,041)	(18,873)	(26,168)	(58.1)
PAT	155,457	159,670	(4,213)	(2.7)

(i) Revenue

Our revenue had decreased by approximately RM151.7 million or 18.1%, mainly due to a decrease in the average selling prices of CPO and PK by approximately 18.9% and 18.1%, respectively.

12. FINANCIAL INFORMATION (Cont'd)

The average selling prices of CPO and PK for the FYE 31 December 2013 as compared with the FYE 31 December 2012 are as follows:

Average selling price	FYE 31 December		Variance	
	2012	2013	RM/MT	%
	RM/MT	RM/MT		
CPO	2,901.59	2,352.99	(549)	(18.9)
PK	1,568.12	1,283.96	(284)	(18.1)

(ii) Plantation operating costs**(a) Estate costs**

Our estate costs had reduced by approximately 6.4% mainly due to the reduction in our upkeep and cultivation costs, which was attributable to the following:

- decrease in manuring costs due to a decrease in prices of fertilisers; and
- lower costs of maintenance of roads and bridges on our estates due to the completion of the upgrading of roads and drainage works for some of our estates in Sabah in the year 2012.

(b) Palm oil mill costs

Our palm oil mill costs had decreased by approximately 18.9% mainly due to the decrease in the purchase price of FFBS purchased from third party oil palm plantations from approximately RM554.30 per MT in the previous year to approximately RM439.33 per MT.

(c) Taxes and cess

Our taxes and cess had reduced by approximately 29.6% mainly due to the reduction in windfall taxes by approximately RM6.3 million as the MPOB's average CPO prices, of RM2,371 was lower than the CPO price thresholds of RM2,500 per MT and RM3,000 per MT for Peninsular Malaysia and Sabah and Sarawak, respectively.

(d) Other plantation-related costs

Our other plantation-related costs had increased by more than 100% largely due to lower inventory of CPO amounting to approximately RM19.8 million held as at 31 December 2013 as compared to the previous year of approximately RM37.8 million.

(iii) Other operating costs

Our other operating costs had decreased by approximately 35.3% mainly due to the following:

- no rental payments under the lease agreement with Golden Crop Returns Berhad due to the termination of the said lease agreement in 2012; and
- lower bonus payments paid to our estate managers and staff.

12. FINANCIAL INFORMATION (Cont'd)

(iv) Operating profit

Our operating profit decreased from approximately RM187.7 million for the previous financial year to approximately RM103.5 million, representing a decrease by approximately 44.8% due to the factors mentioned above.

(v) Gain on disposal of plantation assets

We recorded a gain of approximately RM92.8 million for the Partial Disposal of Balau Estate.

(vi) Interest income

Our interest income had decreased from approximately RM22.2 million to approximately RM16.0 million, representing a decrease by approximately 28.0% mainly due to the lower interest rate charged to our immediate holding company, BHB, in relation to the loan advances made to BHB.

(vii) Other income

Our other income increased from RM902,000 for the previous financial year to approximately RM5.1 million, representing an increase by more than 100%. The increase in our other income was mainly due to dividends received from investments in quoted Shariah-compliant securities as well as higher net gains realised from the disposal of investments in quoted Shariah-compliant securities.

(viii) Finance costs

Our finance costs increased from approximately RM24.9 million to approximately RM44.2 million, representing an increase by approximately 77.8%. The increase in our finance cost was mainly due to interest expenses incurred on the financing obtained for the buy back of plantation estates and palm oil mills from Golden Crop Returns Berhad.

(ix) PBT

Our PBT had decreased from approximately RM200.5 million in the FYE 31 December 2012 to approximately RM178.5 million in the FYE 31 December 2013 mainly due to relatively lower revenue compared to our operating costs and finance costs, as explained above.

(x) Income tax expense

Our income tax expense had decreased from approximately RM45.0 million in the FYE 31 December 2012 to approximately RM18.9 million in the FYE 31 December 2013 mainly due to the non-taxable income from the gain arising from the Partial Disposal of Balau Estate.

12. FINANCIAL INFORMATION (Cont'd)**(xi) PAT**

As a result of the factors set out above, our Group had achieved a PAT of approximately RM159.7 million for the FYE 31 December 2013 as compared to the previous year of approximately RM155.5 million. The increase in our PAT is mainly due to a greater reduction in the income tax for the FYE 31 December 2013 as compared to the FYE 31 December 2012 due to reasons mentioned above.

12.2.6 Liquidity and Capital Resources**(i) Working capital**

We have been financing our operations through cash generated from our operations and external sources of funds including loans. Our Group's source of funds mainly comprises internally-generated funds and bank borrowings. Our principal utilisation of these funds has been mainly for our day-to-day working capital needs.

As at 31 December 2013, our Group's cash and cash equivalents on a pro forma basis amounted to approximately RM584.5 million, which consist of cash and bank balances of approximately RM566.7 million, deposits with financial institutions of approximately RM20.5 million net of bank overdrafts of RM2.7 million. As at 31 December 2013, our Group has banking facilities amounting to RM1,109.3 million, of which approximately RM977.4 million has been utilised. As at 31 December 2013, our total pro forma borrowings of approximately RM977.4 million translates to a net gearing of 0.4 times.

As at 31 December 2013, our Group's working capital on a pro forma basis, calculated as pro forma current assets minus pro forma current liabilities, was a net current liabilities position of approximately RM142.0 million. Based on our pro forma consolidated statements of financial position as at 31 December 2013, our current ratio is approximately 0.8 times, comprising current assets of approximately RM689.0 million and current liabilities of approximately RM831.0 million.

Following the above, our directors are of the opinion that, after taking into account our cash and cash equivalents, banking facilities available and the capacity to obtain further financing based on our relatively low gearing level, we will have adequate working capital for a period of 12 months from the date of this Prospectus.

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12. FINANCIAL INFORMATION (Cont'd)**(ii) Cash flow**

The following table sets out the summary of our pro forma cash flows for the FYE 31 December 2013 as follows:

	Pro forma FYE 31 December 2013
	RM'000
Net cash generated from operating activities	103,143
Net cash used in investing activities	(676,811)
Net cash generated from financing activities*	639,698
Net increase in cash and cash equivalents	66,030
Cash and cash equivalents at the beginning of the period	2,494
Cash and cash equivalents at the end of the financial year	68,524

Note:

* The pro forma cash flows for the FYE 31 December 2013 do not take into consideration the adjustments for the receipt of proceeds from the Public Issue and the payment of the estimated listing expenses.

We need cash primarily to fund our working capital needs, expansion, capex and service our indebtedness. Our ability to expand our business operations has been largely dependent upon, and will continue to depend upon our abilities to finance these activities through cash from our business operations and bank borrowings.

Our Board is of the opinion that there are no legal, financial or economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances to meet the cash obligations of our Company.

(a) Net cash generated from operating activities

Our Group generated net cash from operating activities of approximately RM103.1 million based on our pro forma cash flows which mainly comprised cash receipts from our customers of approximately RM698.1 million. This is partly offset by our payments to suppliers and employees of approximately RM579.1 million.

(b) Net cash used in investing activities

Our Group's net cash utilised for investing activities is approximately RM676.8 million, which comprised the following:

- (i) the acquisition of two parcels of oil palm plantation land by our Group located in Lahad Datu, Sabah amounting to approximately RM184.6 million; and

12. FINANCIAL INFORMATION (Cont'd)

- (ii) the privatisation of BREIT by our Group amounting to approximately RM607.1 million, after deducting the cash and cash equivalents held by BREIT.

The above cash outflows were partially offset by the proceeds from the Partial Disposal of Balau Estate which consisted of the disposal of certain parcels of the Balau Estate land amounting to approximately RM107.3 million.

(c) Net cash generated from financing activities

Our Group generated net cash from financing activities of approximately RM639.7 million on a pro forma basis which mainly comprised cash inflows from the following:

- (i) The drawdown of a term loan for the acquisition of two parcels of oil palm plantation land located in Lahad Datu, Sabah amounting to RM150 million; and
- (ii) receipt of advances from BHB of RM650 million, which was utilised for the BREIT Privatisation.

The cash inflows above are partially offset by the following:

- (i) dividends distributed by BREIT amounting to RM74.2 million; and
- (ii) the interim single tier dividend paid by us amounting to RM90.0 million.

(iii) Borrowings

As at 31 December 2013, the total borrowings of our Group on a pro forma basis are approximately RM977.4 million.

The composition of our Group's borrowings is as follows:

	As at 31 December 2013
	RM'000
Long term interest bearing borrowings	
Secured	
- Term loans ⁽¹⁾	90,000
Unsecured	
- Term loans ⁽¹⁾	150,000
Total long term interest bearing borrowings	240,000
Short term interest bearing borrowings	
Secured	
- Revolving credits ⁽²⁾	100,000
Unsecured	
- Bank overdrafts ⁽³⁾	2,699
- Revolving credits ⁽²⁾	143,000
- Term loans ⁽¹⁾	491,656
Total short term interest bearing borrowings	737,355
Total	977,355

12. FINANCIAL INFORMATION (Cont'd)

	As at 31 December 2013
	RM'000
Pro forma shareholders' funds	2,295,869
Gearing (times)	0.4*

Note:

(1) Our Group's secured long term loan of RM90 million carries a profit rate of 5.17% per annum which is payable on a quarterly basis. The said term loan is repayable at the end of its tenure in April 2016.

Our Group's unsecured long term loan of RM150 million carries a profit rate of 4.75% per annum and is payable on a quarterly basis, commencing three months from the first disbursement of the facility.

Our Group's short term loan facility generally bear interest rates ranging from 2.25% to 6.26% and includes a term loan amounting to RM450 million which is repayable by 21 October 2014.

(2) Revolving credits generally bear interest rates ranging from 4.58% to 5.14% per annum.

(3) Bank overdrafts generally bear interest rates ranging from 7.35% to 7.60% per annum.

* Based on our total interest bearing borrowings divided by our pro forma shareholders' funds of approximately RM2.30 billion upon completion of IPO and Listing.

As at 31 December 2013, the maturity profile on our Group's borrowings on a pro forma basis is as follows:

	Maturity Profile				
	Up to 1 year	More than 1 year – 2 years	More than 2 years – 5 years	More than 5 years	Total
	-----RM'000-----				
Borrowings	737,355	-	165,000	75,000	977,355

As at 31 December 2013, our Group's borrowings are denominated in RM, save for one of our Group's USD denominated term loan. The composition of our Group's term loans, by the currency in which they are denominated on a pro forma basis, are as follows:

Term loans	As at 31 December 2013
	RM'000
RM	935,699
USD	41,656
Total term loans	977,355

Our Group has not defaulted on any payments of either interest and/or principal sums in relation to any borrowings for the FYE 31 December 2013. Based on the outstanding borrowings as at 31 December 2013, our Group is confident that it is able to service its borrowing obligations from its internally generated funds.

12. FINANCIAL INFORMATION (Cont'd)

As at the LPD, our Group did not breach any terms and conditions or covenants associated with our credit arrangements or borrowings which can materially and adversely affect our financial position and results or business operations.

(iv) Types of financial instruments used

Financial instruments, from an accounting perspective, may include investments, short term funds, borrowings, trade and other receivables, amounts due to and from related companies and associate companies, trade and other payables, as shown on the pro forma consolidated statements of financial position. The abovementioned financial instruments are used in our Group's ordinary course of business.

As at the LPD, save for the credit facilities as mentioned in Section 12.2.6(iii) of this Prospectus, we do not use any other financial instruments.

12.2.7 Material litigation/Arbitration

Save as disclosed in Section 15.5 of this Prospectus, we are not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence which has a material effect on the financial position of our Group and the Directors do not know of proceedings pending or threatened or any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

12.2.8 Contingent liabilities

As at the LPD, our Board is not aware of any material contingent liabilities, which upon becoming enforceable may have a material adverse impact on our results of operations or financial condition.

12.2.9 Material commitments

As at the LPD, save as disclosed below, our Board is not aware of any material commitments incurred or known to be incurred by our Group that has not been provided for which, upon becoming enforceable, may have a material adverse impact on the financial position of our Group:

Material commitments	RM'000
Capex	
- Authorised but not contracted for:	58,113
- Authorised and contracted for:	-

Our Group's capex incurred as at the LPD were mainly related to the construction of new plants, replacement of machineries at our palm oil mills and construction of our Group's staff and workers' living quarters. Our capex are expected to be funded by the utilisation of proceeds to be raised from the IPO as disclosed in Section 4.8 of this Prospectus.

12.2.10 Material divestures

Save as disclosed below, there have not been any material divestures undertaken by us for the FYE 31 December 2011, 2012 and 2013.

- (i) the Partial Disposal of Balau Estate which was completed on 12 December 2013; and

12. FINANCIAL INFORMATION (Cont'd)

- (ii) On 11 January 2012, the following parties had entered into agreements to undertake the following:
- (a) Bounty Crop, Supriadi Zainal (a minority shareholder in PT Dendymarker Indahlestari ("PTDI")) and PT Agro Investama Gemilang ("PTAIG"), a third party, for the disposal of 95% existing shares held by Bounty Crop and Supriadi Zainal collectively in PTDI and the issuance of new shares by PTDI to Bounty Crop and Supriadi Zainal upon completion of the assignment and capitalisation of inter-company loans due from PTDI to our Company, for a total cash consideration of USD38 million (equivalent to RM116,069,000) ("PTDI Disposal"); and
 - (b) Bounty Crop and PTAIG for the option to sell its remaining 5% of the enlarged issued and paid-up share capital of PTDI, after the completion of the assignment and capitalisation of inter-company loan due from PTDI to our Company, at the exercise price of USD2 million. The said option is exercisable one year after the completion date of the PTDI Disposal.

Pursuant to the PTDI Disposal, we had assigned our loan due from PTDI amounting to RM202,853,000 to Bounty Crop, of which Bounty Crop had capitalized the said loan into new shares in PTDI.

The PTDI Disposal was completed on 29 November 2012 upon receipt of cash consideration of USD38 million (equivalent to RM116,069,000).

The disposal of the remaining 5% of the enlarged issued and paid-up share capital of PTDI was completed on 24 July 2013.

12.2.11 Inflation

We do not believe that inflation has had a material impact on our business, financial condition or results of operations for the years presented. However, inflation may affect our financial performance by increasing certain of our operating expenses including, labour costs, cost of diesel fuels and other operating expenses. Any increase in the inflation rate beyond levels experienced in the past may affect our operations and financial performance if we are unable to fully offset higher costs through increased revenues.

12.2.12 Impact of government, economic, fiscal and/or monetary policies on our Group's operations

Risks relating to government, economic, fiscal or monetary policies, which may materially affect our operations, are set out in Sections 5 and 12.2 of this Prospectus, respectively. Save for the above, to the best of our knowledge, there is no government, economic, fiscal or monetary policies or factors that had a material impact on our financial performance for the past three FYE 31 December 2011, 2012 and 2013.

12.2.13 Treasury policies and objectives

Our treasury policy is to maintain sufficient working capital to finance our operations and meet our anticipated commitments arising from operational expenditure and financial liabilities by maintaining adequate liquidity and credit facilities.

We have been financing our operations through cash generated from our operations and external sources of funds including loans. All of our cash and cash equivalents are held in RM. Our external source of funds mainly consists of credit terms provided by our suppliers as well as bank borrowings. The normal credit terms granted by our suppliers ranges from 0 days to 60 days. Details of our borrowings are provided in Section 12.2.6(iii) above.

12. FINANCIAL INFORMATION (Cont'd)

12.2.14 Order book

Our Group is primarily involved in the management and cultivation of oil palm and harvesting of its FFBS, and the production and sale of CPO and PK. Our Group also sells oil palm FFBS and provides palm oil mill design and consultancy services. Due to the nature of our business, we do not maintain an order book. However, our sales of CPO and PK are carried out on a bid and offer basis. We also sell our CPO and PK through negotiated contracts for a period not exceeding one year with our customers in Sabah and Sarawak. Our volume of FFB produced varies depending on, among others, the weather conditions throughout the year, which affects our production of CPO and PK. Hence, the abovementioned contracts mainly consist of agreements to sell CPO and PK at an agreed tonnage determined on a monthly basis and markets prices of CPO and PK determined when the official MPOB average prices are announced monthly. In view of the above, our actual sales revenue of CPO and PK from our negotiated contracts may vary depending on the actual volume and selling price of CPO and/or PK delivered to our customers in Sabah and Sarawak.

12.2.15 Financial risk management

Our Group is exposed to a variety of risks such as interest rate risks, market risks, credit risks, liquidity risks and foreign currency risks. It is our Group's objective to create shareholder value while minimising adverse effects on the performance of our Group. We have implemented policies and procedures to measure, manage, monitor and report risk exposures, which are regularly reviewed by our Board and executed by our key management team.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of our Group's financial instruments will fluctuate due to changes in market interest rates.

Our Group's interest rate risk arises mainly from bank borrowings and intercompany loans. Our Group's operations are financed through operating cash flows and borrowings which are predominantly denominated in RM. Our Group's borrowings are managed through a mix of fixed and floating rate banking facilities in order to achieve a desired rate profile. Our Group's loans to related companies within our Group, which are carried at floating rates are remeasured at periodic intervals to approximate market interest rates or cost of borrowings. Loans to our subsidiaries and to our immediate holding company, BHB, which are funded at floating rates, form a natural hedge for our floating rate bank borrowings.

As at 31 December 2013, if interest rates had been 0.5% higher or lower, with all variables constant, our Group's PAT would have been RM2.4 million lower or higher, arising as a result of higher or lower net interest expense.

(ii) Liquidity risk

Liquidity risk is the risk that our Group will not be able to meet its financial obligations as they fall due. Our Group's exposure to liquidity risks arises mainly from mismatches of the maturities of financial assets and liabilities.

Our Group practices prudent liquidity risk management by maintaining the availability of funds through adequate amount of committed credit facilities.

12. FINANCIAL INFORMATION (Cont'd)**(iii) Foreign currency risk**

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

Our Group's operations are mainly in Malaysia. Therefore, our Group is not directly affected by fluctuations in foreign exchange rates, save for our USD denominated loan of approximately RM41.7 million as at 31 December 2013. Our exposure to foreign currency risk arising from the said loan is being monitored by our key management team.

(iv) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a customer or counterparty to a financial instrument fails to meet its contractual obligations. Our Group's exposure to credit risks arises mainly from trade and other receivables.

Our Group controls credit risks by setting credit limits, obtaining bank guarantees where appropriate, ensuring that sales are made to customers with appropriate credit history and conducting periodic review on financial standing of customers. Further, sales to customers are reviewed when deliveries exceed guaranteed amounts or set credit limits.

For other financial assets (including investment securities and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

(v) Market price risk

Market price risk is the risk that the fair value of future cash flows of our Group's financial instruments will fluctuate due to changes in market prices (other than interest rates or exchange rates).

Our Group is exposed to market price risks such as commodity price risks arising from fluctuation of CPO prices. Our Group manages commodity price risk by adopting a mixed strategy of spot and forward sales at any one time.

12.2.16 Key Financial Ratios

Our key financial ratios based on our pro forma consolidated financial information for the FYE 31 December 2011 to FYE 31 December 2013 are as follows:

	FYE 31 December		
	2011	2012	2013
Trade receivables turnover period (days) ⁽¹⁾	5	18	18
Trade payables turnover period (days) ⁽²⁾	32	31	32
Inventory turnover period (days) ⁽³⁾	24	33	28
Current ratio ⁽⁴⁾	0.3	0.1	0.8
Gearing ratio ⁽⁵⁾	0.2	0.7	0.4

Notes:

- (1) Our Group's trade receivables turnover period is computed by multiplying our Group's trade receivables by 365 days over our total revenue for the respective FYE 31 December 2011, 31 December 2012 and 31 December 2013.

12. FINANCIAL INFORMATION (Cont'd)

- (2) Our Group's trade payables turnover period is computed by multiplying our Group's trade payables by 365 days over our total purchases for the respective FYE 31 December 2011, 31 December 2012 and 31 December 2013.
- (3) Our Group's inventory turnover period is computed by multiplying our Group's inventory by 365 days over our Group's cost of goods sold for the FYE 31 December 2011, 31 December 2012 and 31 December 2013.
- (4) Our Group's current ratio is computed dividing our Group's current asset over our Group's current liabilities for the respective financial years under review.
- (5) Our Group's gearing ratio is computed by dividing our Group's total borrowings over our Group's shareholders' funds.

(i) Trade receivables turnover period

For the FYE 31 December 2012, the palm oil industry in Malaysia encountered an excess supply of CPO mainly due to the downward revision on Indonesia's export duties for palm products, thereby increasing Indonesia's export competitiveness. In addition, CPO prices in Malaysia had plunged during the year as supply of CPO exceeded its demand. This resulted in the slowing down of our CPO deliveries and the consequent delay in payments for our CPO from our customers. As a result of excess supply of CPO in Malaysia in the year 2012 as mentioned above, our Group was unable to sell CPO and PK on similar credit terms to one of our existing customers. Consequently, our Group increased sales of CPO to another existing customer with a relatively longer credit period. Our trade receivables turnover period in the FYE 31 December 2013 remained unchanged as compared to the FYE 31 December 2012 at 18 days and was within our credit terms of 30 days.

The aging analysis for our pro forma trade receivables as at 31 December 2013 is as follows:

	Current	Past due				Total
		1-30 days	31-60 days	61-90 days	More than 90 days	
Trade receivables (RM'000)	32,648	757	160	64	8	33,637
% of total trade receivables	97.0	2.3	0.5	0.2	-	100.0
Trade receivables collected as the LPD (RM'000)	32,648	757	160	64	8	33,637

Our normal credit period given to our trade debtors is normally 30 days. Certain PK customers are required to make advance payment to our Group prior collection of our produce. Our trade receivables are mostly our long term customers who have established good and timely payment track records with no history of defaults in their payments. Approximately 97.0% of our trade receivables are current and approximately 2.3% are within 1 to 30 days.

12. FINANCIAL INFORMATION (Cont'd)

As at 31 December 2013, a total of approximately RM232,000 of our Group's trade receivables, representing approximately 0.7%, of the total trade receivables, had exceeded our Group's credit period of 30 days. As at the LPD, our Group had received full payment from our customers for the abovementioned amounts.

(ii) Trade payables turnover period

Our pro forma trade payables turnover period had decreased from 32 days as at 31 December 2011 to 31 days as at 31 December 2012 and had normalized to 32 days as at 31 December 2013. Our trade payables had remained stable throughout the financial years under review and were within the trade credit period extended by suppliers of up to 60 days.

The aging analysis for our pro forma trade payables as at 31 December 2013 is as follows:

	Current	Past due				Total
		1-30 days	31-60 days	61-90 days	More than 90 days	
Trade payables (RM'000)	24,514	1,227	435	-	253	26,429
% of total trade payables	92.8	4.6	1.6	-	1.0	100.0
Trade payables settled as at LPD (RM'000)	24,385	1,227	435	-	253	26,300

Our normal credit period given by our trade creditors generally ranges up to 60 days depending on the items purchased and are normally settled within 30 to 60 days. Our pro forma trade payables primarily consist of credit purchases of FFBs, fertilisers, diesel fuels, chemicals and spare parts.

As at 31 December 2013, approximately RM24.5 million representing approximately 92.8% of our Group's trade payables are currently owing to our suppliers whilst a total approximately RM1.7 million representing approximately 6.3% are currently due within 1 to 60 days' credit period.

Approximately RM253,000 representing 1% of our trade payables had exceeded the credit period given by our suppliers. As at the LPD, the abovementioned outstanding trade payables have been paid.

(iii) Inventory turnover period

Our pro forma inventory mainly comprises produce stocks namely CPO and PK as well as consumables such as fertilisers, chemicals, spare parts and diesel fuels.

12. FINANCIAL INFORMATION (Cont'd)

For the FYE 31 December 2012, our Group focused our sales of CPO and PK to selected reputable refineries and PK crushing plants that were able to adhere to our credit and pricing terms in order to capitalise on the rising CPO and PK prices in the year 2012. During the fourth quarter of the year 2012, the palm oil industry in Malaysia experienced an excess supply of CPO coupled with a downward trend in CPO prices due to strong export demand for CPO produced by Indonesian palm oil producers arising from their downward revision of export duties on CPO. Consequently, our Group experienced a slowdown in our inventory turnover period of 33 days for the FYE 31 December 2012.

For the FYE 31 December 2013, our inventory turnover period reduced to 28 days due to better demand for Malaysian palm oil, which enabled our Group to sell additional volumes of CPO to our customers. In addition, lower production of CPO in Malaysia enabled our Group to clear our inventories at a faster rate.

(iv) Current ratio

Our current ratio on a pro forma basis decreased from 0.3 times in 2011 to 0.1 times in 2012 due to the utilisation of the short term borrowings for the buy-back of plantation assets from Golden Crop Returns Berhad. For the FYE 31 December 2013, our Group's current ratio will increase to 0.8 times as a result of the additional cash to be received from the proceeds from the Public Issue.

(v) Gearing ratio

Our gearing ratio on a pro forma basis increased from 0.3 times to 0.7 times in 2012 mainly due to additional financing obtained for the buy-back of plantation assets from Golden Crop Returns Berhad. For the FYE 31 December 2013, our gearing ratio will reduce to 0.4 times due to the increase in our shareholders' funds arising from the issuance of new shares from the Public Issue.

12.2.17 Trend Information

The results of our Group's operations for the 31 December 2013 have been mainly affected and/or are expected to continue to be influenced by the following factors, including the factors outlined in Section 12.2.2(i) to (v) and Section 5.1 and Section 5.2 of this Prospectus, respectively:

- (i) the market condition of the Malaysian and international palm oil industry, which will have an impact on local and international prices of CPO and PK;
- (ii) our ability to manage our operating costs and improve our profit margins;
- (iii) our ability to expand our plantation business by growing our plantation assets as outlined in our "Future Plans and Strategies" in Section 7.5.1 of this Prospectus; and
- (iv) impact of a potential increase in borrowings, including as a result of any change in interest charges and foreign exchange rates on our borrowings.

As at the LPD, except as disclosed above, and in Section 12.2.2(i) to (v), Section 5.1 and Section 5.2 of this Prospectus, to the best of our Board's knowledge and belief, there are no other known trends, demands, commitments, events or uncertainties that we reasonably expect to have a material favourable or unfavourable impact on our Group's financial performance, position and operations.

12. FINANCIAL INFORMATION (Cont'd)**12.3 CAPITALISATION AND INDEBTEDNESS**

The following table summarises our Group's cash and bank balances, capitalization and indebtedness as at 31 December 2013 based on our Group's pro forma consolidated statements of financial position. The capitalisation and indebtedness of our Group is set out below based on the assumption that the Listing Scheme had been effected on 31 December 2013. The pro forma financial information below does not represent actual capitalisation and indebtedness as at 31 December 2013 and is provided for illustrative purposes only. The total indebtedness of our Group is not guaranteed by any third party.

Pro forma I : After the settlement of the SUR Offer Price, Special Dividend and the payment of the single-tier dividend of approximately RM90.0 million for the FYE 31 December 2013.

Pro forma II : After the Share Split, Bonus Issue, Public Issue, Offer for Sale and the Listing

	Audited as at 31 December 2013	Pro forma I	Pro forma II
	RM'000	RM'000	RM'000
Cash and bank balances	<u>32,302</u>	<u>71,223</u>	<u>587,223</u>
Indebtedness			
Secured Long term borrowings			
- Term loans	90,000	90,000	90,000
Unsecured Long term borrowings			
- Term loans	150,000	150,000	150,000
Secured Short term borrowings			
- Revolving credits	100,000	100,000	100,000
Unsecured Short term borrowings			
- Bank overdrafts	2,699	2,699	2,699
- Revolving credits	143,000	143,000	143,000
- Term loans	491,656	491,656	491,656
Amount due to the immediate holding company of our Group	801	390,000	-
Amount due to related companies within our Group	5,327	-	-
Total indebtedness	<u>983,483</u>	<u>1,367,355</u>	<u>977,355</u>
Capitalisation			
- Total shareholders' funds	1,389,869	1,389,869	2,295,869
Total capitalisation and indebtedness	<u>2,373,352</u>	<u>2,757,224</u>	<u>3,273,224</u>

12. FINANCIAL INFORMATION (Cont'd)**12.4 REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

(Prepared for inclusion in this Prospectus)



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REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

(Prepared for inclusion in the Prospectus to be dated 27 May 2014)

28 April 2014

The Board of Directors
Boustead Plantations Berhad
Level 28, Menara Boustead,
69, Jalan Raja Chulan,
50200 Kuala Lumpur.

Dear Sirs

PRO FORMA FINANCIAL INFORMATION

INITIAL PUBLIC OFFERING ("IPO") OF UP TO 656,000,000 ORDINARY SHARES OF RM0.50 EACH IN BOUSTEAD PLANTATIONS BERHAD ("BPB") ("BPB SHARES"), COMPRISING AN OFFER FOR SALE UP TO 76,000,000 BPB SHARES AND A PUBLIC ISSUE OF 580,000,000 NEW BPB SHARES TO RETAIL AND INSTITUTIONAL INVESTORS AND LISTING OF AND QUOTATION FOR THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF BPB ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

We have completed our assurance engagement to report on the compilation of pro forma financial information of BPB and its subsidiaries (the "BPB Group") prepared by the Directors for the inclusion in the prospectus in connection with the listing and quotation of the entire issued and paid-up share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad.

The pro forma financial information consist of the following:

- a) Pro forma consolidated statements of financial position as at 31 December 2013;
- b) Pro forma consolidated statements of comprehensive income for the years ended 31 December 2011, 2012 and 2013;
- c) Pro forma consolidated statements of cash flows for the year ended 31 December 2013; and
- d) Related notes

as set out on Section 12.4 of the Prospectus issued by BPB.

12. FINANCIAL INFORMATION (Cont'd)

The pro forma financial information has been compiled by the Directors based on the applicable criteria as specified in the Prospectus Guidelines issued by the Securities Commission Malaysia and the notes set out on Section 12.4 of the Prospectus issued by BPB.

For the purposes of the pro forma financial information, together with the notes and assumptions thereto, has been compiled for illustrative purposes only on the basis of assumptions, after making certain adjustments, as set out in the attachment and to provide information on what:

- a) The financial results of the BPB Group for the three (3) financial years ended 31 December 2011, 2012 and 2013 would have been if the following transactions had occurred prior to 1 January 2011:
 - (i) Acquisition of Boustead Estates Agency Sdn Bhd ("BEA") from BHB;
 - (ii) Disposal of PT Dendymarker Indahlestari ("PTDI");
 - (iii) Disposal of Nottingham MyRiad Solutions Sdn Bhd ("NMRS") and its subsidiary, Nottingham MyResearch Sdn Bhd ("NMRSB") to University of Nottingham Malaysia Sdn Bhd;
 - (iv) Privatisation of Al-Hadharah Boustead REIT ("BREIT") via the SUR Exercise (as defined herein) and, consequently, the withdrawal of BREIT from the official list of Bursa Securities ("BREIT Privatisation");
- b) The pro forma consolidated financial position of the BPB Group as at 31 December 2013 would have been if the Settlement of Dividend, Special Dividend and the SUR, the listing scheme and the utilisation of the listing proceeds from the IPO had been completed on 31 December 2013.
- c) The pro forma consolidated statements of cash flows of the Group for the year ended 31 December 2013 would have been if the following transactions had occurred on 1 January 2013:
 - (i) BREIT Privatisation;
 - (ii) Settlement of Dividend;
 - (iii) Listing scheme and utilisation of the listing proceeds.

As part of this process, information about the financial position, financial performance and cash flows has been extracted by the Directors from the relevant financial statements for the years ended 31 December 2011, 2012 and 2013, on which audit reports have been published.

The Directors' Responsibility for the Pro Forma Financial Information

The Directors are responsible for the preparation of the pro forma financial information on the basis of the applicable criteria.

Our responsibilities

Our responsibility is to express an opinion as required by the Securities Commission Malaysia, about whether the pro forma financial information has been compiled, in all material respects, by the Directors on the basis of the applicable criteria.

12. FINANCIAL INFORMATION (Cont'd)



We conducted our engagement in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the BPB Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Opinion

In our opinion, the pro forma financial information of the BPB Group, have been properly compiled, in all material respects, on the basis of the notes set out in Note 4 of Section 12.4 of the Prospectus issued by BPB.


12. FINANCIAL INFORMATION (Cont'd)

**Other matters**

This letter is issued for the sole purpose of complying with the the Prospectus Guidelines - Equity and Debt issued by the Securities Commission Malaysia in connection with the Listing. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Listing described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the Listing.

Yours faithfully


Ernst & Young
AF: 0039
Chartered Accountants


Tan Shium Jye
No. 2991/05/14(J)
Chartered Accountant

12. FINANCIAL INFORMATION (Cont'd)**BOUSTEAD PLANTATIONS BERHAD ("BPB") AND ITS SUBSIDIARIES ("THE BPB GROUP")****PRO FORMA CONSOLIDATED FINANCIAL INFORMATION****1. Introduction**

The pro forma consolidated financial information, comprising the pro forma consolidated statements of comprehensive income for the financial years ended 31 December 2011, 2012 and 2013, the pro forma consolidated statements of financial position as at 31 December 2013, and the pro forma consolidated statements of cash flows for the financial year ended 31 December 2013, have been prepared for inclusion in the Prospectus of BPB in connection with the listing of BPB on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

BPB is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of BPB is located at 28th Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur. The principal activity of BPB is as an investment holding company, which also operates oil palm plantations. BPB's subsidiaries are principally involved in the ownership and management of oil palm plantations, cultivation of oil palm and production of palm oil and palm kernel. BPB's associates are principally involved in agricultural and agronomic research and commercial production of planting materials.

The immediate holding company of BPB is Boustead Holdings Berhad ("BHB"), a public limited liability company. BHB is incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Securities. The ultimate holding corporation of BPB is Lembaga Tabung Angkatan Tentera ("LTAT"), a local statutory body established by the Tabung Angkatan Tentera Act, 1973.

12. FINANCIAL INFORMATION (Cont'd)**2. Other corporate exercises/transactions**

In arriving at the pro forma financial information, it was assumed that the following key events occurred as described in Note 2.1, Note 2.2 and Note 2.3.

2.1 Acquisition and disposals**2.1.1 Acquisition of Boustead Estates Agency Sdn. Bhd. ("BEA") from BHB**

On 1 July 2013, BPB acquired BEA, a wholly-owned subsidiary of BHB. The principal activity of BEA comprises the provision of management services to plantations estates and palm oil mills, mainly to the BPB Group.

2.1.2 Disposal of the following by the BPB Group:

- (i) PT Dendymarker Indahlestari ("PTDI")
- (ii) Nottingham Myriad Solutions Sdn Bhd ("NMRS") and its subsidiary, Nottingham MyResearch Sdn Bhd ("NMRSB")

PTDI

On 29 November 2012, the BPB Group disposed its entire interests in PTDI, which was involved in the business of oil palm cultivation and processing of fresh fruit bunches ("FFB") in Indonesia. BPB Group had a 99% equity interest in PTDI.

NMRS and its subsidiary, NMRSB

On 10 April 2013, BPB disposed its entire interests in NMRS and its subsidiary, NMRSB, which were involved in the business of training and consultancy and research services.

For the purpose of this pro forma financial information, the above acquisition and disposals were all included and assumed to take place on the respective dates indicated in the bases and assumptions used in preparing the pro forma financial information as set out in Note 4.

12. FINANCIAL INFORMATION (Cont'd)

2.2 Internal restructuring exercises

The BPB Group has undertaken the following internal restructuring exercises:

- (i) Privatisation of Al-Hadharah Boustead REIT ("BREIT") via the Amendments (as defined herein), Selective Unit Redemption ("SUR") Exercise (as defined herein) and the Special Dividend (as defined herein) and, consequently, the withdrawal of BREIT from the Official List of Bursa Securities ("BREIT Privatisation") as detailed in Note 2.3
- (ii) Dividend payment for the financial year ended 2013

BPB had declared an interim single tier dividend of RM90,004,056 in respect of the financial year ended 31 December 2013 ("Settlement of Dividend"). The amount was paid on 15 January 2014.

For the purpose of inclusion in the pro forma financial information, the above internal restructuring exercises were included and assumed to take place on the respective dates indicated in the bases and assumptions used in preparing the pro forma financial information as set out in Note 4.

2.3 BREIT Privatisation

The BREIT Privatisation comprised the following exercises:

2.3.1 Amended Trust Deed

BREIT was established as a real estate investment trust and was constituted pursuant to a trust deed executed between Boustead REIT Managers Sdn Bhd and CIMB Islamic Trustee Berhad ("Trust Deed") and is regulated by the Capital Markets & Services Act, 2007 ("CMSA") and the Guidelines on Real Estate Investment Trust ("REIT Guidelines") issued by Securities Commission Malaysia ("SC").

BREIT was a unit trust scheme that invested primarily in income generating real estate assets with the main objective of providing its investors with stable distribution of income primarily from the leasing of all the plantation estates and palm oil mills held under BREIT to the Group.

12. FINANCIAL INFORMATION (Cont'd)

2. Other corporate exercises/transactions (Cont'd.)**2.3 BREIT Privatisation (Cont'd.)****2.3.1 Amended Trust Deed (Cont'd.)**

The amendments to the relevant clauses in the Trust Deed ("Amendments") were for the following purpose:

- (a) the implementation of the SUR Exercise thereby converting BREIT to a private property trust with BPB being its sole beneficiary; and
- (b) subsequently, to undertake the de-listing exercise pursuant to Paragraph 16.07(b) of the Main Market Listing Requirements of Bursa Securities which involved the withdrawal of BREIT's listing from the Official List of Bursa Securities upon 100% of the Units being held by BPB pursuant to the BREIT Privatisation.

2.3.2 Selective unit redemption exercise ("SUR Exercise")

The SUR Exercise by BREIT involved the redemption of all undivided interest in BREIT ("Units") held by the unitholders of BREIT (except BPB) at RM1.94 for each Unit ("SUR Offer Price") which was paid to all unitholders of BREIT (except BPB) whose names appeared in the Record of Depositors of BREIT ("Entitled Unitholders") at 5.00 p.m. on 30 December 2013 ("BREIT Entitlement Date").

12. FINANCIAL INFORMATION (Cont'd)**2. Other corporate exercises/transactions (Cont'd.)****2.3 BREIT Privatisation (Cont'd.)****2.3.3 Special Dividend**

As a condition to the SUR Exercise, a special dividend of RM0.16 for each Unit that was held by the Unitholders of BREIT at the BREIT Entitlement Date ("Special Dividend") was paid.

The total dividend paid by BREIT was as follows:

	RM'000
Dividend paid to Entitled Unitholders	46,558
Dividend paid to BPB	53,747
	<u>100,305</u>

For information purposes, on 5 December 2013, the shareholders of BHB and Unitholders of BREIT approved the BREIT Privatisation. The BREIT Privatisation was duly completed by the financial year ended 31 December 2013 and settlement of the Special Dividend and SUR Offer Price was effected on 28 January and 29 January 2014 respectively.

On 30 January 2014, BREIT was converted to a private property trust with BPB being its sole beneficiary. Accordingly, BREIT is no longer a collective investment scheme under the purview of the REIT Guidelines and CMSA.

12. FINANCIAL INFORMATION (Cont'd)

3. Listing scheme

In conjunction with and as an integral part of the initial public offering ("IPO") and listing of the entire issued and paid-up share capital of BPB on the Main Market of Bursa Securities, BPB had implemented the following transactions:

3.1 Pre-IPO exercises**(a) Share Split**

On 7 April 2014, BPB completed a share split involving the subdivision of every existing one ordinary share of RM1.00 each held in BPB into two ordinary shares of RM0.50 each in BPB ("BPB Shares") to be credited as fully paid-up ("Share Split").

The BPB Shares resulting from the Share Split ranks pari passu in all respect with the existing BPB Shares prior to the Share Split including voting rights and rights to all dividends and other distributions that may be declared, subsequent to the date of allotment thereof.

Upon completion of the Share Split, the resultant issued and paid up share capital of BPB will be RM124,521,383 comprising 249,042,766 BPB Shares.

12. FINANCIAL INFORMATION (Cont'd)**3. Listing scheme (Cont'd.)****3.1 Pre-IPO exercises (Cont'd.)****(b) Bonus Issue**

On 7 April 2014, BPB completed bonus issue of 770,957,234 new BPB Shares which were credited as fully paid-up ("Bonus Shares"), on the basis of approximately 3.1 Bonus Shares for every 1 BPB Share held ("Bonus Issue").

The Bonus Issue was effected by way of capitalisation of approximately RM208,038,992 out of BPB's retained earnings account and RM177,439,625 out of BPB's share premium account. Upon completion of the Bonus Issue, the issued and paid up share capital will increase to RM510,000,000 comprising 1,020,000,000 BPB Shares.

The Bonus Shares rank pari passu in all respect with the existing BPB Shares, including voting rights and rights to all dividends and other distributions that may be declared, subsequent to the date of allotment thereof.

3.2 IPO

BPB will undertake the IPO of up to 656,000,000 Shares (as defined herein), representing up to 41.00% of the enlarged issued and paid-up share capital of BPB, comprising the following:

- (i) an offer for sale by BHB ("Selling Shareholder") of up to 76,000,000 BPB Shares ("Offer Shares"), representing 4.75% of the enlarged issued and paid-up share capital of BPB ("Offer for Sale"); and
- (ii) a public issue of 580,000,000 new BPB shares ("Issue Shares"), representing 36.25% of the enlarged issued and paid-up share capital of BPB ("Public Issue"), subject to the Over-allotment Option as defined and set out in Section 4.3.4 of the Prospectus.

12. FINANCIAL INFORMATION (Cont'd)

3. Listing scheme (Cont'd.)

3.2 IPO (Cont'd.)

The Offer Shares and Issue Shares are collectively referred to as ("IPO Shares").

The IPO Shares are offered under the institutional offering and the retail offering in the manner set out below.

(i) Institutional Offering

The institutional offering involves the offering of up to 163,570,500 (comprising 134,570,500 Issue Shares and 29,000,000 Offer Shares) at the institutional price to be determined at a later date by way of bookbuilding, representing up to approximately 10.22% of the enlarged issued and paid-up share capital of BPB in the following manner:

- (1) 125,196,500 Issue Shares to Bumiputera investors approved by the Ministry of International Trades & Industry ("MITI"); and
- (2) 9,374,000 Issue Shares and 29,000,000 Offer Shares to the Malaysian institutional and selected investors (other than Bumiputera investors approved by MITI).

(ii) Retail Offering

The Retail Offering involves the offering of up to 492,429,500 IPO Shares (comprising up to 47,000,000 Offer Shares and 445,429,500 Issue Shares) at the retail price of RM1.60, representing approximately 30.78% of the enlarged issued and paid-up share capital of BPB as follows:

- (1) 174,594,000 Issue Shares are reserved for application by the Entitled Unitholders on BREIT Entitlement Date.
- (2) 206,835,500 Issue Shares are reserved for application by the shareholders of BHB whose name appear in the Depositors of BHB on an entitlement date to be determined later;

12. FINANCIAL INFORMATION (Cont'd)**3. Listing scheme (Cont'd.)****3.2 IPO (Cont'd.)****(ii) Retail Offering (Cont'd.)**

- (3) Up to 47,000,000 Offer Shares are reserved for application by the eligible directors and employees of the BPB Group, persons who have contributed to the success of BPB Group, eligible directors and employees of BHB and specified directors of selected subsidiaries of BHB;
- (4) 64,000,000 Issue Shares for application by the Malaysian public, to be allotted via balloting.

4. Basis of preparation of pro forma consolidated financial information

The pro forma financial information has been compiled using:

- (a) The audited consolidated financial statements of BPB prepared in accordance with the Financial Reporting Standards ("FRS") for the financial years ended 31 December 2011, 2012 and 2013.
- (b) The audited financial statements of BREIT prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") for the financial years ended 31 December 2011, 2012, and 2013.

Certain adjustments have been put through in the pro forma financial information to be consistent with both the format of financial statements and accounting policies of BPB.

The main differences between FRS Framework and MFRS Framework are that the FRS Framework has not adopted the following:

- IC Interpretation 15 - Agreement for the Construction of Real Estates ("IC 15"); and
- MFRS 141 - Agriculture

IC 15 is not applicable to both BPB Group and BREIT.

12. FINANCIAL INFORMATION (Cont'd)**4. Basis of preparation of pro forma consolidated financial information (Cont'd.)**

MFRS 141 requires biological assets to be measured at fair value less cost to sell unless it is not possible to measure fair value reliably, in which case they are measured at cost. Gains and losses from fair value less cost to sell are recognised in profit or loss. Agricultural produce harvested from biological assets are measured at fair value less cost to sell at the point of harvest. Thereafter, the standard on inventories generally applies. This would mean that the biological assets of BPB Group will be fair valued and the impact of fair value adjustment will be accounted for retrospectively.

However, BPB Group falls under the definition of Transitioning Entities and has opted to adopt the MFRS Framework for annual periods beginning on or after 1 January 2015, as permitted by Malaysian Accounting Standards Board. Therefore BPB Group is not required to adopt MFRS 141 and will continue to measure its biological assets at costs.

As at the date of this letter, BPB Group has not completed its quantification of the financial effects on the financial statements in relation to the differences arising from the change from FRS to MFRS .

The pro forma financial information, together with the notes and assumptions thereto, as set out in the attachment, have been compiled for illustrative purpose only, to provide information as described below:

- (a) The pro forma consolidated financial results of the BPB Group for the financial years ended 31 December 2011, 2012 and 2013 would have been if the following transactions had occurred prior to 1 January 2011:
 - (i) Acquisition of BEA;
 - (ii) Disposal of PTDI;
 - (iii) Disposal of NMRS and its subsidiary, NMRSB; and
 - (iv) BREIT Privatisation

- (b) The pro forma consolidated statement of financial position of the BPB Group as at 31 December 2013 would have been if the Settlement of Dividend, Special Dividend and the SUR, the listing scheme and utilisation of the listing proceeds from the IPO had been completed on 31 December 2013.

12. FINANCIAL INFORMATION (Cont'd)**4. Basis of preparation of pro forma consolidated financial information (Cont'd.)**

(c) The pro forma consolidated statement of cash flows of the BPB Group for the financial year ended 31 December 2013 would have been if the following transactions had occurred on 1 January 2013:

- (i) BREIT Privatisation;
- (ii) Settlement of Dividend; and
- (iii) Listing scheme and utilisation of the listing proceeds.

The pro forma financial information have been prepared based on the assumptions that the legal group structure immediately prior to the listing had been in existence throughout the period under review. This basis of preparation is different from the pro forma financial information dated 20 December 2013 included in the prospectus exposure of BPB published on the SC's website, which was based on a combined/ carve out convention which took into consideration the corporate exercises involving the following transactions in addition to the key events disclosed in note 2.1 and 2.2, as though they had occurred prior to 1 January 2011:

- (i) Acquisition of TRP Estate and TRP Palm Oil Mill;
- (ii) Acquisition of Resort Estate;
- (iii) Disposal of Motor Vehicle Business; and
- (iv) Partial Disposal of Balau Estate.

(collectively referred to as "Corporate Exercises")

A key assumption underlying the combined/carve out convention in the pro forma financial information of BPB dated 20 December 2013 is that the Corporate Exercises, in addition to the key events disclosed in note 2.1 and 2.2 are under common control of the same shareholder throughout the period.

The pro forma financial information is expressed in Ringgit Malaysia ("RM"), and rounded to the nearest thousand, unless otherwise stated.

The pro forma consolidated financial information, of which the Board of Directors of BPB is solely responsible, have been prepared for illustrative purpose only, and because of their nature, may not be reflective of the actual financial position, results of operations and cash flows of BPB. Furthermore, such financial information does not purport to predict the future financial position of the BPB Group.

12. FINANCIAL INFORMATION (Cont'd)**5. Boustead Plantations Berhad ("BPB") and its subsidiaries ("the BPB Group")****Pro Forma Consolidated Statements of Comprehensive Income**

The pro forma consolidated statements of comprehensive income of the BPB Group as set out below have been prepared for illustrative purposes only to show the effects of the events and transactions referred to in the notes to the pro forma consolidated statements of comprehensive income.

The pro forma consolidated statements of comprehensive income for the financial years ended 31 December 2011, 2012 and 2013 have been prepared based on the group structure of BPB as of 31 December 2013 and on the assumption that other corporate exercises/transactions detailed in Note 2 to the pro forma financial information, have been completed prior to the financial years under review.

	<----- Financial years ended ----->		
	31 December 2011 RM'000	31 December 2012 RM'000	31 December 2013 RM'000
Revenue	948,998	836,745	684,996
Operating costs	(633,307)	(649,095)	(581,461)
	<u>315,691</u>	<u>187,650</u>	<u>103,535</u>
Gain on disposal of plantation assets	7,238	9,564	92,834
Interest income	21,956	22,248	16,013
Other income	881	902	5,106
Finance costs	(19,352)	(24,850)	(44,180)
Net unrealised fair value gain on investment in quoted Shariah-compliant securities	66	942	-
Share of results of Associates	6,324	4,042	5,235
Profit before tax	<u>332,804</u>	<u>200,498</u>	<u>178,543</u>
Income tax expense	(35,803)	(45,041)	(18,873)
Profit net of tax, representing total comprehensive income for the year	<u>297,001</u>	<u>155,457</u>	<u>159,670</u>
Profit/ total comprehensive income attributable to:			
Shareholder of BPB	256,919	142,300	161,478
Non-controlling interests	40,082	13,157	(1,808)
	<u>297,001</u>	<u>155,457</u>	<u>159,670</u>

12. FINANCIAL INFORMATION (Cont'd)**5.1 Boustead Plantations Berhad ("BPB") and its subsidiaries ("the BPB Group")****Pro Forma Consolidated Statements of Comprehensive Income for the financial year ended 31 December 2011**

The pro forma consolidated statements of comprehensive income for the financial year ended 31 December 2011 has been prepared based on the group structure of BPB as of 31 December 2013 and based on the assumption that other corporate exercises/transactions detailed in Note 2 to the pro forma financial information, have been completed prior to the financial year under review.

	Audited 31 December 2011 RM'000	Acquisition * and Disposals ** RM'000 (Note a)	BREIT Privatisation RM'000 (Note b)	Pro forma I RM'000
Revenue	1,011,183	(27,922)	(34,263)	948,998
Operating costs	<u>(758,715)</u>	48,337	77,071	<u>(633,307)</u>
	252,468			315,691
Gain on disposal of plantation assets	62,218	-	(54,980)	7,238
Interest income	20,187	1,541	228	21,956
Other income	498	-	383	881
Finance costs	(9,882)	(1,524)	(7,946)	(19,352)
Net unrealised fair value gain on investment in quoted Shariah-compliant securities	-	-	66	66
Share of results of Associates	<u>6,324</u>	-	-	<u>6,324</u>
Profit before tax	331,813			332,804
Income tax expense	<u>(24,068)</u>	(1,919)	(9,816)	<u>(35,803)</u>
Profit net of tax	<u>307,745</u>			<u>297,001</u>
Other comprehensive income:				
Net gain on available-for-sale financial assets				
- Gain on fair value changes	33,591	-	(33,591)	-
Foreign currency translation	<u>1,206</u>	(1,206)	-	<u>-</u>
Other comprehensive income for the year, net of tax	<u>34,797</u>			<u>-</u>
Total comprehensive income for the year	<u>342,542</u>			<u>297,001</u>

12. FINANCIAL INFORMATION (Cont'd)**5.1 Boustead Plantations Berhad ("BPB") and its subsidiaries ("the BPB Group")**

Pro Forma Consolidated Statements of Comprehensive Income for the financial year ended 31 December 2011 (Cont'd.)

	Audited 31 December 2011 RM'000	Acquisition * and Disposals ** RM'000 (Note a)	BREIT Privatisation RM'000 (Note b)	Pro forma I RM'000
Profit attributable to:				
Shareholder of BPB	267,842	18,334	(29,257)	256,919
Non-controlling interests	39,903	179	-	40,082
	<u>307,745</u>			<u>297,001</u>
Total comprehensive income attributable to:				
Shareholder of BPB	302,623	17,144	(62,848)	256,919
Non-controlling interests	39,919	163	-	40,082
	<u>342,542</u>			<u>297,001</u>

* Acquisition of BEA by BPB

** Disposal of the following:

- (i) PTDI;
- (ii) NMRS and its subsidiary, NMRSB

12. FINANCIAL INFORMATION (Cont'd)**5.1 Boustead Plantations Berhad ("BPB") and its subsidiaries ("the BPB Group")**

Pro Forma Consolidated Statements of Comprehensive Income for the financial year ended 31 December 2011 (Cont'd.)

Notes to the pro forma consolidated statements of comprehensive income for the financial year ended 31 December 2011

- | | |
|--|------------------|
| (a) Adjustments to account for inter company eliminations of fees and commissions receivable by BEA for the provision of management services to the BPB Group | RM'000
24,445 |
|
(b) Adjustments in relation to BREIT as follows: | |
|
(i) Elimination of the following inter-company transactions with the BPB Group: | |
| | RM'000 |
| - Rental and performance-based profit sharing received/receivable by BREIT from the BPB Group | 99,556 |
| - Dividend income declared by BREIT to the BPB Group | 34,263 |
| - Gain on disposal of Sutera Estate to BREIT | 62,218 |
| - Tax expense arising from dividend declared by BREIT | 8,566 |
|
(ii) Harmonisation of the accounting policies of BREIT to the accounting policies of the BPB Group, as follows: | |
|
(1) Replanting expenses of RM13,296,000 incurred by BREIT previously capitalised as part of the fair value of its investment properties (comprise plantation estates and palm oil mills) is now charged out to profit or loss as and when incurred. | |
|
(2) Reversal of the net unrealised fair value gain on revaluation of BREIT's investment properties of RM212,524,000 to align with the BPB Group's policy. The investment properties of BREIT will be reclassified as biological assets and property, plant and equipment upon consolidation and will be carried at cost less accumulated depreciation and accumulated impairment (if any). | |
|
(3) Additional depreciation charge of RM2,939,000 on the buildings and plant and equipment of BREIT now carried at cost less accumulated depreciation. | |

12. FINANCIAL INFORMATION (Cont'd)**5.1 Boustead Plantations Berhad ("BPB") and its subsidiaries ("the BPB Group")**

Pro Forma Consolidated Statements of Comprehensive Income for the financial year ended 31 December 2011 (Cont'd.)

Notes to the pro forma consolidated statements of comprehensive income for the financial year ended 31 December 2011 (Cont'd.)

- (iii) BREIT no longer operate as a real estate investment trust approved by SC. Accordingly, it is assumed that the exemption granted under Section 61A(1) of the Income Tax Act 1967 will no longer be applicable to BREIT. Therefore, BREIT will be subject to taxation under the Income Tax Act, 1967 at the statutory income tax rate of 25%. Consequently, a tax charge of RM18,382,000 was adjusted in the pro forma consolidated statements of comprehensive income.

12. FINANCIAL INFORMATION (Cont'd)

5.2 Boustead Plantations Berhad ("BPB") and its subsidiaries ("the BPB Group")

Pro Forma Consolidated Statements of Comprehensive Income for the financial year ended 31 December 2012

The pro forma consolidated statements of comprehensive income for the financial year ended 31 December 2012 has been prepared based on the group structure of BPB as of 31 December 2013 and based on the assumption that other corporate exercises/transactions detailed in Note 2 to the pro forma financial information, have been completed prior to the financial year under review.

	Audited 31 December 2012 RM'000	Acquisition * and Disposals ** RM'000 (Note a)	BREIT Privatisation RM'000 (Note b)	Pro forma I RM'000
Revenue	877,413	1,321	(41,989)	836,745
Operating costs	<u>(717,749)</u>	2,914	65,740	<u>(649,095)</u>
	159,664			187,650
Gain on disposal of plantation assets	9,564	-	-	9,564
Gain on disposal of a subsidiary	3,241	(3,241)	-	-
Interest income	20,578	1,414	256	22,248
Other income	347	-	555	902
Finance costs	(13,719)	(1,405)	(9,726)	(24,850)
Net unrealised fair value gain on investment in quoted Shariah-compliant securities	-	-	942	942
Share of results of Associates	<u>4,042</u>	-	-	<u>4,042</u>
Profit before tax	183,717			200,498
Income tax expense	<u>(39,847)</u>	(601)	(4,593)	<u>(45,041)</u>
Profit net of tax	<u>143,870</u>			<u>155,457</u>
Other comprehensive income:				
Net gain on available-for-sale financial assets				
- Gain on fair value changes	97,416	-	(97,416)	-
Reclassification adjustment for disposal of foreign operation	<u>47,049</u>	(47,049)	-	<u>-</u>
Other comprehensive income for the year, net of tax	<u>144,465</u>			<u>-</u>
Total comprehensive income for the year	<u>288,335</u>			<u>155,457</u>

12. FINANCIAL INFORMATION (Cont'd)

5.2 Boustead Plantations Berhad ("BPB") and its subsidiaries ("the BPB Group")

Pro Forma Consolidated Statements of Comprehensive Income for the financial year ended 31 December 2012 (Cont'd.)

	Audited 31 December 2012 RM'000	Acquisition * and Disposals ** RM'000 (Note a)	BREIT Privatisation RM'000 (Note b)	Pro forma I RM'000
Profit attributable to:				
Shareholder of BPB	130,750	365	11,185	142,300
Non-controlling interests	<u>13,120</u>	37	-	<u>13,157</u>
	<u>143,870</u>			<u>155,457</u>
Total comprehensive income attributable to:				
Shareholder of BPB	275,037	(46,506)	(86,231)	142,300
Non-controlling interests	<u>13,298</u>	(141)	-	<u>13,157</u>
	<u>288,335</u>			<u>155,457</u>

* Acquisition of BEA by BPB

** Disposal of the following:

- (i) PTDI;
- (ii) NMRS and its subsidiary, NMRSB

12. FINANCIAL INFORMATION (Cont'd)**5.2 Boustead Plantations Berhad ("BPB") and its subsidiaries ("the BPB Group")**

Pro Forma Consolidated Statements of Comprehensive Income for the financial year ended 31 December 2012 (Cont'd.)

Notes to the pro forma consolidated statements of comprehensive income for the financial year ended 31 December 2012

(a) Adjustments to account for inter company eliminations of fees and commissions receivable by BEA for the provision of management services to the BPB Group	RM'000 22,743
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(b) Adjustments in relation to BREIT as follows:

(i) Elimination of the following inter-company transactions with the BPB Group:

	RM'000
- Rental and performance-based profit sharing received/receivable by BREIT from the BPB Group	90,500
- Dividend income declared by BREIT to the BPB Group	41,989
- Tax expense arising from dividend declared by BREIT	10,497

(ii) Harmonisation of the accounting policies of BREIT to the accounting policies of the BPB Group, as follows:

(1) Replanting expenses of RM15,673,000 incurred by BREIT previously capitalised as part of the fair value of its investment properties (comprise plantation estates and palm oil mills) is now charged out to profit or loss as and when incurred.

(2) Reversal of the net unrealised fair value gain on revaluation of BREIT's investment properties of RM14,976,000 to align with the BPB Group's policy. The investment properties of BREIT will be reclassified as biological assets and property, plant and equipment upon consolidation and will be carried at cost less accumulated depreciation and accumulated impairment (if any).

(3) Additional depreciation charge of RM3,204,000 on the buildings and plant and equipment of BREIT now carried at cost less accumulated depreciation.

12. FINANCIAL INFORMATION (Cont'd)**5.2 Boustead Plantations Berhad ("BPB") and its subsidiaries ("the BPB Group")**

Pro Forma Consolidated Statements of Comprehensive Income for the financial year ended 31 December 2012 (Cont'd.)

Notes to the pro forma consolidated statements of comprehensive income for the financial year ended 31 December 2012 (Cont'd.)

- (b) (iii) BREIT no longer operate as a real estate investment trust approved by SC. Accordingly, it is assumed that the exemption granted under Section 61A(1) of the Income Tax Act 1967 will no longer be applicable to BREIT. Therefore, BREIT will be subject to taxation under the Income Tax Act, 1967 at the statutory income tax rate of 25%. Consequently, a tax charge of RM15,090,000 was adjusted in the pro forma consolidated statements of comprehensive income.

12. FINANCIAL INFORMATION (Cont'd)**5.3 Boustead Plantations Berhad ("BPB") and its subsidiaries ("the BPB Group")****Pro Forma Consolidated Statements of Comprehensive Income for the financial year ended 31 December 2013**

The pro forma consolidated statements of comprehensive income for the financial year ended 31 December 2013 has been prepared based on the group structure of BPB as of 31 December 2013 and based on the assumption that other corporate exercises/transactions detailed in Note 2 to the pro forma financial information, have been completed prior to the financial period under review.

	Audited 31 December 2013 RM'000	Acquisition * and Disposals ** RM'000 (Note a)	BREIT Privatisation RM'000 (Note b)	Pro forma I RM'000
Revenue	770,280	374	(85,658)	684,996
Operating costs	<u>(627,265)</u>	(885)	46,689	<u>(581,461)</u>
	143,015			103,535
Gain on disposal of a subsidiary	25	(25)	-	-
Gain on disposal of a plantation land	92,834		-	92,834
Interest income	15,045	700	268	16,013
Other income	35	-	5,071	5,106
Fair value gain on deemed disposal of available-for-sale investment securities	136,796	-	(136,796)	-
Finance costs	(33,727)	(697)	(9,756)	(44,180)
Share of results of Associates	<u>5,235</u>	-	-	<u>5,235</u>
Profit before tax	359,258			178,543
Income tax expense	<u>(27,905)</u>	(211)	9,243	<u>(18,873)</u>
Profit net of tax	<u>331,353</u>			<u>159,670</u>
Other comprehensive income:				
Net changes on fair value of available-for-sale financial assets	(133,469)	-	133,469	-
Fair value gain on deemed disposal of available-for-sale investment securities	<u>(136,796)</u>	-	136,796	<u>-</u>
Other comprehensive income for the year, net of tax	<u>(270,265)</u>			<u>-</u>
Total comprehensive income for the year	<u>61,088</u>			<u>159,670</u>

12. FINANCIAL INFORMATION (Cont'd)**5.3 Boustead Plantations Berhad ("BPB") and its subsidiaries ("the BPB Group")**

Pro Forma Consolidated Statements of Comprehensive Income for the financial year ended 31 December 2013 (Cont'd.)

	Audited 31 December 2013 RM'000	Acquisition * and Disposals ** RM'000 (Note a)	BREIT Privatisation RM'000 (Note b)	Pro forma I RM'000
Profit attributable to:				
Shareholder of BPB	333,164	(747)	(170,939)	161,478
Non-controlling interests	(1,811)	3	-	(1,808)
	<u>331,353</u>			<u>159,670</u>
Total comprehensive income attributable to:				
Shareholder of BPB	62,899	(747)	99,326	161,478
Non-controlling interests	(1,811)	3	-	(1,808)
	<u>61,088</u>			<u>159,670</u>

* Acquisition of BEA by BPB

** Disposal of the following:

(i) PTDI;

(ii) NMRS and its subsidiary, NMRSB

12. FINANCIAL INFORMATION (Cont'd)**5.3 Boustead Plantations Berhad ("BPB") and its subsidiaries ("the BPB Group")**

Pro Forma Consolidated Statements of Comprehensive Income for the financial year ended 31 December 2013 (Cont'd.)

Notes to the pro forma consolidated statements of comprehensive income for the financial year ended 31 December 2013

(a) Adjustments to account for inter company eliminations of fees and commissions receivable by BEA for the provision of management services to the BPB Group	RM'000 9,322
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(b) Adjustments in relation to BREIT as follows:

(i) Elimination of the following inter-company transactions with the BPB Group:

	RM'000
- Rental and performance-based profit sharing received/receivable by BREIT from the BPB Group	68,482
- Dividend income declared by BREIT to the BPB Group	85,658
- Tax expense arising from dividend declared by BREIT	21,415

(ii) Harmonisation of the accounting policies of BREIT to the accounting policies of the BPB Group, as follows:

(1) Replanting expenses of RM12,112,000 incurred by BREIT previously capitalised as part of the fair value of its investment properties (comprise plantation estates and palm oil mills) is now charged out to profit or loss as and when incurred.

12. FINANCIAL INFORMATION (Cont'd)**5.3 Boustead Plantations Berhad ("BPB") and its subsidiaries ("the BPB Group")**

Pro Forma Consolidated Statements of Comprehensive Income for the financial year ended 31 December 2013 (Cont'd.)

Notes to the pro forma consolidated statements of comprehensive income for the financial year ended 31 December 2013 (Cont'd.)

- (b) (ii) (2) Reversal of the net unrealised fair value gain on revaluation of BREIT's investment properties of RM2,421,000 to align with the BPB Group's policy. The investment properties of BREIT will be reclassified as biological assets and property, plant and equipment upon consolidation and will be carried at cost less accumulated depreciation and accumulated impairment (if any).
- (3) Additional depreciation charge of RM3,159,000 on the buildings and plant and equipment of BREIT now carried at cost less accumulated depreciation.
- (iii) BREIT no longer operate as a real estate investment trust approved by SC. Accordingly, it is assumed that the exemption granted under Section 61A(1) of the Income Tax Act 1967 will no longer be applicable to BREIT. Therefore, BREIT will be subject to taxation under the Income Tax Act, 1967 at the statutory income tax rate of 25%. Consequently, a tax charge of RM12,172,000 was adjusted in the pro forma consolidated statements of comprehensive income.

12. FINANCIAL INFORMATION (Cont'd)**6. Boustead Plantations Berhad ("BPB") and its subsidiaries ("the BPB Group")****Pro Forma Consolidated Statements of Financial Position ("SOPF") as at 31 December 2013**

The pro forma consolidated statements of financial position of BPB as set out below have been prepared for illustrative purposes only and to show the effects of the events and transactions referred to in the notes to the pro forma financial information had they been effected on 31 December 2013.

	Audited As at 31 December 2013 RM'000	Settlement of dividend RM'000 (Note a)	Settlement of SUR and Special Dividend RM'000 (Note b)	Pro forma I RM'000	Share split RM'000 (Note c)	Bonus issue RM'000 (Note d)	Public issue and listing RM'000 (Note e)	Pro forma II RM'000
Non-current assets								
Property, plant and equipment	1,402,711	-	-	1,402,711	-	-	-	1,402,711
Biological assets	1,239,495	-	-	1,239,495	-	-	-	1,239,495
Other non-current assets	126,623	-	-	126,623	-	-	-	126,623
	<u>2,768,829</u>	<u>-</u>	<u>-</u>	<u>2,768,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,768,829</u>
Current assets								
Receivables	54,631	-	-	54,631	-	-	-	54,631
Amount due from immediate holding company	344,983	(90,004)	(254,979)	-	-	-	-	-
Amount due from related companies within BHB	15,254	-	(11,149)	4,105	-	-	-	4,105 *
Cash and bank balances	32,302	-	38,921	71,223	-	-	516,000	587,223
Other current assets	43,036	-	-	43,036	-	-	-	43,036
	<u>490,206</u>	<u>(90,004)</u>	<u>(227,207)</u>	<u>172,995</u>	<u>-</u>	<u>-</u>	<u>516,000</u>	<u>688,995</u>
Total assets	<u>3,259,035</u>	<u>(90,004)</u>	<u>(227,207)</u>	<u>2,941,824</u>	<u>-</u>	<u>-</u>	<u>516,000</u>	<u>3,457,824</u>
Equity and liabilities								
Equity attributable to equity holders of BPB								
Share capital	124,521	-	-	124,521	-	385,479	290,000	800,000
Share premium	177,439	-	-	177,439	-	(177,439)	623,557	623,557
Other capital reserve	192	-	-	192	-	-	-	192
Retained profits	1,087,717	-	-	1,087,717	-	(208,040)	(7,557)	872,120
	<u>1,389,869</u>	<u>-</u>	<u>-</u>	<u>1,389,869</u>	<u>-</u>	<u>-</u>	<u>906,000</u>	<u>2,295,869</u>
Non-controlling interests	59,099	-	-	59,099	-	-	-	59,099
Total equity	<u>1,448,968</u>	<u>-</u>	<u>-</u>	<u>1,448,968</u>	<u>-</u>	<u>-</u>	<u>906,000</u>	<u>2,354,968</u>

* Subsequent to year end, the amount has been fully settled by the related company

12. FINANCIAL INFORMATION (Cont'd)

6. Boustead Plantations Berhad ("BPB") and its subsidiaries ("the BPB Group")

Pro Forma Consolidated Statements of Financial Position ("SOFP") as at 31 December 2013 (Cont'd.)

	Audited As at 31 December 2013 RM'000	Settlement of dividend RM'000 (Note a)	Settlement of SUR and Special Dividend RM'000 (Note b)	Pro forma I RM'000	Share split RM'000 (Note c)	Bonus Issue RM'000 (Note d)	Public Issue and listing RM'000 (Note e)	Pro forma II RM'000
Non-current liabilities								
Other non-current liabilities	31,844	-	-	31,844	-	-	-	31,844
Borrowings	240,000	-	-	240,000	-	-	-	240,000
	<u>271,844</u>	<u>-</u>	<u>-</u>	<u>271,844</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>271,844</u>
Current Liabilities								
Unsecured borrowings	737,355	-	-	737,355	-	-	-	737,355
Amount due to immediate holding company	801	-	389,199	390,000	-	-	(390,000)	-
Amount due to related companies within BHB	5,327	-	(5,327)	-	-	-	-	-
Amount due to Entitled Unitholders due to the SUR	611,079	-	(611,079)	-	-	-	-	-
Dividend payables	90,004	(90,004)	-	-	-	-	-	-
Other current liabilities	93,657	-	-	93,657	-	-	-	93,657
	<u>1,538,223</u>	<u>(90,004)</u>	<u>(227,207)</u>	<u>1,221,012</u>	<u>-</u>	<u>-</u>	<u>(390,000)</u>	<u>831,012</u>
Total liabilities	<u>1,810,067</u>	<u>(90,004)</u>	<u>(227,207)</u>	<u>1,492,856</u>	<u>-</u>	<u>-</u>	<u>(390,000)</u>	<u>1,102,856</u>
Total equity and liabilities	<u>3,259,035</u>	<u>(90,004)</u>	<u>(227,207)</u>	<u>2,941,824</u>	<u>-</u>	<u>-</u>	<u>516,000</u>	<u>3,457,824</u>
Number of ordinary shares in issued	124,521	124,521	124,521	124,521	249,042	1,020,000	1,600,000	1,600,000
Net assets/share attributable to equity holders of the Company (RM)	11.16	11.16	11.16	11.16	5.58	1.36	1.43	1.43

12. FINANCIAL INFORMATION (Cont'd)**6. Boustead Plantations Berhad ("BPB") and its subsidiaries ("the BPB Group")**

Pro Forma Consolidated Statements of Financial Position ("SOFP") as at 31 December 2013 (Cont'd.)

Notes to the pro forma consolidated statements of financial position as at 31 December 2013

Pro forma I

(a) BPB had declared an interim single tier dividend of RM90,004,056 in respect of the financial year ended 31 December 2013. The amount is set - off against amount due from BHB.

(b) The adjustment incorporates the effects of the settlement of the followings:

	RM'000
SUR:	
- redemption of 290,990,000 units held by all unitholders other than BPB at redemption price of RM1.94 per unit	564,521
Special Dividend:	
- Dividends of RM0.16 per unit payable to all unitholders prior to BREIT Privatisation. Hence, the additional borrowings for the payment of Special Dividend are for the Units held by all unitholders (including BPB) at RM0.16 per unit.	100,305 *
Total BREIT Privatisation	<u>664,826</u>
Finance via internally generated fund	<u>(14,826)</u>
Advances from BHB	<u>650,000</u>

The advances from BHB above are partly set - off with the amount due from BHB of RM254,979,000 and net amount due from related companies of RM5,822,000.

* Included are RM53,747,000 Special Dividend relating to BPB's shareholding.

12. FINANCIAL INFORMATION (Cont'd)**6. Boustead Plantations Berhad ("BPB") and its subsidiaries ("the BPB Group")**

Pro Forma Consolidated Statements of Financial Position ("SOFP") as at 31 December 2013 (Cont'd.)

Notes to the pro forma consolidated statements of financial position as at 31 December 2013 (Cont'd.)

Pro forma II

- (c) The subdivision of the issued and paid-up share capital of BPB of RM124,521,383 comprising 124,521,383 ordinary shares of RM1.00 each into 249,042,766 ordinary shares of RM0.50 each in BPB ("BPB Shares") does not have any impact to the pro forma consolidated statement of financial position.
- (d) The adjustment includes the effects of the bonus issue of 770,957,234 new BPB Shares of RM0.50 each credited as fully paid up share capital on the basis of approximately 3.1 new shares for every 1 BPB share.

The Bonus Issue is effected through:

- (i) Capitalisation of RM177,439,625 from share premium account of BPB; and
- (ii) Capitalisation of RM208,038,992 from retained earnings account of BPB.

12. FINANCIAL INFORMATION (Cont'd)

6. Boustead Plantations Berhad ("BPB") and its subsidiaries ("the BPB Group")

Pro Forma Consolidated Statements of Financial Position ("SOFP") as at 31 December 2013 (Cont'd.)

Notes to the pro forma consolidated statements of financial position as at 31 December 2013 (Cont'd.)

Pro forma II (Cont'd.)

- (e) The adjustment includes the effects of the listing of the entire issued and paid up share capital of BPB on the Main Market of Bursa Malaysia Securities Berhad. BPB will undertake a public issue of 580,000,000 Issue Shares at an issue price of RM1.60 per IPO Share.

The proceeds expected from the Public Issue of RM928,000,000 will be utilised as follows:

	RM'000
Repayment of amounts owing to BHB and it's subsidiaries	390,000
Acquisitions of plantation lands *	420,000
Replanting and capital expenditure *	96,000
Estimated fees and expenses for the IPO and the Listing	22,000
	<u>928,000</u>

* Retained in cash and bank balances pending utilisation.

Expenses in connection with the issuance of shares of RM14,443,000 are debited to the share premium account whilst the remaining expenses of RM7,557,000 in connection with the Public Issue and listing of BPB are debited to current year's profit or loss.

12. FINANCIAL INFORMATION (Cont'd)**7. Boustead Plantations Berhad ("BPB") and its subsidiaries ("the BPB Group")**

Pro Forma Consolidated Statements of Financial Position ("SOFPI") as at 31 December 2013 (Cont'd.)

Notes to the pro forma consolidated statements of financial position as at 31 December 2013 (Cont'd.)**(f) Summary of movement in total equity**

	Attributable to shareholder of BPB				Total equity attributable to shareholder of BPB RM'000	Non-controlling interests RM'000	Total equity RM'000
	<----->	Non-distributable	----->	Distributable			
	Share capital RM'000	Share premium RM'000	Other capital reserve RM'000	Retained profits RM'000	BPB RM'000		
At 31 December 2013/ Pro forma I	124,521	177,439	192	1,087,717	1,389,869	59,099	1,448,968
Adjustments in relation to pro forma II:							
Bonus Issue:							
- Capitalisation from share premium	177,439	(177,439)	-	-	-	-	-
- Capitalisation from retained earnings	208,040	-	-	(208,040)	-	-	-
Public Issue:							
- Proceeds from public issue	290,000	638,000	-	-	928,000	-	928,000
- Estimated listing expenses arising	-	(14,443)	-	(7,557)	(22,000)	-	(22,000)
At 31 December 2013/ Pro forma II	800,000	623,557	192	872,120	2,295,869	59,099	2,354,968

12. FINANCIAL INFORMATION (Cont'd)

8. Boustead Plantations Berhad ("BPB") and its subsidiaries ("the BPB Group")
Pro Forma Consolidated Statements of Cash Flow for the financial year ended 31 December 2013
The pro forma consolidated statements of cash flow of the BPB Group as set out below have been prepared for illustrative purposes only and to show the effects of the events and transactions referred to in the notes to the pro forma financial information had they been effected on 1 January 2013.

	Audited 31 December 2013 RM'000	BREIT Privatisation RM'000 (Note a)	Settlement of Dividend RM'000 (Note b)	Public issue and listing RM'000 (Note c)	Pro forma RM'000
Cash flows from operating activities					
Cash receipts from customers	698,139	-	-	-	698,139
Cash paid to suppliers and employees	(642,264)	63,164	-	-	(579,100)
Cash generated from operations	55,875	63,164	-	-	119,039
Tax paid	(15,896)	-	-	-	(15,896)
Net cash generated from operating activities	39,979	63,164	-	-	103,143
Cash flows from investing activities					
Purchase of property, plant, and equipment	(166,381)	-	-	-	(166,381)
Purchase of biological assets	(81,931)	-	-	-	(81,931)
Privatisation of BREIT, net of cash and cash equivalent of BREIT	-	(607,143)	-	-	(607,143)
Purchase of prepaid land lease payments	(1,766)	-	-	-	(1,766)
Proceeds from disposal of property, plant and equipment and biological assets	107,446	4,221	-	-	111,667
Proceeds from disposal of quoted Shariah-compliant securities	-	11,802	-	-	11,802
Proceeds from disposal of assets held for sale	5,346	-	-	-	5,346
Net cash inflow on acquisition of assets and liabilities	21,504	(21,504)	-	-	-
Net cash outflow on disposal of a Subsidiary	(13)	-	-	-	(13)
Net cash outflow on acquisition of subsidiaries	(17,572)	-	-	-	(17,572)
Dividends received	31,912	22,020	-	-	53,932
Interest received	14,980	268	-	-	15,248
Net cash used in investing activities	(86,475)	(590,336)	-	-	(676,811)

12. FINANCIAL INFORMATION (Cont'd)

8. Boustead Plantations Berhad ("BPB") and its subsidiaries ("the BPB Group")

Pro Forma Consolidated Statements of Cash Flow for the financial year ended 31 December 2013
(Cont'd.)

	Audited 31 Dec 2013 RM'000	BREIT Privatisation RM'000 (Note a)	Settlement of Dividend RM'000 (Note b)	Public issue and listing RM'000 (Note c)	Pro forma I RM'000
Cash flows from financing activities					
Decrease in revolving credits	(60,391)	-	-	-	(60,391)
Proceeds from issuance of shares, net of payment of estimated listing expenses of RM22 million	-	-	-	906,000	906,000
Drawdown of term loans	137,500	-	-	-	137,500
Movement in Immediate Holding Company balance, net	7,564	650,000	90,004	(390,000)	357,568
Movement in related companies balances, net	21,975	-	-	-	21,975
Interest paid	(33,043)	(9,705)	-	-	(42,748)
Distribution paid	-	(74,202)	(90,004)	-	(164,206)
Net cash generated from financing activities	73,605	566,093	-	516,000	1,155,698
Net increase in cash and cash equivalents	27,109	38,921	-	516,000	582,030
Cash and cash equivalents at beginning of period	2,494	-	-	-	2,494
Cash and cash equivalents at end of period	29,603	38,921	-	516,000	584,524
Cash and cash equivalents at end of period comprise:					
Cash and bank balances	11,764	21,082	-	516,000	566,685
Short term deposits with a licensed bank	20,538	20,538	-	-	20,538
Bank overdrafts	(2,699)	(2,699)	-	-	(2,699)
	29,603	38,921	-	516,000	584,524

12. FINANCIAL INFORMATION (Cont'd)**8. Boustead Plantations Berhad ("BPB") and its subsidiaries ("the BPB Group")**

Pro Forma Consolidated Statements of Cash Flow for the financial year ended 31 December 2013 (Cont'd.)

Notes to the pro forma consolidated statements of cash flow for the financial year ended 31 December 2013

(a) Adjustments to reflect the effects of the BREIT Privatisation to the BPB Group, as follows:

(i) Elimination of the following inter-company transactions with the BPB Group:

	RM'000
- Rental and performance-based profit sharing received from the BPB Group	83,312
- Expenses paid by BREIT to the BPB Group	12,227
- Dividend income paid by BREIT to the BPB Group	31,912

(ii) Special Dividend of RM53,747,000 received by BPB from BREIT pursuant to the BREIT Privatisation.

(iii) Additional advances of RM650,000,000 from BHB assumed by the BPB Group as a result of the privatisation of BREIT. Included in the net assets purchased from BREIT is net of cash and bank balances of BREIT RM11,125,000 (balance @ 1.1.2013 of BREIT).

(iv) Dividend declared by BREIT (excluding BPB's portion):

	RM '000
- Interim dividend for 31 December 2013	27,644
- Special Dividend	46,558
	<u>74,202</u>

12. FINANCIAL INFORMATION (Cont'd)**8. Boustead Plantations Berhad ("BPB") and its subsidiaries ("the BPB Group")**

Pro Forma Consolidated Statements of Cash Flow for the financial year ended 31 December 2013 (Cont'd.)

Notes to the pro forma consolidated statements of cash flow for the financial year ended 31 December 2013 (Cont'd.)

- (b) BPB declared an interim single tier dividend of RM90,004,056 in respect of the financial year ended 31 December 2013.
- (c) Adjustments to reflect the effects of the listing of the entire issued and paid up share capital of BPB on the Main Market of Bursa Malaysia Securities Berhad. BPB will undertake a Public Issue of 580,000,000 Issue Shares at the retail price of RM1.60 per share.

(i) Public Issue

	'000
Public Issue (number of shares)	580,000
Issue price (RM)	1.60
Public Issue proceeds (RM)	<u>928,000</u>

(ii) Public Issue proceeds will be utilised as follows:

	RM'000
Repayment of amounts owing to BHB and it's subsidiaries	390,000
Acquisitions of plantation lands *	420,000
Replanting and capital expenditure *	96,000
Estimated fees and expenses for the IPO and the Listing	<u>22,000</u>
	<u>928,000</u>

* Retained in cash and bank balances pending utilisation.

12. FINANCIAL INFORMATION (Cont'd)

12.5 DIVIDEND POLICY

It is the policy of our Board in recommending dividends to allow shareholders to participate in our profits, as well as to retain adequate reserves for our future growth. The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividend for the year is subject to our shareholders' approval.

As we are a holding company, our Company's income, and therefore our ability to pay dividends, is dependent upon the dividends and other distributions we receive from our subsidiaries and associates.

The payment of dividends by our subsidiaries and associates will depend upon their distributable profits, operating results, financial condition, capex plans, debt servicing and other obligations or business plans and applicable laws or agreements restricting their ability to pay dividends or make other distributions. In addition, changes in applicable accounting standards may also affect the ability of our subsidiaries, and consequently, our ability, to declare and pay dividends.

The actual dividend that our Board may recommend or declare in respect of any particular financial year or period will depend on the factors outlined below as well as any other factors deemed relevant by our Board. In considering the level of dividend payments, if any, upon recommendation by our Board, we intend to take into account various factors such as:

- (i) our level of cash, gearing and return on equity and retained earnings;
- (ii) our expected financial performance;
- (iii) our projected levels of capex and other investment plans;
- (iv) our working capital requirements; and
- (v) any contractual restrictions.

After taking into consideration the abovementioned factors under items (i) to (v), it is the current intention of our Board to adopt a dividend payout ratio of at least 60% of our PAT attributable to shareholders for each financial year, after excluding the profit retained by our associate companies and joint-venture companies and any unrealised income from fair value adjustments that are non-cash in nature.

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

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13. ACCOUNTANTS' REPORT

(Prepared for inclusion in this Prospectus)



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ACCOUNTANTS' REPORT

(Prepared for inclusion in the Prospectus to be dated 27 May 2014)

The Board of Directors
 Boustead Plantations Berhad
 Level 28, Menara Boustead,
 69, Jalan Raja Chulan,
 50200 Kuala Lumpur.

28 April 2014

Dear Sirs,

**BOUSTEAD PLANTATIONS BERHAD ("BPB" OR THE "COMPANY")
 ACCOUNTANTS' REPORT**

1.0 INTRODUCTION

This report has been prepared by Messrs. Ernst & Young, an approved company auditor, for inclusion in the Prospectus of Boustead Plantations Berhad ("BPB") in connection with the initial public offering ("IPO") and listing of and quotation for the entire enlarged issued and paid-up share capital of BPB on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (hereinafter referred to as the "Prospectus").

This report is issued for the sole purpose of complying with the Prospectus Guidelines - Equity issued by the Securities Commission Malaysia in connection with the IPO and should not be relied upon for any other purposes. Therefore, this report is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the IPO described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any type of transaction, including the sale of securities other than the IPO.

13. ACCOUNTANTS' REPORT (Cont'd)**2.0 CONTENT OF THIS REPORT**

This report includes the following sections:

No. Descriptions	Section of this report
(a) Abbreviations	3.0
(b) General information	4.0
- Background	4.1
- Details of the Al-Hadharah Boustead REIT ("BREIT") privatisation	4.2
- Listing scheme	4.3
- Share capital and unitholders' capital	4.4
- Subsidiaries and associates of BPB	4.5
- Financial statements and auditors	4.6
- Dividends and distributions	4.7
(c) Audited historical financial information for BPB	5.0
- Basis of preparation of financial information of BPB and BREIT	5.1
- Historical financial information of the BPB	5.2 - 5.44
(d) Audited historical financial information for BREIT	6.0
- Historical financial information of BREIT	6.1 - 6.25
(e) Subsequent events	7.0
- BPB	7.1
- BREIT	7.2

13. ACCOUNTANTS' REPORT (Cont'd)



3.0 ABBREVIATIONS

Unless the context otherwise requires, the following definitions shall apply throughout this report:

Act	Companies Act, 1965 as amended from time to time and any re-enactment thereof
BHB	Boustead Holdings Berhad
BREIT	Al-Hadharah Boustead REIT
BPB or "the Company"	Boustead Plantations Berhad
BPB Group or "the Group"	BPB and its subsidiaries
AMESU	All Malayan Estates Staff Union
Bursa Securities	Bursa Malaysia Securities Berhad
CGU	Cash-generating unit
EY	Messrs. Ernst & Young
FPE	Financial period ended, as the case may be
FRS	Financial Reporting Standards, Malaysian Accounting Standards Board Approved Accounting Standards in Malaysia for Entities Other than Private Entities
FYE	Financial year ended, as the case may be
GCRB	Golden Crop Returns Berhad
IFRS	International Financial Reporting Standards, as issued by the International Accounting Standards Board
IPO	Initial public offering
KLIBOR	Kuala Lumpur Interbank Offered Rate
LTAT	Lembaga Tabung Angkatan Tentera
MAPA	Malayan Agricultural Producers Association
MASB	Malaysian Accounting Standards Board
MFRS	Malaysian Financial Reporting Standards
NUPW	National Union of Plantation Workers
PTAIG	PT Agro Investama Gemilang
PTDI	PT Dendymarker Indahlestari
SPA	Sale and purchase agreement
SC	Securities Commission Malaysia

13. ACCOUNTANTS' REPORT (Cont'd)



3.0 ABBREVIATIONS (CONTD.)

Currencies

RM and sen	Ringgit Malaysia and sen, the lawful currency of Malaysia
IDR	Indonesian Rupiah, the lawful currency of Indonesia
USD	United States Dollar, the lawful currency of the United States of America

Subsidiaries of BPB

Bounty Crop	Bounty Crop Sdn Bhd
B Gradient	Boustead Gradient Sdn Bhd
B Rimba Nilai	Boustead Rimba Nilai Sdn Bhd
B Solandra	Boustead Solandra Sdn Bhd
B Kanowit Oil Mill	Boustead Pelita Kanowit Oil Mill Sdn Bhd
B Silasuka	Boustead Silasuka Sdn Bhd
B Sungai Manar	Boustead Sungai Manar Sdn Bhd
B Sedili	Boustead Sedili Sdn Bhd
B Trunkline	Boustead Trunkline Sdn Bhd
B Sutera	Boustead Sutera Sdn Bhd
B Telok Sengat	Boustead Telok Sengat Sdn Bhd

Subsidiaries of B Telok Sengat

B Tinjar	Boustead Pelita Tinjar Sdn Bhd
B Kanowit	Boustead Pelita Kanowit Sdn Bhd
B Eldred	Boustead Eldred Sdn Bhd
B Emastulin	Boustead Emastulin Sdn Bhd
BREIT	Al-Hadharah Boustead REIT

13. ACCOUNTANTS' REPORT (Cont'd)**3.0 ABBREVIATIONS (CONTD.)****Subsidiaries of BPB (Contd.)**

NMRS	Nottingham MyRiad Solutions Sdn Bhd
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Subsidiary of NMRS

NMRSB	Nottingham MyResearch Sdn Bhd
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BEA	Boustead Estates Agency Sdn Bhd
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Subsidiaries of BEA

BACS	Boustead Advisory and Consultancy Services Sdn Bhd
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BASEA	Boustead-Anwarsyukur Estate Agency Sdn Bhd
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Associates of BPB

AA Resources	Applied Agricultural Resources Sdn Bhd
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PT AAR Nusantara	PT AAR Nusantara
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Subsidiaries of AA Resources

AA Research	Advanced Agriecological Research Sdn Bhd
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PT AARI	PT Applied Agricultural Resources Indonesia
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13. ACCOUNTANTS' REPORT (Cont'd)**4.0 GENERAL INFORMATION****4.1 Background****(a) BPB**

BPB was incorporated in Malaysia as a public limited company under the Companies Ordinance 1910 under the name The Kuala Sidim Rubber Company, Limited on 4 July 1946. On 15 April 1966, the Company changed its name to The Kuala Sidim Rubber Company Berhad and subsequently to Kuala Sidim Berhad on 12 December 1994. Kuala Sidim Berhad was officially listed on Bursa Securities (formerly known as the Kuala Lumpur Stock Exchange) and the Singapore Stock Exchange on 1 August 1973 respectively. In line with the Malaysian Government's aspiration to promote the growth of the Kuala Lumpur Stock Exchange, on 1 January 1990, Kuala Sidim Berhad was delisted from the Singapore Stock Exchange but remained listed on the Kuala Lumpur Stock Exchange.

On 29 August 2003, Kuala Sidim Berhad was de-listed from Bursa Securities following a take-over offer by BHB for the remaining ordinary shares in Kuala Sidim Berhad not already owned by BHB. On 10 April 2004, Kuala Sidim Berhad changed its name to BPB.

BPB is currently an investment holding company which also operates oil palm plantations. Through its subsidiaries and associates, BPB are also principally involved in the ownership and management of oil palm plantations, cultivation of oil palm, production of oil palm products, management plantation activities, plantation advisory services for oil palm and rubber crops, plantation engineering services, marketing of plantation produce and agronomics services, agricultural and agronomic research and commercial production of planting materials.

(b) BREIT

BREIT was constituted pursuant to the execution of a trust deed dated 11 December 2006, Boustead REIT Managers Sdn Bhd ("Manager"), and CIMB Islamic Trustee Berhad (formerly known as CIMB Trustee Berhad) ("Trustee") ("the Trust Deed"). The Trust Deed was amended and restated on 3 September 2009 and was regulated by the Capital Markets and Services Act 2007, the Securities Commission Malaysia's Guidelines on Real Estate Investment Trusts and the Listing Requirements of Bursa Malaysia Securities Berhad, the Rules of the Depository and taxation laws and rulings.

BREIT was a unit trust scheme that invested primarily in income generating real estate assets with the main objective of providing its investors with stable distribution of income primarily from the leasing of all the plantation estates and palm oil mills held under BREIT to the BPB Group.

Boustead REIT Managers Sdn Bhd, a company incorporated in Malaysia, is a subsidiary of Lembaga Tabung Angkatan Tentera, a local statutory body established under the Tabung Angkatan Tentera Act 1973. The registered office of the Manager is located at 28th Floor, Menara Boustead, No. 69, Jalan Raja Chulan, 50200 Kuala Lumpur.

BPB had on 16 July 2013, issued a letter ("SUR Proposal Letter") to the Manager and the Trustee, to notify that BPB intends to privatise BREIT via the SUR (as defined herein), Special Dividend (as defined herein) and the amendments to the relevant clauses in the Trust Deed to facilitate and implement the conversion of BREIT from a collective investment scheme to a private property trust. ("BREIT Privatisation").

13. ACCOUNTANTS' REPORT (Cont'd)**4.0 GENERAL INFORMATION (CONTD.)****4.2 Details of the BREIT Privatisation****(a) Amended Trust Deed (as defined herein)**

The amendments to the relevant clauses in the Trust Deed, which was amended and restated on 3 September 2009, was required to enable the corporate integration of BREIT under the BPB Group by way of the following:

- (i) the implementation of the SUR; and
- (ii) the conversion of BREIT to a private property trust whereby the sole beneficiary shall be BPB.
(collectively referred to as the "Amended Trust Deed")

(b) Selective unit redemption ("SUR")

The SUR, involved the redemption by BREIT of all undivided interest in BREIT ("Units") held by the unitholders of BREIT at RM1.94 for each unit ("SUR Offer Price") which was paid to all unitholders of BREIT (except BPB) whose names appeared in the Record of Depositors of BREIT ("Entitled Unitholders") at 5.00 p.m. on 30 December 2013 ("BREIT Entitlement Date").

(c) Special dividend

As a condition to the SUR, a special dividend of RM0.16 per unit to all unitholders of BREIT (including BPB) at the BREIT Entitlement Date was paid ("Special Dividend").

On 5 December 2013, the shareholders of BHB and unitholders of BREIT approved the BREIT Privatisation. The BREIT Privatisation was duly completed by FYE 31 December 2013 and the settlement of the Special Dividend and SUR Offer Price was effected on 28 January 2014 and 29 January 2014, respectively. On 19 February 2014, the Units of BREIT were removed from the Official List of Bursa Securities.

4.3 Listing scheme**(a) Share split**

On 7 April 2014, BPB had undertaken a share split involving the subdivision of every existing 1 ordinary share of RM1.00 each held in BPB, into 2 ordinary shares of RM0.50 each in BPB ("BPB Share(s)") to be credited as fully paid-up ("Share Split").

Upon completion of the Share Split, the issued and paid up share capital of BPB was RM124,521,383 comprising 249,042,766 BPB Shares.

13. ACCOUNTANTS' REPORT (Cont'd)**4.0 GENERAL INFORMATION (CONTD.)****4.3 Listing scheme (Contd.)****(b) Bonus Issue**

On 7 April 2014, BPB had undertaken a bonus issue of 770,957,234 ("Bonus Share(s)") to be credited as fully paid-up, on the basis of approximately 3.1 Bonus Shares for every 1 BPB Shares held by capitalising RM208,038,992 out of the Company's retained earnings account and RM177,439,625 out of Company's share premium account ("Bonus Issue").

After the Bonus Issue, the issued and paid up share capital of the Company was RM510,000,000 comprising 1,020,000,000 BPB Shares.

The Bonus Shares ranks pari passu in all respect with each existing BPB Shares, including voting rights, rights to all dividends and other distributions that may be declared to BHB, subsequent to the date of allotment thereof.

(c) IPO

BPB will undertake an IPO of up to 656,000,000 IPO Shares, representing up to 41.00% of the enlarged issued and paid-up share capital of BPB, comprising the following:

- (i) an offer for sale by BHB ("Selling Shareholder") of up to 76,000,000 BPB Shares ("Offer Shares"), representing 4.75% of the enlarged issued and paid-up share capital of the Company ("Offer for Sale"); and
- (ii) a public issue of 580,000,000 new BPB shares ("Issue Shares"), representing 36.25% of the enlarged issued and paid-up share capital of the Company ("Public Issue"),

Subject to the Over-allotment Option as defined and set out in Section 4.3.4 of the Prospectus. The IPO Shares are offered under the institutional offering and the retail offering in the manner set out below.

(a) Institutional offering

The institutional offering involves the offering of up to 163,570,500 (comprising 134,570,500 Issue Shares and 29,000,000 Offer Shares) at the institutional price to be determined at a later date by way of bookbuilding, representing up to approximately 10.22% of the enlarged issued and paid-up share capital of BPB in the following manner:

- (i) 125,196,500 Issue Shares to Bumiputera investors approved by the Ministry of International Trades & Industry; and
- (ii) 9,374,000 Issue Shares and 29,000,000 Offer Shares to the Malaysian institutional and selected investors.

13. ACCOUNTANTS' REPORT (Cont'd)**4.0 GENERAL INFORMATION (CONTD.)****4.3 Listing scheme (Contd.)****(c) IPO (Contd.)****(b) Retail offering**

The Retail Offering involves the offering of up to 492,429,500 IPO Shares (comprising up to 47,000,000 Offer Shares and 445,429,500 Issue Shares) at the retail price of RM1.60, representing approximately 30.78% of the enlarged issued and paid-up share capital of BPB as follows:

- (i) 174,594,000 Issue Shares are reserved for application by the Entitled Unitholders on the BREIT Entitlement Date.
- (ii) 206,835,500 Issue Shares are reserved for application by the shareholders of BHB whose name appear in the Depositors of BHB on an entitlement date to be determined later;
- (iii) Up to 47,000,000 Offer Shares are reserved for application by the eligible directors and employees of the BPB Group, persons who have contributed to the success of BPB Group, eligible directors and employees of BHB and specified directors of selected subsidiaries of BHB; and
- (iv) 64,000,000 Issue Shares for application by the Malaysian public, to be allotted via balloting.

(d) Listing of BPB on the Main Market of Bursa Securities

Upon successful completion of the IPO, BPB will seek the listing of and quotation for its entire enlarged issued and paid-up share capital of RM800,000,000 comprising 1,600,000,000 BPB Shares on the Main Market of Bursa Securities.

(e) Utilisation of proceeds

The proceeds from the Public Issue of new BPB shares will be utilised as follows:

	RM in million	%
Repayment of amount due to BHB	390	42
Acquisition of plantation estates/lands *	420	46
Replanting and capital expenditure	96	10
Estimated listing expenses	22	2
Total gross proceeds	928	100

* No specific plantation estate or land has been identified

13. ACCOUNTANTS' REPORT (Cont'd)



4.0 GENERAL INFORMATION (CONTD.)

4.4 Share capital and unitholders' capital

(a) BPB

At the date of this report, the authorised and issued and paid-up share capital of BPB since its incorporation are as follows:

(i) Authorised

Date of incorporation/ date of creation	Par value RM	Number of ordinary	Cumulative authorised share capital RM
4 July 1946	1.00	600,000	600,000
3 July 1957	1.00	900,000	1,500,000
26 October 1965	1.00	6,500,000	8,000,000
5 December 1977	1.00	17,000,000	25,000,000
30 November 1983	1.00	175,000,000	200,000,000
23 December 2013	1.00	1,800,000,000	2,000,000,000

(ii) Issued and paid-up

Date of allotment	Par value RM	Number of ordinary shares	Consideration RM	Cumulative total issued and paid-up share capital RM
4 July 1946	1.00	600,000	600,000	600,000
3 July 1957	1.00	600,000	600,000	1,200,000
25 May 1960	1.00	300,000	300,000	1,500,000
26 July 1966	1.00	750,000	750,000	2,250,000
14 May 1970	1.00	1,000,000	1,000,000	3,250,000
29 November 1976	1.00	833,333	833,333	4,083,333
29 November 1976	1.00	1,465,336	1,465,336	5,548,669
05 December 1977	1.00	16,646,007	16,646,007	22,194,676
30 November 1983	1.00	25,710,000	25,710,000	47,904,676
01 August 1984	1.00	1,000,000	1,000,000	48,904,676
27 November 1984	1.00	48,904,676	48,904,676	97,809,352
27 September 1996	1.00	26,712,031	26,712,031	124,521,383

(b) BREIT

At the date of this report, the unitholders' capital of BREIT since its incorporation are as follows:

(i) Unitholders' capital

Date of allotment	Unit price RM	Number of units	Consideration RM	Cumulative unitholders' capital RM
8 February 2007	1.00	400,251,000	400,431,000	400,431,000
21 July 2007	1.00	71,750,000	71,750,000	472,181,000
15 December 2008	1.10	85,000,000	93,500,000	565,681,000
27 April 2011	1.33	69,903,500	92,954,000	658,635,000

13. ACCOUNTANTS' REPORT (Cont'd)



4.0 GENERAL INFORMATION (CONTD.)

4.5 Subsidiaries and associates of BPB

(a) The Subsidiaries of BPB as at 31 December 2013 are as follows:

Name of the company	Issued and paid-up share capital	Effective interest (%)	Date and country of incorporation	Principal activities
Bounty Crop	RM70,200,000	100	27 February 1995 Malaysia	Investment holdings
B Gradient	RM3,000,000	100	18 July 1995 Malaysia	Cultivation of oil palm and processing of fresh fruit bunches ("FFB")
B Rimba Nilai	RM100,000,000	100	13 June 1995 Malaysia	Cultivation of oil palm and processing of FFB
B Solandra	RM200,000	100	6 August 1981 Malaysia	Cultivation of oil palm
B Kanowit Oil Mill	RM30,000,000	60	4 January 1996 Malaysia	Operation of palm oil mill
B Silasuka (<i>B Silasuka has commenced liquidation</i>)	RM10,000,000	100	15 January 1980 Malaysia	Ceased operations
B Sungai Manar	RM4,500,000	100	25 March 1991 Malaysia	Investment property holding
B Sedili	RM6,150,000	70	16 July 1997 Malaysia	Cultivation of oil palm
B Trunkline	RM7,000,000	100	28 March 1990 Malaysia	Operation of oil palm plantation
B Sutera (<i>B Sutera has commenced liquidation</i>)	RM4,250,000	100	6 December 1969 Malaysia	Ceased operations

13. ACCOUNTANTS' REPORT (Cont'd)



4.0 GENERAL INFORMATION (CONTD.)

4.5 Subsidiaries and associates of BPB (Contd.)

(a) The Subsidiaries of BPB as at 31 December 2013 are as follows (contd.):

Name of the company	Issued and paid-up share capital	Effective interest (%)	Date and country of incorporation	Principal activities
BREIT	RM658,635,000	100	11 December 2006 Malaysia	Property investment
B Telok Sengat	RM9,184,000	100	19 January 1954 Malaysia	Cultivation of oil palm and processing of FFB and investment holding

Subsidiaries of B Telok Sengat:

B Tinjar	RM49,180,000 ⁽¹⁾	60	19 March 1988 Malaysia	Cultivation of oil palm and processing of FFB
B Kanowit	RM36,560,000 ⁽²⁾	60	25 October 1995 Malaysia	Cultivation of oil palm
B Eldred	RM15,000,000	100	30 January 1948 Malaysia	Operation of oil palm plantation
B Emastulin	RM17,000,000	100	8 August 1975 Malaysia	Cultivation of oil palm and processing of FFB
BEA	RM1,050,000	100	23 February 1966 Malaysia	Providing management services to the estates and mills

Subsidiaries of BEA:

BACS	RM500,000	100	23 March 1984 Malaysia	Provision of management services to estates
BASEA	RM500,000	100	9 July 1992 Malaysia	Dormant

13. ACCOUNTANTS' REPORT (Cont'd)



4.0 GENERAL INFORMATION (CONTD.)

4.5 Subsidiaries and associates of BPB (Contd.)

(b) The Associates of BPB as at 31 December 2013 are as follows:

AA Resources	RM750,000 ⁽³⁾	50	23 September 1982 Malaysia	Commercial production of oil palm planting materials and advisory services
PT AAR Nusantara	IDR10,000,000,000	25	14 May 2012 Indonesia	Production of oil palm seeds
<u>Subsidiaries of AAR:</u>				
AA Research	RM500,000	50	9 December 2003 Malaysia	Agronomy research services
PT AARI	IDR12,775,000,000	50	4 January 2008 Indonesia	Agronomy research and advisory services

⁽¹⁾ Comprising 48,000,000 ordinary shares of RM1 each and 118,000,000 preference shares of RM0.01 each.

⁽²⁾ Comprising 34,560,000 ordinary shares of RM1 each and 200,000,000 preference shares of RM0.01 each.

⁽³⁾ Comprising 500,000 ordinary shares of RM1 each and 2,500,000 preference shares of RM0.10 each.

4.6 Financial statements and auditors

(a) BPB

The financial year end of BPB and its subsidiaries falls on 31 December.

The financial statements of all companies in the Group were audited by EY for all the relevant financial years under review except for the following:

Name of the Company	FYE	Auditors
PTDI	31 December 2011	Riza, Wahono & Rekan
Subsidiary of an Associate of the Company:		
PT AARI	31 December 2011 31 December 2012 31 December 2013	Anuar & Rekan

We have audited the consolidated financial statements of BPB Group, which comprise the statements of financial position as at 31 December 2011, 31 December 2012 and 31 December 2013 of the Group, the statements of comprehensive income, statements of changes in equity and statements of cash flow of the Group for the respective financial years then ended 31 December 2011, 31 December 2012 and 31 December 2013 and have issued our reports thereon dated 5 March 2012, 4 March 2013, 3 March 2014 and of their financial performance and cash flows for the years then ended.

13. ACCOUNTANTS' REPORT (Cont'd)



4.0 GENERAL INFORMATION (CONTD.)

4.6 Financial statements and auditors (Contd.)

(b) BREIT

We have audited the financial statements of BREIT, which comprise the statements of financial position as at 31 December 2011, 31 December 2012 and 31 December 2013 of BREIT, the statements of comprehensive income, statements of changes in net asset value and statements of cash flow of BREIT for the respective financial years then ended 31 December 2011 and 31 December 2012 and 31 December 2013 and have issued our reports thereon dated 27 January 2012, 30 January 2013 and 18 February 2014 and of their financial performance and cash flows for the years then ended.

The auditors' report of all financial statements of BPB and BREIT for the respective financial years under review were not subject to any qualification.

No audits have been performed for the financial statements of BPB Group and BREIT subsequent to 3 March 2014 and 18 February 2014 respectively.

4.7 Dividends and Distributions

(a) BPB

Dividends paid or declared during the FYE 31 December 2011, 2012 and 2013 are as follows:

	Amount RM'000	Dividend per ordinary shares Sen
Interim dividends for FYE 31 December 2011:		
First interim single-tier dividend of 74% on 124,521,383 ordinary shares, paid on 27 December 2011	92,146	74.0
Second interim single-tier dividend of 75% on 124,521,383 ordinary shares, paid on 16 January 2012	93,391	75.0
	<u>185,537</u>	<u>149.0</u>
Interim dividend for FYE 31 December 2012:		
Interim single-tier dividend of 47% on 124,521,383 ordinary shares, paid on 31 December 2012	58,525	47.0
Interim dividend for FYE 31 December 2013:		
Interim single-tier dividend of 72.28% on 124,521,383 ordinary shares, declared on 31 December 2013 and paid on 15 January 2014	90,004	72.0

13. ACCOUNTANTS' REPORT (Cont'd)



4.0 GENERAL INFORMATION (CONTD.)

4.7 Dividends and Distributions (Contd.)

(b) BREIT

Distributions declared during the FYE 31 December 2011, 2012 and 2013 are as follows:

	Amount RM'000	Distribution per unit Sen
Distributions for FYE 31 December 2011:		
Final distribution of 8 sen on 626,904,500 units, paid on 29 February 2012	50,152	8.0
	<u>50,152</u>	<u>8.0</u>
Distributions for FYE 31 December 2012:		
Interim distribution of 4.5 sen on 626,904,500 units, paid on 14 September 2012	28,211	4.5
Final distribution of 5.5 sen on 626,904,500 units, paid on 28 February 2013	34,480	5.5
	<u>62,691</u>	<u>10.0</u>
Distributions for FYE 31 December 2013:		
Interim distribution of 4 sen on 626,904,500 units, paid on 30 August 2013	25,076	4.0
Special distribution of 16 sen on 626,904,500 units, declared on 5 December 2013 and paid on 28 January 2014	100,305	16.0
	<u>125,381</u>	<u>20.0</u>

13. ACCOUNTANTS' REPORT (Cont'd)

**5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB****5.1 BASIS OF PREPARATION OF FINANCIAL INFORMATION OF BPB AND BREIT**

This report has been prepared based on the following:

- a) The audited consolidated financial statements of BPB Group, which have been prepared in accordance with FRS for FYE 31 December 2011, 31 December 2012 and 31 December 2013; and
- b) The audited financial statements of BREIT, which have been prepared in accordance with MFRS for FYE 31 December 2011, 31 December 2012 and 31 December 2013.

Please refer to Note 5.6.3 for the differences between FRS Framework and MFRS Framework.

The above mentioned financial statements have been drawn up by the directors of BPB and the Manager of BREIT so as to give a true and fair view of the financial position of BPB group and BREIT respectively, and their financial performance and cash flows for the financial years then ended, and were reported by us without qualification.

The financial information from the above mentioned financial statements do no purport to predict the financial position, results and cash flows of BPB Group and BREIT.

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

13. ACCOUNTANTS' REPORT (Cont'd)**5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)****5.2 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

The consolidated statements of comprehensive income of the Group for FYE 31 December 2011, 31 December 2012 and 31 December 2013 are as follows:

	Note	2011 RM'000	2012 RM'000	2013 RM'000
Revenue	5.7	1,011,183	877,413	770,280
Operating costs	5.8	(758,715)	(717,749)	(627,265)
		252,468	159,664	143,015
Gain on disposal of subsidiaries		-	3,241	25
Gain on disposal of plantation assets	5.9	62,218	9,564	92,834
Interest income	5.10	20,187	20,578	15,045
Other income	5.11	498	347	35
Finance costs	5.12	(9,882)	(13,719)	(33,727)
Share of results of Associates		6,324	4,042	5,235
Fair value gain on deemed disposal of available-for-sale investment securities	5.24(a)	-	-	136,796
Profit before tax		331,813	183,717	359,258
Income tax expense	5.13	(24,068)	(39,847)	(27,905)
Profit net of tax		307,745	143,870	331,353
Other comprehensive income, net of tax:				
Items that may be reclassified subsequently to profit or loss				
Net gain on available-for-sale financial assets				
- Gain/(loss) on fair value changes		33,591	97,416	(133,469)
Reclassification adjustment for disposal of foreign operation		-	47,049	-
Foreign currency translation		1,206	-	-
Fair value gain on deemed disposal of available-for-sale investment securities	5.24(a)	-	-	(136,796)
Other comprehensive income for the year, net of tax		34,797	144,465	(270,265)
Total comprehensive income for the year		342,542	288,335	61,088

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.2 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONTD.)

	2011 RM'000	2012 RM'000	2013 RM'000
Profit attributable to:			
Shareholder of the Company	267,842	130,750	333,164
Non-controlling interests	39,903	13,120	(1,811)
	<u>307,745</u>	<u>143,870</u>	<u>331,353</u>
Total comprehensive income attributable to:			
Shareholder of the Company	302,623	275,037	62,899
Non-controlling interests	39,919	13,298	(1,811)
	<u>342,542</u>	<u>288,335</u>	<u>61,088</u>

Note:

Basic earning per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year. The Group does not have any potential dilutive ordinary shares. As such, the fully diluted earnings per share of the Group are equivalent to the basic earnings per shares.

	2011 RM'000	2012 RM'000	2013 RM'000
Earnings per share ("EPS") attributable to shareholder of the Company			
Basic (sen per share)	<u>215.1</u>	<u>105.0</u>	<u>267.6</u>
Weighted average number of ordinary shares in issue ('000)	<u>124,521</u>	<u>124,521</u>	<u>124,521</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.3 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The consolidated statements of financial position of the Group for FYE 31 December 2011, 31 December 2012 and 31 December 2013 are as follows:

	Note	2011 RM'000	2012 RM'000	2013 RM'000
Assets				
Non-current assets				
Property, plant and equipment	5.15	227,898	458,308	1,402,711
Biological assets	5.16	347,637	655,612	1,239,495
Prepaid land lease payments	5.17	36,742	59,386	59,263
Investment in associates	5.18	28,546	26,972	32,207
Investment securities	5.19	517,308	614,724	-
Goodwill on consolidation	5.20	2,687	2,687	2,687
Deferred tax assets	5.28	35,657	32,297	32,466
Receivables	5.22	-	5,766	-
		<u>1,196,475</u>	<u>1,855,752</u>	<u>2,768,829</u>
Current assets				
Inventories	5.21	31,699	46,201	42,983
Receivables	5.22	424,823	414,482	414,868
Tax recoverable		-	324	53
Cash and bank balances	5.23	842	7,514	32,302
		<u>457,364</u>	<u>468,521</u>	<u>490,206</u>
Asset classified as held for sale	5.25	50,683	5,814	-
		<u>508,047</u>	<u>474,335</u>	<u>490,206</u>
Total assets		<u>1,704,522</u>	<u>2,330,087</u>	<u>3,259,035</u>
Equity and liabilities				
Equity attributable to the shareholder of the Company				
Share capital	5.30	124,521	124,521	124,521
Non-distributable reserve	5.31	303,525	447,896	177,631
Retained profits	5.32	792,648	864,374	1,087,717
Shareholder's equity		<u>1,220,694</u>	<u>1,436,791</u>	<u>1,389,869</u>
Non-controlling interests		48,482	61,705	59,099
Total equity		<u>1,269,176</u>	<u>1,498,496</u>	<u>1,448,968</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.3 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTD.)

	Note	2011 RM'000	2012 RM'000	2013 RM'000
Non-current liabilities				
Borrowings	5.26	12,500	-	240,000
Derivatives	5.29	63	-	-
Deferred tax liabilities	5.28	13,789	16,938	27,750
Payables	5.27	3,428	3,242	4,094
		<u>29,780</u>	<u>20,180</u>	<u>271,844</u>
Current liabilities				
Borrowings	5.26	147,618	679,047	737,355
Payables	5.27	144,544	132,311	710,864
Derivatives	5.29	337	53	-
Taxation		14,563	-	-
Dividend payable		93,391	-	90,004
		<u>400,453</u>	<u>811,411</u>	<u>1,538,223</u>
Liability classified as held for sale	5.25	5,113	-	-
		<u>405,566</u>	<u>811,411</u>	<u>1,538,223</u>
Total liabilities		<u>435,346</u>	<u>831,591</u>	<u>1,810,067</u>
Total equity and liabilities		<u>1,704,522</u>	<u>2,330,087</u>	<u>3,259,035</u>



13. ACCOUNTANTS' REPORT (Cont'd)

5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.4 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

The consolidated statements of changes in equity of the Group for FYE 31 December 2011, 31 December 2012 and 31 December 2013 are as follows:

	<-----Attributable to shareholder of the Company ----->					
	Share capital RM'000	Non- distributable reserves RM'000	Retained profits RM'000	Total equity attributable to shareholder of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2011	124,521	268,636	710,451	1,103,608	10,225	1,113,833
Total comprehensive income	-	34,781	267,842	302,623	39,919	342,542
Transactions with owner:						
Acquisition of a Subsidiary	-	-	-	-	48	48
Reserve arising from redemption of a Subsidiary's preference shares	-	108	(108)	-	-	-
Dividends paid by a Subsidiary	-	-	-	-	(1,710)	(1,710)
Dividends on ordinary shares (Note 5.14)	-	-	(185,537)	(185,537)	-	(185,537)
Total transactions with owner	-	108	(185,645)	(185,537)	(1,662)	(187,199)
At 31 December 2011	124,521	303,525	792,648	1,220,694	48,482	1,269,176



13. ACCOUNTANTS' REPORT (Cont'd)

5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.4 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTD.)

<-----Attributable to shareholder of the Company ----->

	Share capital RM'000	Non-distributable reserves RM'000	Retained profits RM'000	Total equity attributable to shareholder of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2012	124,521	303,525	792,648	1,220,694	48,482	1,269,176
Total comprehensive income	-	144,287	130,750	275,037	13,298	288,335
Transactions with owner:						
Disposal of certain interest in a Subsidiary	-	-	(415)	(415)	3,669	3,254
Reserve arising from redemption of a Subsidiary's preference shares	-	84	(84)	-	-	-
Dividends paid by a Subsidiary	-	-	-	-	(3,744)	(3,744)
Dividends on ordinary shares (Note 5.14)	-	-	(58,525)	(58,525)	-	(58,525)
Total transactions with owner	-	84	(59,024)	(58,940)	(75)	(59,015)
At 31 December 2012	124,521	447,896	864,374	1,436,791	61,705	1,498,496

13. ACCOUNTANTS' REPORT (Cont'd)

5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.4 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTD.)

	<-----Attributable to shareholder of the Company ----->					
	Share capital RM'000	Non- distributable reserves RM'000	Retained profits RM'000	Total equity attributable to shareholder of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2013	124,521	447,896	864,374	1,436,791	61,705	1,498,496
Total comprehensive income	-	(270,265)	333,164	62,899	(1,811)	61,088
Transactions with owner:						
Acquisition of Subsidiaries under common control	-	(19,817)	-	(19,817)	-	(19,817)
Disposal of Subsidiaries	-	-	-	-	(26)	(26)
Transfer to retained earnings (Note 5.31)	-	19,817	(19,817)	-	-	-
Dividends paid by a Subsidiary	-	-	-	-	(769)	(769)
Dividends on ordinary shares (Note 5.14)	-	-	(90,004)	(90,004)	-	(90,004)
Total transactions with owner	-	-	(109,821)	(109,821)	(795)	(110,616)
At 31 December 2013	124,521	177,631	1,087,717	1,389,869	59,099	1,448,968

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.5 CONSOLIDATED STATEMENTS OF CASH FLOWS

The consolidated statements of cash flows of the Group based on audited financial statements for FYE 31 December 2011, 31 December 2012 and 31 December 2013 are as follows:

	2011 RM'000	2012 RM'000	2013 RM'000
Cash flows from operating activities			
Cash receipts from customers	990,319	841,762	698,139
Cash paid to suppliers and employees	(691,224)	(717,562)	(642,264)
Cash generated from operations	299,095	124,200	55,875
Taxation paid	(45,433)	(48,225)	(15,896)
Net cash generated from operating activities	253,662	75,975	39,979
Cash flows from investing activities			
Purchase of property, plant and equipment	(28,623)	(256,358)	(166,381)
Purchase of biological assets	(2,744)	(299,150)	(81,931)
Purchase of prepaid land lease payments	-	(27,395)	(1,766)
Proceeds from disposal of property, plant and equipment and biological assets	2,656	121	99
Proceeds from disposal of prepaid land lease payments	4,019	-	-
Proceeds from disposal of plantation assets (Note 5.9)	100,500	4,004	107,347
Proceeds from disposal of assets held for sale	-	-	5,346
Net cash inflow on acquisition of assets and liabilities of BREIT (Note 5.24(a))	-	-	21,504
Net cash inflow/(outflow) on disposal of subsidiaries (Note 5.25 (c) and Note 5.24(c))	-	95,192	(13)
Net cash outflow on acquisition of subsidiaries (Note 5.24(b))	-	-	(17,572)
Dividends received	34,263	47,605	31,912
Interest received	14,736	20,558	14,980
Proceeds from disposal of certain interest in a subsidiary	-	3,254	-
Net cash generated from/(used in) investing activities	124,807	(412,169)	(86,475)

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.5 CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTD.)

	2011 RM'000	2012 RM'000	2013 RM'000
Cash flows from financing activities			
Dividends paid on ordinary shares	(92,146)	(151,916)	-
Dividends paid by a subsidiary to non-controlling interests	(1,710)	-	-
Proceeds from term loans	-	450,000	-
Increase/(decrease) in revolving credits	35,000	93,500	(60,391)
(Repayment)/drawdown of term loans	(25,000)	(25,000)	137,500
Movement in immediate holding company balance, net	(261,335)	13,674	7,564
Movement in related companies balances, net	(30,614)	(27,519)	21,975
Interest paid	(10,256)	(13,357)	(33,043)
Net cash (used in)/generated from financing activities	<u>(386,061)</u>	<u>339,382</u>	<u>73,605</u>
Net (decrease)/increase in cash and cash equivalents	(7,592)	3,188	27,109
Effect of exchange rate changes in cash and cash equivalents	42	-	-
Cash and cash equivalents at beginning of year	6,856	(694)	2,494
Cash and cash equivalents at end of year	<u>(694)</u>	<u>2,494</u>	<u>29,603</u>
Cash and cash equivalents at end of year comprise:			
Cash and bank balances (Note 5.23)	842	7,514	32,302
Bank overdrafts (Note 5.26)	(2,359)	(5,020)	(2,699)
	<u>(1,517)</u>	<u>2,494</u>	<u>29,603</u>
Cash and bank balances classified as held for sale (Note 5.25)	823	-	-
	<u>(694)</u>	<u>2,494</u>	<u>29,603</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.6 SIGNIFICANT ACCOUNTING POLICIES

5.6.1 Changes in accounting policies

The accounting policies adopted by the Group are consistent with those of the previous financial years except for the revised FRS, Amendments to FRS and Amendments to IC Interpretation adopted by the Group that are mandatory for annual financial periods beginning on or after 1 January 2013:

Effective for financial period beginning on or after 1 January 2013:

Amendments to FRS 1	Government Loans
Amendments to FRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosures on Interests in Other Entities
Amendments to FRS 10, FRS 11 and FRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
FRS 13	Fair Value Measurement
Amendments to FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS 128	Investments in Associates and Joint Ventures
IC Interpretation 20	Stripping costs in the Production Phase of a Surface Mine
Annual Improvements 2009-2011 Cycle	

Other than as discussed below, the initial applications of the above revised FRS, Amendments to FRS and Amendments to IC Interpretation have no significant impact on the financial statements of the Group in the period of initial application.

FRS 10 Consolidated financial statements ("FRS 10")

FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all companies including special purpose entities. The changes introduced by FRS 10 require management to exercise significant judgement to determine which companies are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127. The adoption of FRS 10 did not have any financial impact on the Group.

FRS 11 Joint Arrangements ("FRS 11")

FRS 11 replaces FRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-controlled Entities – Non-monetary Contributions by Venturers.

The classification of joint arrangements under FRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under FRS 11, joint arrangements are classified as either joint operations or joint ventures.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.6 SIGNIFICANT ACCOUNTING POLICIES

5.6.1 Changes in accounting policies (Contd.)

FRS 11 Joint Arrangements ("FRS 11") (contd.)

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method. The adoption of FRS 11 did not have any financial impact on the Group.

FRS 12 Disclosure of Interests in Other Entities ("FRS 12")

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured companies. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 13 Fair Value Measurement ("FRS 13")

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS. FRS 13 defines fair value as an exit price. As a result of the guidance in FRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. FRS 13 also requires additional disclosures.

Application of FRS 13 has not materially impacted the fair value measurement of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

FRS 127 Separate Financial Statements ("FRS 127")

As a consequence of the adoption of FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements. The adoption of FRS 127 did not have any financial impact on the Group.

FRS 128 Investments in associates and Joint Ventures ("FRS 128")

As a consequence of the adoption of FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates. The adoption of FRS 128 did not have any financial impact on the Group.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

5.6.2 Standards and Interpretations issued but not yet effective

At the date of this report, the following new FRS, Amendments to FRS and IC Interpretation were issued but not yet effective and have not been applied by the Group:

Effective for financial period beginning on or after 1 January 2014:

Amendments to FRS132	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

Effective for financial period beginning on or after 1 July 2014:

Amendments to FRS 119	Defined Benefit Plans: Employee Contributions
Annual improvements to FRSs 2010–2012 Cycle	
Annual improvements to FRSs 2011–2013 Cycle	

Effective annual period to be announced by Malaysian Accounting Standards Board

FRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
FRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
FRS 9	Financial Instruments: Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139

The initial application of these standards are not expected to have any significant impact on the financial statements of the Group in the period of initial applications except as discussed below.

FRS 9 Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases when the final standard including all phases is issued.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

5.6.2 Standards and Interpretations issued but not yet effective (contd.)

Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The Group has not novated its derivatives during the current period. However, these amendments would be considered for future novation.

5.6.3 Malaysian Financial Reporting Standards

On 19 November 2011, MASB issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

The Group falls within the definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made retrospectively.

The major differences between FRS framework and MFRS framework are as follows:

A. Agreement for the Construction of Real Estates

Under the FRS framework, in accordance to FRS 201: Property Development Activities, when the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised using the stage of completion method.

Under the MFRS framework, in accordance to IC Interpretation 15: Agreements for the Construction of Real Estate ("IC 15"), property development revenue and expenses from development of real estate units are recognised upon completion. This change in accounting policy, including the related deferred tax impact, shall be accounted for retrospectively.

IC 15 is not applicable to the Group.

13. ACCOUNTANTS' REPORT (Cont'd)**5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)****5.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****5.6.3 Malaysian Financial Reporting Standards (contd.)****B. Agriculture**

Under the FRS framework, the Group's accounting policy for biological assets are as disclosed in Note 5.6.5(e). Under the MFRS framework, MFRS 141 Agriculture ("MFRS 141") requires biological assets to be measured at fair value less costs to sell unless it is not possible to measure fair value reliably, in which case they are measured at cost. Gains and losses from changes in fair value less costs to sell are recognised in profit or loss. Agricultural produce harvested from a biological asset are measured at fair value less costs to sell at the point of harvest. Thereafter, the standard on inventories generally applies.

At the date of this report, the Group has not completed its quantification of the financial effects to the financial statements arising from the change from FRS to MFRS. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the financial years ended 31 December 2011, 2012 and 2013 could be different if prepared under the MFRS Framework.

5.6.4 Significant accounting judgements and estimates

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows:

Estimates and assumptions**(i) Impairment of goodwill**

The Group tests whether goodwill has suffered any impairment on an annual basis. This requires the estimation of value in use of the assets or CGU to which the goodwill is allocated. Estimating the value in use requires management to make an estimate of the expected future cash flows from the asset or CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, changes in the assumptions may materially affect the assessment of recoverable amounts. The carrying amount of goodwill as at 31 December 2013 is RM2,687,000 (2012: RM2,687,000, 2011: RM2,687,000) as disclosed in Note 5.20.

13. ACCOUNTANTS' REPORT (Cont'd)**5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)****5.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****5.6.4 Significant accounting judgements and estimates (Contd.)****Estimates and assumptions (contd.)****(ii) Useful lives of property, plant and equipment**

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

The cost of property, plant and equipment is depreciated on a straight-line basis over the asset's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2 to 999 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 5.15.

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

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

The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group believes that the assumptions are appropriate and reasonable, changes in the assumptions may materially affect the assessment of recoverable amounts. The provisions for impairment of property, plant and equipment and biological assets are disclosed in Notes 5.15 and 5.16.

13. ACCOUNTANTS' REPORT (Cont'd)**5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)****5.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****5.6.4 Significant accounting judgements and estimates (contd.)****Estimates and assumptions (contd.)****(iv) Deferred tax assets**

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital and agricultural allowances and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, allowances and deductible temporary differences can be utilised. The recognition of deferred tax assets is based upon the likely timing and level of future taxable profits together with tax planning strategies. Deferred tax assets not recognised on unused tax losses, capital and agricultural allowances and other deductible temporary differences of the Group was RM295,804,000 (2012: RM304,559,000, 2011: RM330,994,000) as disclosed in Note 5.28.

(v) Litigation accruals

From time to time, the Group is subject to proceedings, lawsuits and other claims. The Group is required to assess the likelihood of any adverse judgement or outcome to these matters as well as potential ranges of probable losses. A determination of the amount of accrual required, if any, for these contingencies is made after careful analysis of each matter. The required accrual may change in the future due to new developments in each matter or changes in approach such as change in settlement strategy in dealing with these matters. The contingent liability arising from the on-going litigation claim against the Group are disclosed in Note 5.38.

(vi) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 5.22.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

5.6.5 Summary of significant accounting policies

(a) Basis of consolidation

The consolidated financial statements of the Group comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interests in associates.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under FRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method except for the business combination with BEA, which was accounted for under the pooling of interest method as the acquisition arose from an internal group restructuring.

Since 1 January 2011, the Group applied FRS 3: Business Combinations (revised). The revised FRS 3 continues to apply the acquisition method to business combinations but with some significant changes. All payments to purchase a business are recorded at fair value at the acquisition date. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of FRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised in either profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of FRS 139, it is measured in accordance with the appropriate FRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity. Acquisition related costs incurred are expensed and included in administrative expenses.

The identifiable assets acquired and the liabilities assumed are measured at their fair values at the acquisition date. The difference between these fair values and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition. The accounting policy for goodwill is set out in Note 5.6.5(r). Discount on acquisition which represents negative goodwill is recognised immediately as income in profit or loss.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

5.6.5 Summary of significant accounting policies (contd.)

(a) Basis of consolidation (contd.)

Business combination (contd.)

In business combinations achieved in stages, previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Non-controlling interest

For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at the acquisition date either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Non-controlling interests represent the equity in Subsidiaries not attributable, directly or indirectly, to the owners of the Company, and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from shareholders' equity. Losses within a Subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Prior to 1 January 2011, where losses applicable to the non-controlling interests exceed their interest in the equity of a Subsidiary, the excess, and any further losses applicable to the non-controlling interest, were charged against the Groups' interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the Subsidiary subsequently reports profits, such profits are allocated to the non-controlling interest until the non-controlling interest's share of losses previously absorbed by the Group has been recovered.

Since 1 January 2011, the Group applied FRS 127, Consolidated and Separate Financial statements (revised) where losses applicable to the non-controlling interests in a Subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share in prior years. Therefore, for a non-wholly owned Subsidiary for which there was deficit attributable to its non-controlling interest, which was allocated to the parent under the previous FRS 127, if that Subsidiary subsequently earns profits after it adopts FRS 127 (Revised), any past losses that were absorbed by the Group are not reversed.

Change in ownership interest of Subsidiary

Changes in the Group's equity interest in a Subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their respective interests in the Subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in shareholders' equity.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

5.6.5 Summary of significant accounting policies (Contd.)

(a) Basis of consolidation (Contd.)

Change in ownership interest of Subsidiary (contd.)

If the Group loses control over a Subsidiary, at the date the Group loses control, it:

- Derecognises the assets (including goodwill) and liabilities of the Subsidiary at their respective carrying amounts.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences recorded in equity.
- Recognises the fair value of the consideration or distribution received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Business combinations under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any differences between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.

The Group has elected no restatement of financial information in the consolidated financial statements for the periods prior to the combination of entities under common control.

(b) Associates

An Associate is defined as a company, not being a Subsidiary or an interest in a joint venture, in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies. Details of the Associates of the Group are disclosed in Note 5.44.

On acquisition of an investment in Associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

13. ACCOUNTANTS' REPORT (Cont'd)**5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)****5.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****5.6.5 Summary of significant accounting policies (Contd.)****(b) Associates (Contd.)**

An Associate is equity accounted for from the date on which the investee becomes an Associate of the Group.

Under the equity method, investment in Associates is carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the Associates, less distribution received and any impairment in value of individual investments.

The consolidated statements of comprehensive income reflects the share of the Associates' results after tax. Where there has been a change recognised directly in the equity of associates, the Group recognises its share of such change. Unrealised gains or losses on transactions between the Group and its Associates are eliminated to the extent of the Group's interest in the Associates. When the Group's share of losses exceeds its interest in an Associate, the Group does not recognise further losses except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the Associate.

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on its investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the Associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the Associate and its carrying value. Impairment loss is recognised in profit or loss.

An Associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence. Upon loss of significant influence over the Associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(c) Investment in joint operation

A joint operation is a joint arrangement whereby the parties that have the joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

13. ACCOUNTANTS' REPORT (Cont'd)

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5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)**5.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****5.6.5 Summary of significant accounting policies (Contd.)****(c) Investment in joint operation (Contd.)**

The Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the FRS applicable to the particular assets, liabilities, revenues and expenses.

Profits and losses resulting from transactions between the Group and its joint operation are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the joint operation.

(d) Property, plant and equipment and depreciation

All property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Freehold land is not amortised. Capital work-in-progress are also not depreciated as these assets are not available for use. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis to write off the cost of the assets to their residual values over the term of their estimated useful lives, as follows:

Buildings	5 - 30 years
Plant and machinery	5 - 30 years
Furniture and equipment	2 - 15 years
Motor vehicles	3 - 7 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

13. ACCOUNTANTS' REPORT (Cont'd)**5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)****5.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****5.6.5 Summary of significant accounting policies (Contd.)****(e) Biological assets**

The expenditure on new planting and replanting of a different produce crop incurred up to the time of maturity is capitalised. Depreciation charges and external borrowing costs related to the development of new plantations are included as part of the capitalisation of immature planting costs. Replanting expenditure incurred in respect of the same crop is charged to profit or loss in the year in which it is incurred. Plantation development expenditure is not amortised, but will be subject to impairment assessment as disclosed in Note 5.6.5(p).

(f) Inventories

Inventories are stated at the lower of cost and net realisable value, cost being determined on weighted average basis. Cost includes all costs incurred in bringing the inventories to their existing location and condition; and in the case of produce stocks, includes harvesting, manufacturing and transport charges, where applicable. Net realisable value represents the estimated selling price less all estimated costs.

(g) Currency conversion

The Group's consolidated financial statements are presented in RM, which is also the functional currency of the Company. All transactions are recorded in RM. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(i) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations which are recognised initially in other comprehensive income and accumulated under foreign exchange currency reserve in equity. The foreign exchange currency reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

13. ACCOUNTANTS' REPORT (Cont'd)**5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)****5.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****5.6.5 Summary of significant accounting policies (Contd.)****(g) Currency conversion (Contd.)****(ii) Foreign Operations**

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

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of transactions. The exchange differences arising on the translation are recognised in other comprehensive income.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity, shall be reclassified from equity to profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognised. An entity may present reclassification adjustments in the statements of comprehensive income or in the notes.

The reclassification adjustment in relation to PTDI has been restated in the consolidated statement of comprehensive income for FYE 2012.

(h) Cash and cash equivalents

For purposes of the statements of cash flows, cash and cash equivalents comprise cash and bank balances, and overdrafts which are subject to an insignificant risk in changes in value.

(i) Research and development

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

(j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue from sales is recognised upon delivery of plantation produce and motor vehicles. Revenue from plantation agency services and conference, workshops and professional services provided are recognised when services are rendered.

13. ACCOUNTANTS' REPORT (Cont'd)**5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)****5.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****5.6.5 Summary of significant accounting policies (Contd.)****(j) Revenue recognition (Contd.)**

Dividends from Subsidiaries, Associates and investment securities are recognised in profit or loss when the right to receive payment is established. Interest income is recognised as it accrues at effective interest unless collection is doubtful.

Sales and other revenue earned from intra-group companies are eliminated on consolidation.

(k) Provisions

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(l) Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(m) Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds. Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset.

Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

5.6.5 Summary of significant accounting policies (Contd.)

(n) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax, and is recognised in the profit or loss. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date. Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes related to the same taxable entity and the same taxation authority.

(o) Employee benefits

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

13. ACCOUNTANTS' REPORT (Cont'd)**5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)****5.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****5.6.5 Summary of significant accounting policies (Contd.)****(o) Employee benefits (Contd.)**

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

The Group also pays retirement benefits to the estates workers and staff in Peninsular Malaysia as per agreement between NUPW and MAPA as well as between MAPA and AMESU.

(p) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable CGU.

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

13. ACCOUNTANTS' REPORT (Cont'd)**5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)****5.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****5.6.5 Summary of significant accounting policies (Contd.)****(q) Leases****(i) Finance lease**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Finance leases are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

(ii) Operating lease

Leases of assets under which substantial risks and rewards incidental to ownership are retained by the lessor are classified as operating leases.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term. The aggregate benefit or incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

The tenure of the Group's leasehold lands range from 30 to 90 years (2012: 30 to 90 years, 2011: 30 to 99 years).

(r) Goodwill

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

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

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

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

5.6.5 Summary of significant accounting policies (Contd.)

(s) Assets held for sale

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

(t) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

At initial recognition, financial assets are recognised at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group determines the classifications of financial assets at initial recognition, and the categories include loans and receivables and available-for-sale financial assets.

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loan and receivables of the Group comprise receivables (excluding prepayments) and cash and bank balances.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date, are classified as non-current.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. The available-for-sale financial assets of the Group comprise investment securities.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

5.6.5 Summary of significant accounting policies (Contd.)

(t) Financial assets (Contd.)

(ii) Available-for-sale financial assets (Contd.)

Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(u) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

5.6.5 Summary of significant accounting policies (Contd.)

(u) Impairment of financial assets (Contd.)

(ii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

(v) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss.

13. ACCOUNTANTS' REPORT (Cont'd)**5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)****5.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****5.6.5 Summary of significant accounting policies (Contd.)****(v) Financial liabilities (Contd.)****(ii) Other financial liabilities**

The Group's other financial liabilities include payables and borrowings.

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(w) Segment reporting

The principal activities of the Group are the cultivation of oil palms, production and sale of fresh fruit bunches, crude palm oil and palm kernel and is wholly carried out in Malaysia. The management of the Company regularly reviews the segment performance. Additional disclosures on the segment is shown in Note 5.42, including the factors used to identify the reportable segments and the measurement basis of segment information.

(x) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.6 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

5.6.5 Summary of significant accounting policies (Contd.)

(y) Fair value measurement

The Group measures financial instruments, such as, derivatives, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 5.40.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - unadjusted quoted market prices in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted market prices that are observable either directly or indirectly.
- Level 3 - input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

13. ACCOUNTANTS' REPORT (Cont'd)**5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)****5.7 REVENUE**

	2011 RM'000	2012 RM'000	2013 RM'000
Sales of plantation produce	970,490	832,273	682,569
Sales of motor vehicles	6,430	3,075	1,574
Revenue from plantation agency services	-	-	472
Revenue from conference, workshops and professional services provided	-	76	7
Gross dividends from quoted investment securities	34,263	41,989	85,658
	<u>1,011,183</u>	<u>877,413</u>	<u>770,280</u>

5.8 OPERATING COSTS

	2011 RM'000	2012 RM'000	2013 RM'000
Changes in inventories of produce stocks	(4,464)	(16,344)	16,146
Finished goods purchases	4,704	2,111	756
Raw materials, consumables and other direct costs	374,287	353,460	273,791
Staff costs:			
Wages, salaries and other employee benefits	142,483	179,978	189,508
Defined contribution retirement plan	4,461	5,846	6,790
Provision for retirement benefits	842	244	1,407
Depreciation (Note 5.15)	24,584	23,748	29,059
Amortisation of biological assets (Note 5.16)	1,302	-	-
Amortisation of prepaid land lease payments (Note 5.17)	910	618	1,889
Research and development	7,490	8,352	10,843
Windfall tax	12,738	6,427	171
Other operating costs	189,378	153,309	96,905
	<u>758,715</u>	<u>717,749</u>	<u>627,265</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.8 OPERATING COSTS (CONTD.)

	2011 RM'000	2012 RM'000	2013 RM'000
Other operating costs include:			
Auditors' remuneration:			
Audit fees			
- Current year	497	457	486
- Prior year	99	(14)	30
Other services	-	19	-
Non-executive Directors' fees	25	15	25
Gain on disposal of property, plant and equipment and biological assets	(1,573)	(101)	(34)
Property, plant and equipment written off	1,483	904	45
Loss on disposal of prepaid land lease payments	758	-	-
Gain on compulsory acquisition of land	-	6,842	-
Loss/(gain) on foreign exchange			
- Unrealised	1,086	(1,237)	2,813
- Realised	(1)	38	-
Bad debts written off	-	-	-
Biological assets written off (Note 5.16)	-	-	465
Impairment loss on financial assets			
- Trade receivables (Note 5.22(a))	5	40	-
- Other receivables (Note 5.22(b))	4,530	-	-
Reversal of impairment loss on financial assets			
- Trade receivables (Note 5.22(a))	(15)	-	(303)
- Other receivables (Note 5.22(b))	(63)	(113)	(99)
Impairment loss on assets held for sale (Note 5.25(d))	-	7,978	-
Impairment of property, plant and equipment (Note 5.15)	5,450	-	-
Allowance/(reversal) for impairment of biological assets (Note 5.16)	5,445	(3,595)	-
Lease rental payable to			
- Golden Crop Returns Berhad	51,929	38,863	-
- BREIT	99,556	90,501	68,482
Rental of premises	123	104	630

13. ACCOUNTANTS' REPORT (Cont'd)**5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)****5.9 GAIN ON DISPOSAL OF PLANTATION ASSETS**

On 19 November 2013, the Company entered into Sale and Purchase Agreements with Boustead Balau Sdn Bhd and UK Realty Sdn Bhd, both wholly-owned Subsidiaries of immediate holding company for the disposal of 38.502 acres and 340.63 acres of Balau estate for a consideration of RM10.901 million and RM96.446 million respectively. The disposals were completed on 12 December 2013.

During the FYE 31 December 2012, BPB disposed 9.19 acres of Balau Estate to Pesuruhan Tanah Persekutuan for a total sale consideration of RM4.0 million. In addition, there was a gain on compulsory acquisition of certain parcels of plantation land at Telok Sengat Estate and Kulai Young Estate by the Johor State Government amounted to RM5.9 million.

On 21 March 2011, Boustead Sutera Sdn Bhd, a Subsidiary, entered into a Sale and Purchase Agreement with CIMB Trustee Berhad, the trustee for BREIT for the disposal of Sutera Estate, to BREIT for a sale consideration of RM100.5 million. The gain on disposal amounted to RM62.2 million. The sale was completed on 1 April 2011.

5.10 INTEREST INCOME

	2011 RM'000	2012 RM'000	2013 RM'000
Interest income			
- Immediate Holding Company	19,879	20,358	14,512
- Related company	-	105	325
- Others	308	115	208
	<u>20,187</u>	<u>20,578</u>	<u>15,045</u>

5.11 OTHER INCOME

	2011 RM'000	2012 RM'000	2013 RM'000
Net fair value gain on financial financial instruments:			
- Derivatives	498	347	35
	<u>498</u>	<u>347</u>	<u>35</u>

5.12 FINANCE COSTS

	2011 RM'000	2012 RM'000	2013 RM'000
Interest expense			
- Financial institutions	6,825	11,607	32,485
- Immediate Holding Company	521	-	-
- Related companies	2,195	1,466	5
- Others	530	569	500
Other finance costs	-	200	985
	<u>10,071</u>	<u>13,842</u>	<u>33,975</u>
Less: Interest expense capitalised to biological assets (Note 5.16)	<u>(189)</u>	<u>(123)</u>	<u>(248)</u>
	<u>9,882</u>	<u>13,719</u>	<u>33,727</u>

13. ACCOUNTANTS' REPORT (Cont'd)**5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)****5.13 INCOME TAX EXPENSE**

	2011 RM'000	2012 RM'000	2013 RM'000
Malaysian tax expense:			
- current income tax	52,967	31,550	19,303
- deferred tax (Note 5.28)	(29,136)	6,474	10,398
	<u>23,831</u>	<u>38,024</u>	<u>29,701</u>
Under/(over) provision of tax in prior years:			
- Malaysian income tax	95	1,788	(2,174)
- Deferred tax (Note 5.28)	142	35	378
	<u>237</u>	<u>1,823</u>	<u>(1,796)</u>
	<u>24,068</u>	<u>39,847</u>	<u>27,905</u>

Domestic current income tax is calculated at the statutory tax rate of 25% (2012: 25%, 2011: 25%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 24% from the current year's tax rate of 25%, effective year of assessment 2016. The effects arising from the reduction in tax rate relating to the computation of deferred taxation is not material to the Group. Taxation for other jurisdictions are calculated at the rates prevailing in those jurisdictions.

Reconciliations of the tax expense applicable to profit before tax at the statutory rate to the income tax expense of the Group is as follows:

	2011 RM'000	2012 RM'000	2013 RM'000
Profit before tax	331,813	183,717	359,258
Taxation at statutory tax rate of 25%	82,953	45,929	89,815
Effects of share of results of Associates	(1,581)	(1,011)	(1,309)
Income not subject to tax	(16,772)	(4,877)	(58,903)
Expenses not deductible for tax purposes	7,377	7,662	5,054
Tax incentives	(2,108)	(2,088)	(2,715)
Deferred tax assets not recognised	3,049	5	96
Utilisation of previously unused tax losses and unabsorbed capital and agricultural allowances	(17,087)	(5,847)	(2,337)
Deferred tax assets previously not recognised	(32,000)	(1,749)	-
Under/(over) provision in prior years	237	1,823	(1,796)
Tax expense for the year	<u>24,068</u>	<u>39,847</u>	<u>27,905</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.14 DIVIDEND

	Amount RM'000	Dividend per ordinary shares Sen
Interim dividend for FYE 31 December 2011:		
First interim single-tier dividend of 74% on 124,521,383 ordinary shares, paid on 27 December 2011	92,146	74.0
Second interim single-tier dividend of 75% on 124,521,383 ordinary shares, paid on 16 January 2012	93,391	75.0
	<u>185,537</u>	<u>149.0</u>
Interim dividend for FYE 31 December 2012:		
Interim single-tier dividend of 47% on 124,521,383 ordinary shares, paid on 31 December 2012	58,525	47.0
Interim dividend for 2013:		
Interim single-tier dividend of 72.28% on 124,521,383 ordinary shares, declared on 31 December 2013 and paid on 15 January 2014	90,004	72.0

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.15 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, equipment and others RM'000	Total RM'000
At 31 December 2011					
At cost					
At 1 January 2011	42,912	12,288	140,870	223,926	419,996
Additions	-	-	8,964	19,659	28,623
Transfer from Immediate Holding Company	-	-	-	1,100	1,100
Transfer to assets held for sale (Note 5.25(b))	-	-	(25,876)	(19,530)	(45,406)
Disposals	(962)	(46)	-	-	(1,008)
Written off	-	-	(415)	(9,708)	(10,123)
Reclassification	-	-	732	(732)	-
Exchange differences	-	-	440	319	759
At 31 December 2011	41,950	12,242	124,715	215,034	393,941
Accumulated depreciation and impairment losses					
At 1 January 2011	-	1,989	34,865	125,401	162,255
Depreciation charge for the year (Note 5.8)	-	407	6,349	17,828	24,584
Transfer to assets held for sale (Note 5.25(b))	-	-	(9,602)	(8,247)	(17,849)
Disposals	-	(14)	-	-	(14)
Written off	-	-	(22)	(8,618)	(8,640)
Impairment loss (Note 5.8)	-	-	-	5,450	5,450
Reclassification	-	-	(17)	17	-
Exchange differences	-	-	144	113	257
At 31 December 2011	-	2,382	31,717	131,944	166,043
Net carrying amount					
At 31 December 2011	41,950	9,860	92,998	83,090	227,898
Accumulated impairment					
At 1 January 2011	-	-	-	-	-
Provision for the year	-	-	-	5,450	5,450
At 31 December 2011	-	-	-	5,450	5,450

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.15 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, equipment and others RM'000	Total RM'000
At 31 December 2012					
At cost					
At 1 January 2012	41,950	12,242	124,715	215,034	393,941
Additions	50,674	148,538	23,638	28,386	251,236
Transfer from prepaid land lease payments (Note 5.17)	-	4,866	-	-	4,866
Disposals	(293)	-	(117)	(850)	(1,260)
Written off	(136)	-	(728)	(14,443)	(15,307)
Reclassification	-	-	1,141	(1,141)	-
At 31 December 2012	92,195	165,646	148,649	226,986	633,476
Accumulated depreciation and impairment losses					
At 1 January 2012	-	2,382	31,717	131,944	166,043
Depreciation charge for the year (Note 5.8)	-	686	5,660	17,402	23,748
Transfer from prepaid land lease payments (Note 5.17)	-	733	-	-	733
Disposals	-	-	(104)	(849)	(953)
Written off	-	-	(720)	(13,683)	(14,403)
At 31 December 2012	-	3,801	36,553	134,814	175,168
Net carrying amount					
At 31 December 2012	92,195	161,845	112,096	92,172	458,308
Accumulated impairment					
At 1 January 2012	-	-	-	5,450	5,450
Written off	-	-	-	(5,450)	(5,450)
At 31 December 2012	-	-	-	-	-

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.15 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant, equipment and others RM'000	Total RM'000
At 31 December 2013					
At cost					
At 1 January 2013	92,195	165,646	148,649	226,986	633,476
Additions	573,851	255,833	96,135	58,438	984,257
Acquisition of Subsidiaries (Note 5.24(b))	-	-	-	6,438	6,438
Disposal of Subsidiary (Note 5.24(c))	-	-	-	(2)	(2)
Net transfers from related companies	-	-	2,402	1,680	4,082
Disposals	(14,513)	-	(38)	(3,422)	(17,973)
Written off	-	-	(8)	(2,923)	(2,931)
Reclassification	(190)	(2,055)	(3,595)	5,840	-
At 31 December 2013	<u>651,343</u>	<u>419,424</u>	<u>243,545</u>	<u>293,035</u>	<u>1,607,347</u>
Accumulated depreciation and impairment losses					
At 1 January 2013	-	3,801	36,553	134,814	175,168
Depreciation charge for the year (Note 5.8)	-	2,916	8,129	18,014	29,059
Acquisition of Subsidiaries (Note 5.24(b))	-	-	-	4,008	4,008
Net transfers from related companies	-	-	1,911	772	2,683
Disposals	-	-	(38)	(3,357)	(3,395)
Written off	-	-	(8)	(2,879)	(2,887)
At 31 December 2013	<u>-</u>	<u>6,717</u>	<u>46,547</u>	<u>151,372</u>	<u>204,636</u>
Net carrying amount					
At 31 December 2013	<u>651,343</u>	<u>412,707</u>	<u>196,998</u>	<u>141,663</u>	<u>1,402,711</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.15 PROPERTY, PLANT AND EQUIPMENT (CONTD.)

- (a) The Group's plant and equipment include expenditure on buildings and plant and machinery under construction of RM8,074,000 (2012: RM5,535,000, 2011: RM3,321,000). The other assets included under this category are motor vehicles and furniture.
- (b) The Group's leasehold land with net carrying amount of RM26,539,275 (2012: RM26,864,267, 2011: Nil) is held in trust by a nominee of the Group.
- (c) The net carrying amount of property, plant and equipment pledged as security for borrowings (Note 5.26(c) and (f)) is RM221,509,000 (2012: RMNil, 2011: RMNil).

5.16 BIOLOGICAL ASSETS

	2011 RM'000	2012 RM'000	2013 RM'000
Cost			
At 1 January	439,168	385,874	690,254
Additions	2,933	304,395	584,348
Disposals	(89)	(15)	-
Written off (Note 5.8)	-	-	(465)
Transfer to assets held for sale (Note 5.25(b))	(57,193)	-	-
Exchange adjustment	1,055	-	-
At 31 December	<u>385,874</u>	<u>690,254</u>	<u>1,274,137</u>
Accumulated amortisation and impairment losses			
At 1 January	81,958	38,237	34,642
Amortisation for the year (Note 5.8)	1,302	-	-
Allowance/(reversal) of impairment for the year (Note 5.8)	5,445	(3,595)	-
Transfer to assets held for sale (Note 5.25(b))	(51,151)	-	-
Exchange adjustment	683	-	-
At 31 December	<u>38,237</u>	<u>34,642</u>	<u>34,642</u>
Net carrying amount			
At 31 December	<u>347,637</u>	<u>655,612</u>	<u>1,239,495</u>
Accumulated impairment			
At 31 December	<u>38,237</u>	<u>34,642</u>	<u>34,642</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.16 BIOLOGICAL ASSETS (CONTD.)

Additions to the Group's biological assets during the year includes the capitalisation of interest of RM248,000 (2012: RM123,000, 2011: RM189,000).

The net carrying amount of biological assets pledged as security for borrowings (Note 5.26 (c) and (f)) is RM185,091,000 (2012: RMNil, 2011: RMNil).

(a) Impairment of biological assets

During the FYE 31 December 2011, the Group reviewed the recoverable amount of its plantation development in Loagan Bunut, Sungai Lelak and Bukit Limau, Sarawak, respectively in respect of areas destroyed by prolonged floods, as well as swampy and steep terrain areas. The review led to the recognition of impairment loss of RM5,445,000 for biological assets.

(b) Reversal of provision of impairment for biological assets

During the FYE 31 December 2012, biological assets held in Sarawak estates were tested for impairment by comparing the net carrying amount with the value in use of the assets. The value in use of the biological assets was determined by discounting future cashflows over the economic cycle using pre-tax discount factor of 9%. Impairment loss provided previously was reversed as a result of improved performance achieved by the estates in recent years. The reversal of impairment loss of RM3,595,000 was recognised in "Operating costs" line item of the consolidated statement of comprehensive income for the FYE 31 December 2012.

5.17 PREPAID LAND LEASE PAYMENTS

	2011 RM'000	2012 RM'000	2013 RM'000
At cost			
At 1 January	59,989	42,972	65,501
Additions	-	27,395	1,766
Transfer to property, plant and equipment (Note 5.15)	-	(4,866)	-
Disposal	(5,531)	-	-
Transfer to assets held for sale (Note 5.25b))	(11,689)	-	-
Exchange differences	203	-	-
At 31 December	<u>42,972</u>	<u>65,501</u>	<u>67,267</u>
Accumulated amortisation			
At 1 January	10,851	6,230	6,115
Amortisation for the year (Note 5.8)	910	618	1,889
Transfer to property, plant and equipment (Note 5.15)	-	(733)	-
Disposal	(754)	-	-
Transfer to assets held for sale (Note 5.25(b))	(4,855)	-	-
Exchange differences	78	-	-
At 31 December	<u>6,230</u>	<u>6,115</u>	<u>8,004</u>
Net carrying amount			
At 31 December	<u>36,742</u>	<u>59,386</u>	<u>59,263</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.17 PREPAID LAND LEASE PAYMENTS (CONTD.)

During the FYE 31 December 2012, prepaid land lease payments with net carrying amount of RM4,133,000 were transferred to property, plant and equipment because the Group has acquired the beneficial ownership of the leasehold lands. Previously, these land were held under sub-lease arrangement which was accounted under operating lease.

5.18 INVESTMENT IN ASSOCIATES

	2011 RM'000	2012 RM'000	2013 RM'000
Unquoted shares at cost	3,330	3,330	3,330
Share of post acquisition reserves	25,216	23,642	28,877
	<u>28,546</u>	<u>26,972</u>	<u>32,207</u>
Share of net tangible assets	<u>28,546</u>	<u>26,972</u>	<u>32,207</u>

(i) The summarised financial information of the Associate is as follows:

	2011 RM'000	2012 RM'000	2013 RM'000
Total assets	77,664	63,376	78,857
Total liabilities	20,573	9,432	14,443
Net assets	<u>57,091</u>	<u>53,944</u>	<u>64,414</u>
Results			
Revenue	36,541	37,022	49,518
Profit for the year	<u>12,648</u>	<u>8,084</u>	<u>10,470</u>

(ii) Reconciliation of summarised financial information presented above to the carrying amount of the Group's interest in the Associate:

	2011 RM'000	2012 RM'000	2013 RM'000
Net assets at 1 January	44,443	57,091	53,944
Profit for the year	12,648	8,084	10,470
Dividend paid	-	(11,231)	-
Net assets at 31 December	<u>57,091</u>	<u>53,944</u>	<u>64,414</u>
Group's share of net assets representing carrying value of Group's interest in Associate	<u>28,546</u>	<u>26,972</u>	<u>32,207</u>
Interest in Associate	50%	50%	50%

Details of associates are disclosed in Note 5.44.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.19 INVESTMENT SECURITIES

	2011 RM'000	2012 RM'000	2013 RM'000
Non-current			
Available-for-sale financial assets			
- Equity instruments (quoted in Malaysia)	517,308	614,724	-
Market value of quoted investments	517,308	614,724	-

During FYE 31 December 2013, investment securities were transferred to investment in Subsidiaries upon the privatisation of BREIT as disclosed in Note 5.37(f).

5.20 GOODWILL ON CONSOLIDATION

	2011 RM'000	2012 RM'000	2013 RM'000
At cost			
At 1 January/31 December	2,687	2,687	2,687

Goodwill on consolidation arises from the acquisition of three (3) subsidiaries with principal activities of oil palm cultivation. At each reporting date, the recoverable amounts were determined based on value in use calculation using cash flow budget approved by the board of directors covering a five-year period. The appropriate pre-tax discount rate that reflect each entity's cost of borrowings, the expected rate of return and various risk were applied. No impairment loss was required as the recoverable amounts were in excess of the carrying amount of the remaining goodwill.

Based on the sensitivity analysis performed, management believes that no reasonably possible change in base case key assumption would cause the carrying value of the CGU to exceed its recoverable amount.

5.21 INVENTORIES

	2011 RM'000	2012 RM'000	2013 RM'000
At cost:			
Produce stocks	19,757	14,295	14,205
Consumables	11,008	9,689	17,754
Others	637	776	-
Nursery stocks	2,946	1,773	6,694
Transfer to assets held for sale (Note 5.25(b))	(2,649)	-	-
	31,699	26,533	38,653
At net realisable value:			
Produce stocks	-	19,668	4,330
	31,699	46,201	42,983

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.22 RECEIVABLES

	2011 RM'000	2012 RM'000	2013 RM'000
Current			
Trade			
Third parties	12,951	41,100	33,637
Less: Transfer to assets held for sale (Note 5.25(b))	(677)	-	-
	<u>12,274</u>	<u>41,100</u>	<u>33,637</u>
Less: Allowance for impairment	(263)	(303)	-
	<u>12,011</u>	<u>40,797</u>	<u>33,637</u>
Others			
Estate receivables	6,549	4,601	5,708
Advances to smallholders' scheme	8,731	-	-
Loan to Immediate Holding Company	368,289	354,287	344,983
Related companies	4,180	7,881	15,254
Amount due from Associate	-	-	2,779
Prepayments and deposits	25,718	271	6,493
Workers' housing advances	1,093	1,038	963
Other receivables	10,759	7,370	6,715
	<u>425,319</u>	<u>375,448</u>	<u>382,895</u>
Less: Transfer to assets held for sale (Note 5.25(b))	(10,631)	-	-
	<u>414,688</u>	<u>375,448</u>	<u>382,895</u>
Less: Allowance for impairment	(1,876)	(1,763)	(1,664)
	<u>412,812</u>	<u>373,685</u>	<u>381,231</u>
	<u>424,823</u>	<u>414,482</u>	<u>414,868</u>
Non-current			
Others			
Ijarah deposits	-	5,766	-
	<u>-</u>	<u>5,766</u>	<u>-</u>
Total receivables (current and non-current)	<u>424,823</u>	<u>420,248</u>	<u>414,868</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.22 RECEIVABLES (CONTD.)

(a) Trade receivables

Trade receivables are non-interest bearing and are on 30-day (2012: 30-day, 2011: 30-day) credit terms. Certain palm kernel buyers are required to make advance payment before collection of produce. Trade receivables are recognised at original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of trade receivables is as follows:

	2011 RM'000	2012 RM'000	2013 RM'000
Neither past due nor impaired	8,115	37,549	32,648
Past due but not impaired:			
1 to 30 days	2,980	2,651	757
31 to 60 days	869	456	160
61 to 90 days	17	40	64
> 90 days	30	101	8
	3,896	3,248	989
Impaired	263	303	-
	<u>12,274</u>	<u>41,100</u>	<u>33,637</u>

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. These debtors are mostly long term customers with no history of default in payments.

None of the trade and other receivables that are neither past due nor impaired have been renegotiated during the year.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.22 RECEIVABLES (CONTD.)

(a) Trade receivables (Contd.)

Receivables that are past due but not impaired

The Group's trade receivables of RM989,000 (2012: RM3,248,000, 2011: RM3,896,000) that are past due at the reporting date but not impaired are unsecured. These balances relate mainly to customers who have not defaulted on payments but are slow paymasters hence, periodically monitored.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired		
	2011 RM'000	2012 RM'000	2013 RM'000
Trade receivables - nominal amounts	263	303	-
Less: Allowance for impairment	(263)	(303)	-
	-	-	-

Movement in allowance accounts:

	2011 RM'000	2012 RM'000	2013 RM'000
At 1 January	273	263	303
Provision for the year (Note 5.8)	5	40	-
Reversal during the year (Note 5.8)	(15)	-	(303)
At 31 December	263	303	-

Trade debtors that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.22 RECEIVABLES (CONTD.)

(b) Other receivables - Current and non-current

Advances to smallholders' scheme

As at 31 December 2011, the advances to smallholders' scheme were unsecured and carried interest at rate of 14% per annum. The advances were repayable through monthly repayment scheme, which was equivalent to an amount of 30% on the total value of monthly fresh fruit bunches harvested by the smallholders.

Amount due from Immediate Holding Company, Related Companies and an Associate

Loan to Immediate Holding Company is unsecured, repayable on demand and bears interest ranging from 3.25% to 4.93% (2012: 3.25% to 9.88%, 2011: 3.0% to 9.88%) per annum.

Other amounts due from Immediate Holding Company, an Associate and related companies are unsecured, interest free and repayable on demand.

Maturity analysis of non-current receivables

	2011 RM'000	2012 RM'000	2013 RM'000
Others - Ijarah deposits			
Due between 2 to 5 years	-	5,766	-
Total non-current receivables	-	5,766	-

Other receivables that are impaired

Allowance for impairment is made up of the following:

	2011 RM'000	2012 RM'000	2013 RM'000
Current			
Workers housing advances	1,093	1,038	969
Other receivable - cost of construction of pond	222	164	134
Other receivable - disputed earthworks	561	561	561
	<u>1,876</u>	<u>1,763</u>	<u>1,664</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.22 RECEIVABLES (CONTD.)

(b) Other receivables - Current and non-current (Contd.)

Movement in allowance accounts:

	2011 RM'000	2012 RM'000	2013 RM'000
Current			
At 1 January	1,939	1,876	1,763
Charge for the year (Note 5.8)	4,530	-	-
Reversal during the year (Note 5.8)	(63)	(113)	(99)
Transfer to assets held for sale (Note 5.25(b))	(4,530)	-	-
At 31 December	<u>1,876</u>	<u>1,763</u>	<u>1,664</u>

5.23 CASH AND BANK BALANCES

	2011 RM'000	2012 RM'000	2013 RM'000
Cash and bank balances	1,665	3,764	11,764
Short term deposits with licensed banks	-	3,750	20,538
Less: Transfer to assets held for sale (Note 5.25(b))	(823)	-	-
	<u>842</u>	<u>7,514</u>	<u>32,302</u>

The weighted average interest rate and average maturity period of short term deposits at the reporting date were as follows:

	Weighted average interest rate		
	2011	2012	2013
	%	%	%
Short term deposits with licensed banks	<u>Nil</u>	<u>2.67</u>	<u>2.86</u>
	Average maturity period		
	2011	2012	2013
	Days	Days	Days
Short term deposits with licensed banks	<u>Nil</u>	<u>11</u>	<u>8</u>

Included in short term deposits with licensed banks are deposits amounting to RM708,610 (2012: RMNil, 2011: RMNil) pledged as security for borrowings (Note 5.26(c)).

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.24 ACQUISITIONS AND DISPOSAL

(a) Acquisitions of assets and liabilities of Al-Hadharah REIT ("BREIT" or the "Fund")

Upon privatisation of BREIT by way of a selective unit redemption ("SUR") as described in Note 5.37(f) to the financial statements, the Fund became a Subsidiary of the Group.

The assets acquired and liabilities assumed in relation to the acquisition of BREIT are set out below:

	2013 RM'000
Net assets acquired:	
Property, plant and equipment	817,876
Biological assets	502,169
Receivables	3,580
Cash and bank balances	21,504
Payables	(109,353)
Revolving credits	(100,000)
Term loan	(90,000)
	<u>1,045,776</u>
Less: SUR consideration payable to the unitholders of BREIT (other than the Company)	<u>(564,521)</u>
	<u>481,255</u>
Carrying value of the Group's investment in BREIT	<u>481,255</u>
Cash and cash equivalents acquired, representing total net cash inflow on net assets acquired	<u>21,504</u>

Pursuant to the privatisation, the Group's investment in BREIT which was previously held as available-for-sale investments is now deemed disposed, and the cumulative fair value gain is recognised to profit or loss. As a result, the Group recognised in the FYE 2013's consolidated statement of comprehensive income a gain of RM136.8 million, representing the fair value gain on deemed disposal of available-for-sale investment securities.

13. ACCOUNTANTS' REPORT (Cont'd)



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5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.24 ACQUISITION AND DISPOSAL

(b) Acquisition of Subsidiaries

On 1 July 2013, the Group acquired 100% equity interest in BEA and accordingly, the wholly owned subsidiaries of BEA, BACS and BASEA, all of which are incorporated and domiciled in Malaysia. BACS is involved in plantation management while BASEA has ceased operations. The acquisitions were settled by cash.

The assets and liabilities arising from the acquisitions are as follows:

	2013 RM'000
Net assets acquired:	
Property, plant and equipment (Note 5.15)	2,430
Inventories	26
Receivables	47,819
Cash and bank balances	4,028
Tax recoverable	964
Deferred tax asset (Note 5.28)	133
Revolving credit	(30,000)
Payables	(23,617)
Total net assets acquired	<u>1,783</u>
Less: Purchase consideration	(21,600)
Merger deficit - adjusted against retained earnings of the Group	<u>(19,817)</u>
Purchase consideration	21,600
Cash and cash equivalents acquired	(4,028)
Net cash outflow on acquisition of Subsidiaries	<u>17,572</u>

(c) Disposal of a Subsidiary

The Group disposed its 51% equity interest in a Subsidiary, Nottingham Myriad Solutions Sdn Bhd for a cash consideration of RM51,000. The effects on the financial positions of the Group arising from the disposal of the Subsidiary are as follows:

	2013 RM'000
Net assets disposed:	
Property, plant and equipment (Note 5.15)	2
Receivables	3
Cash and bank balances	125
Payables	(77)
Non-controlling interest disposed	(27)
Total net assets disposed	<u>26</u>
Disposal proceeds	51
Gain on disposal	<u>25</u>
Disposal proceeds	51
Settlement of loans	61
Cash and cash equivalents disposed	(125)
Net cash outflow on disposal of a Subsidiary	<u>(13)</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.25 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

- (a) On 11 January 2012, a Subsidiary of the Company, Bounty Crop and Supriadi Zainal (a minority shareholder) entered into a SPA with PTAIG, a third party, for the disposal of 95% of both existing shares held in PTDI and the new shares to be issued by PTDI upon the completion of assignment and capitalisation of intercompany loan due from PTDI, for a total cash consideration of USD38 million.

Pursuant to the SPA, the Company assigned its loan to PTDI of RM202,853,000 to Bounty Crop, of which Bounty Crop capitalised the loan into new shares in PTDI. The disposal was completed on 29 November 2012 upon receipt of cash consideration of USD38 million or equivalent to RM116,069,000.

On 11 January 2012, Bounty Crop entered into a Put and Call Option Agreement with PTAIG where Bounty Crop shall have the option to sell its remaining 5% of both existing shares held and new shares issued upon assignment and capitalisation of intercompany loan due from PTDI at the exercise price of USD2 million. The option is exercisable one year after the completion date of the disposal.

- (b) Assets and liabilities classified as held for sale of the Group comprised the following:

	Note	2011 RM'000	At disposal date RM'000
Assets			
Property, plant and equipment	5.15	27,557	27,557
Biological assets	5.16	6,042	6,042
Prepaid land lease payments	5.17	6,834	6,834
Inventories	5.21	2,649	2,649
Receivables	5.22	11,308	20,725
Cash and bank balances	5.23	823	7,658
		<u>55,213</u>	<u>71,465</u>
Less: Allowance for impairment of assets classified as held for sale	5.22(b)	<u>(4,530)</u>	<u>-</u>
		50,683	71,465
Liability			
Payables, representing liability classified as held for sale	5.27	<u>(5,113)</u>	<u>(5,113)</u>
Net assets		<u>45,570</u>	<u>66,352</u>
Transfer from exchange reserve			47,049
Representing remaining 5% equity interest in PTDI	5.25(d)		<u>(13,792)</u>
			99,609
Total net disposal proceeds			<u>102,850</u>
Gain on disposal			<u>3,241</u>
			116,069
Disposal related expenses			<u>(13,219)</u>
Net disposal proceeds			<u>102,850</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.25 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTD.)

(c) The effects on the cash flow of the Group arising from the disposal of PTDI are as follows:

	2012 RM'000
Disposal proceeds settled by:	
Cash	<u>102,850</u>
Cash inflow arising on disposals:	
Cash consideration	102,850
Cash and cash equivalents of a Subsidiary disposed	<u>(7,658)</u>
Net cash inflow on disposal	<u>95,192</u>

(d) The amount of net assets held for sale of the Group as at 31 December 2012 represented the remaining 5% equity interest in PTDI, stated at recoverable amount. The investment is classified as asset held for sale.

	2012 RM'000
Representing 5% of investment in PTDI (Note 5.25(b))	13,792
Less: Impairment loss (Note 5.8)	<u>(7,978)</u>
	<u>5,814</u>

On 24 July 2013, the Group completed the disposal of the remaining 5% interest in PTDI.

5.26 BORROWINGS

	2011 RM'000	2012 RM'000	2013 RM'000
Short term borrowings			
Unsecured:			
Bank overdrafts	2,359	5,020	2,699
Revolving credits	80,000	173,391	143,000
Term loans	65,259	500,636	491,656
Secured:			
Revolving credits	-	-	100,000
	<u>147,618</u>	<u>679,047</u>	<u>737,355</u>
Long term borrowings			
Unsecured:			
Term loan	-	-	150,000
Secured:			
Term loan	12,500	-	90,000
	<u>12,500</u>	<u>-</u>	<u>240,000</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.26 BORROWINGS (CONTD.)

	2011 RM'000	2012 RM'000	2013 RM'000
Total borrowings			
Bank overdrafts	2,359	5,020	2,699
Revolving credits	80,000	173,391	243,000
Term loans	77,759	500,636	731,656
Total borrowings	<u>160,118</u>	<u>679,047</u>	<u>977,355</u>
Analysis by maturity:			
- within 1 year	147,618	679,047	737,355
- from 1 to 2 years	12,500	-	-
- from 2 to 5 years	-	-	165,000
- more than 5 years	-	-	75,000
	<u>160,118</u>	<u>679,047</u>	<u>977,355</u>

- (a) Bank overdrafts bear interest at rates ranging from 7.35% to 7.60% (2012: 7.35% to 7.60%, 2011: 7.35% to 7.60%) per annum.
- (b) Revolving credits bear interest at rates ranging from 4.58% to 5.05% (2012: 4.56% to 4.81%, 2011: 4.15% to 4.76%) per annum. Revolving credit of RM100 million (2012: RMNil, 2011: RMNil) are secured by first party charge in escrow for selective property, plant and equipment (Note 5.15) and biological assets (Note 5.16) and placement of RM708,610 (2012: RMNil, 2011: RMNil) with financial institution (Note 5.23).
- (c) Term loans bear interest at rates ranging from 2.25% to 6.26% (2012: 2.05% to 6.31%, 2011: 2.11% to 6.26%) per annum.

Term loans comprise:

	2011 RM'000	2012 RM'000	2013 RM'000
USD denominated loan	40,259	38,862	41,656
RM denominated loans	37,500	461,774	690,000
	<u>77,759</u>	<u>500,636</u>	<u>731,656</u>

- (d) The short term loan facility amounting to RM450 million is repayable by 21 October 2014.
- (e) The long term loan facility of RM150 million (2012: RMNil, 2011: RMNil) has a tenure of eight years and is repayable over 24 fixed quarterly payments of RM6.25 million each, commencing March 2016.

The long term loan facility carries a profit rate of 4.75% per annum and is payable on a quarterly basis, commencing three months from the first disbursement of the facility.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.26 BORROWINGS (CONTD.)

- (f) The secured long term loan of RM90 million carries a profit rate of 5.17% per annum, payable quarterly and is secured by first party charge in escrow for selective property, plant and equipment and biological assets as disclosed in Notes 5.15 and 5.16 respectively. The secured long term loan is for a period of 5 years and is repayable at the end of the tenure in April 2016.

5.27 PAYABLES

	2011 RM'000	2012 RM'000	2013 RM'000
Current			
Trade			
Trade payables	13,348	19,311	26,429
Others			
Estate payables	12,084	16,445	15,000
Loan from joint operation partner	22,049	19,728	17,392
Related companies	36,722	21,698	5,327
Associate	1,500	4,048	4,613
Immediate holding company	51	357	801
Taxes payable	7,418	3,094	3,416
Accrued expenses	48,321	38,503	21,756
Amount due to unitholders arising from selective unit redemption exercise (Note 5.37(f))	-	-	611,079
Other payables	8,164	9,127	5,051
	136,309	113,000	684,435
Less: Transfer to liability held for sale (Note 5.25(b))	(5,113)	-	-
	131,196	113,000	684,435
	144,544	132,311	710,864
Non-current			
Others			
Accrued expenses	3,428	3,242	4,094
Total payables (current and non-current)	147,972	135,553	714,958

(a) Trade and other payables

Trade and estate payables are normally settled on 30 to 60 days (2012: 30 to 60 days, 2011: 30 to 60 days) terms and are non-interest bearing.

Other payables are normally settled on an average term of 30 days (2012: 30 days, 2011: 30 days) terms and are non-interest bearing.

(b) Related party balances

Loan from joint venture partner is unsecured, repayable on demand and bears interest at 3.25% (2012: 3.25%, 2011: 3.00% to 3.25%) per annum.

Amount due to Immediate Holding Company, related companies and an Associate are unsecured, interest free and repayable on demand.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.28 DEFERRED TAX ASSETS/(LIABILITIES)

	2011 RM'000	2012 RM'000	2013 RM'000
At 1 January	(7,126)	21,868	15,359
Recognised in profit or loss (Note 5.13)	28,994	(6,509)	(10,776)
Acquisition of subsidiaries (Note 5.24(b))	-	-	133
At 31 December	21,868	15,359	4,716

Presented after appropriate offsetting as follows:

Deferred tax assets	35,657	32,297	32,466
Deferred tax liabilities	(13,789)	(16,938)	(27,750)
	21,868	15,359	4,716

The components and movements of deferred tax during the financial year are as follows:

Deferred tax liabilities

	Capital allowances RM'000	Others RM'000	Total RM'000
At 1 January 2011	(14,866)	-	(14,866)
Recognised in profit or loss	(8,161)	-	(8,161)
At 31 December 2011	(23,027)	-	(23,027)
At 1 January 2012	(23,027)	-	(23,027)
Recognised in profit or loss	(3,990)	-	(3,990)
At 31 December 2012	(27,017)	-	(27,017)
At 1 January 2013	(27,017)	-	(27,017)
Acquisition of subsidiaries	(246)	-	(246)
Recognised in profit or loss	(3,453)	(13,984)	(17,437)
At 31 December 2013	(30,716)	(13,984)	(44,700)

Deferred tax assets

	Unused tax losses RM'000	Unabsorbed capital and agricultural allowances RM'000	Others RM'000	Total RM'000
At 1 January 2011	2,228	3,330	2,182	7,740
Recognised in profit or loss	12,825	23,009	1,321	37,155
At 31 December 2011	15,053	26,339	3,503	44,895
At 1 January 2012	15,053	26,339	3,503	44,895
Recognised in profit or loss	(700)	(1,452)	(367)	(2,519)
At 31 December 2012	14,353	24,887	3,136	42,376

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.28 DEFERRED TAX ASSETS/(LIABILITIES) (CONTD.)

Deferred tax assets (contd.)

	Unused tax losses RM'000	Unabsorbed capital and agricultural allowances RM'000	Others RM'000	Total RM'000
At 1 January 2013	14,353	24,887	3,136	42,376
Recognised in profit or loss	497	6,145	19	6,661
Acquisition of subsidiaries	-	-	379	379
At 31 December 2013	14,850	31,032	3,534	49,416

Unrecognised deferred tax assets

Deferred tax assets have not been recognised for the following items:

	2011 RM'000	2012 RM'000	2013 RM'000
Unabsorbed capital and agricultural allowances	39,514	22,824	18,211
Unused tax losses	289,674	280,787	276,510
Other timing differences	1,806	1,157	1,083
	330,994	304,768	295,804

The availability of unused tax losses and unabsorbed capital and agricultural allowances for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholding of those subsidiaries under Section 44(5A) and (5B) of Income Tax Act, 1967. Deferred tax assets have not been recognised in respect of these items because there is uncertainty as to when the companies that have a recent history of losses will earn profits.

5.29 DERIVATIVES

	Contract/Notional amount		
	2011 RM'000	2012 RM'000	2013 RM'000
Non-hedging derivatives liabilities:			
Current			
Interest rate swap	25,000	12,500	-
Non-current			
Interest rate swap	12,500	-	-
	37,500	12,500	-

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.29 DERIVATIVES (CONTD.)

	Fair value of derivatives		
	2011 RM'000	2012 RM'000	2013 RM'000
Non-hedging derivatives liabilities:			
Current			
Interest rate swap	337	53	-
Non-current			
Interest rate swap	63	-	-
	<u>400</u>	<u>53</u>	<u>-</u>

For the FYE 31 December 2012, the Group used interest rate swap to hedge interest rate risk arising from a floating rate bank borrowing of RM12.5 million. This interest rate swap receives floating interest equal to the per annum rate of 3 months KLIBOR (2011: 3 months KLIBOR), pays a fixed rate of 4.35% (2011: 4.35%) per annum and has the same maturity term as the bank borrowing.

The interest rate swap is not designated as a cash flow or fair value hedge and was entered into for period consistent with fair value changes exposure. The Group did not apply hedge accounting.

During FYE 31 December 2013, the Group recognised a gain of RM35,000 (2012: RM347,000, 2011: RM498,000) arising from fair value changes in derivative liabilities. The fair value changes are attributable to changes in the interest rate. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 5.40.

5.30 SHARE CAPITAL

	Number of ordinary shares of RM1 each		
	2011 '000	2012 '000	2013 '000
Authorised:			
At 1 January	200,000	200,000	200,000
Created during the year	-	-	1,800,000
At 31 December	<u>200,000</u>	<u>200,000</u>	<u>2,000,000</u>
Amount			
	2011 RM'000	2012 RM'000	2013 RM'000
Issued and fully paid:			
At 1 January/31 December	<u>124,521</u>	<u>124,521</u>	<u>124,521</u>

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.31 NON-DISTRIBUTABLE RESERVE

Group	Share premium RM'000	Exchange reserve RM'000	Fair value adjustment reserve RM'000	Other capital reserve RM'000	Total RM'000
At 1 January 2011	177,439	(48,061)	139,258	-	268,636
Total comprehensive income	-	1,190	33,591	-	34,781
Reserve arising from redemption of a Subsidiary's preference shares	-	-	-	108	108
At 31 December 2011	177,439	(46,871)	172,849	108	303,525
	Share premium RM'000	Exchange reserve RM'000	Fair value adjustment reserve RM'000	Other capital reserve RM'000	Total RM'000
At 1 January 2012	177,439	(46,871)	172,849	108	303,525
Total comprehensive income	-	46,871	97,416	-	144,287
Reserve arising from redemption of a Subsidiary's preference shares	-	-	-	84	84
At 31 December 2012	177,439	-	270,265	192	447,896
	Share premium RM'000	Merger deficit RM'000	Fair value adjustment reserve RM'000	Other capital reserve RM'000	Total RM'000
At 1 January 2013	177,439	-	270,265	192	447,896
Total comprehensive income	-	-	(270,265)	-	(270,265)
Acquisition of Subsidiaries	-	(19,817)	-	-	(19,817)
Transfer to retained earnings	-	19,817	-	-	19,817
At 31 December 2013	177,439	-	-	192	177,631

13. ACCOUNTANTS' REPORT (Cont'd)**5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)****5.31 NON-DISTRIBUTABLE RESERVE (CONTD.)****(a) Exchange reserve**

The foreign currency translation reserve represents exchange differences arising from the translation of financial statements of a foreign Subsidiary whose functional currency is different from that of the Group's presentation currency. During the financial year ended 31 December 2012, the exchange reserve had been realised following the disposal of the subsidiary as disclosed in Note 5.25.

(b) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes of available-for-sale financial assets until they are disposed of or impaired. During FYE 31 December 2013, the Group realised the fair value adjustment reserve on the deemed disposal of available-for-sale investment securities (Note 5.37(f)).

(c) Merger deficit

Merger deficit arises from the difference between the consideration paid/transferred and the equity 'acquired' in a transaction accounted under the pooling of interest.

Merger deficits are adjusted against retained earnings of the Group.

(d) Other capital reserve

Other capital reserve represents the par value of cumulative redeemable preference shares redeemed by a Subsidiary.

5.32 RETAINED PROFITS

Under the single tier system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Under this system, all the Company's retained profits are distributable by way of single tier dividends and tax on the Company's profit is the final tax and dividend distributed to shareholder will be exempted from tax.

5.33 CAPITAL COMMITMENTS

	2011 RM'000	2012 RM'000	2013 RM'000
Capital expenditure:			
- authorised and contracted for	91,819	95,230	59,999

The Group's interest in the capital commitment of the joint operation is disclosed in Note 5.35.

13. ACCOUNTANTS' REPORT (Cont'd)**5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)****5.34 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)****Identification of related parties**

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

Related parties of the Group include:

- (i) Direct and indirect Subsidiaries;
- (ii) Immediate Holding Company, Boustead Holdings Berhad, its Subsidiaries and Associates;
- (iii) Ultimate Holding Corporation, LTAT, its Subsidiaries and, Associates and trusts controlled by LTAT;
- (iv) Direct and indirect Associates; and
- (v) Key management personnel which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly.

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

	2011 RM'000	2012 RM'000	2013 RM'000
Plantation and general management fees paid to BEA, a Subsidiary #	23,017	22,175	9,321
Plantation and general management fees paid to BACS, a Subsidiary	383	339	283
Purchase of fresh fruit bunches from Boustead Segaria Sdn Bhd, a Subsidiary of the Immediate Holding Company	14,187	13,097	4,658
General management fees paid to Immediate Holding Company	301	314	313
Tax consultancy fees paid to Immediate Holding Company	63	62	88
Provision of computer services by Boustead Information Technology Sdn Bhd, a Subsidiary of the Immediate Holding Company	334	380	432
Lease rental charged by BREIT, a trust controlled by the Company *	99,556	90,501	68,482
Lease rental charged by GCRB, a Company controlled by the Ultimate Holding Corporation	51,929	38,863	-

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.34 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

	2011 RM'000	2012 RM'000	2013 RM'000
Buyback of plantation assets from GCRB, a company controlled by the Ultimate Holding Corporation	-	527,469	-
Deposit placed with Affin Investment Bank Berhad, an Associate of the Immediate Holding Company	-	1,500	-
Advisory fees paid to Applied Agricultural Resources Sdn Bhd, an Associate	1,075	1,066	1,058
Research and development fees paid to Advanced Agriecological Research Sdn Bhd, an Associate	7,490	8,352	10,843
Insurance premium paid to AXA Affin Insurance Berhad **	2,207	2,250	2,667
Revolving credit with Affin Islamic Bank Berhad **	-	-	95,000
Cash and bank balances and Islamic deposits placed with Affin Islamic Bank Berhad **	428	449	20,177

Prior to 1 July 2013, BEA was a Subsidiary of the Immediate Holding Company.

* BREIT was previously a trust controlled by the Ultimate Holding Corporation. Upon the completion of the privatisation exercise of BREIT in FYE 31 December 2013, BPB became the sole beneficiary of the assets and liabilities of BREIT (Note 5.37(f)).

** Both Affin Islamic Bank Berhad and Affin Investment Bank Berhad are Associates of the Immediate Holding Company.

The following transactions previously disclosed in the audited financial statements were excluded upon reassessment of the nature of the transactions:

- Purchases with Boustead Engineering Sdn Bhd, a related company (2012: RM73,515,000, 2011: RM55,132,000).

As at 31 December 2013, the Group has bank overdraft balance with a Government-related entity of RM2,287,000 (2012: RM2,927,000, 2011: RM2,172,000).

Related party balances with the Immediate Holding Company and Subsidiaries are referred to in Notes 5.22 and 5.27.

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

The Group operates in an economic regime dominated by entities directly or indirectly controlled by the Government of Malaysia through its Government authorities, agencies, affiliations and other organisations, collectively referred to as Government-related entities. These transactions are conducted in the ordinary course of business of the Group's business on terms comparable to those with other entities that are not Government related. The Group has established procurement policies, pricing strategy and approval process which are independent of whether the counterparties are Government related-entities or not.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.34 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

Individually significant transactions because of size of transactions

Transactions with GCRB and BREIT are as disclosed in Note 5.36.

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

	2013 RM'000
Key management personnel	
Short term employee benefits	4,553
Defined contribution plans	683
	<u>5,236</u>

The remuneration of key management personnel were borne by BEA for the FYE 31 December 2011 and 31 December 2012 of which prior to 1 July 2013 was not consolidated by BPB.

5.35 INTEREST IN A JOINT OPERATION

The Group has a 50% equity interest in Kuala Muda Estate, which is held at a book value of RM22,435,000 (2012: RM22,435,000, 2011: RM4,081,000). The following amounts represent the Group's shares of the assets and liabilities as well as share of revenue and expenses of the joint operation, which are included in the respective statements of financial position and statements of comprehensive income:

	2011 RM'000	2012 RM'000	2013 RM'000
Statements of financial position			
Non-current assets	231	17,478	17,508
Current assets	22,397	20,725	18,253
Current liabilities	(223)	(359)	(281)
Non-current liabilities	(45)	(50)	(59)
Net assets	<u>22,360</u>	<u>37,794</u>	<u>35,421</u>
Statements of comprehensive income			
Revenue	14,354	12,587	9,515
Operating costs	(4,707)	(5,306)	(4,887)
Operating profit	<u>9,647</u>	<u>7,281</u>	<u>4,628</u>
Capital commitment	<u>371</u>	<u>274</u>	<u>2</u>

There is no reported material contingent liability relating to the Group's interest in the joint operation.

13. ACCOUNTANTS' REPORT (Cont'd)**5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)****5.36 SALE AND LEASEBACK OF PLANTATION ASSETS**

(a) In the prior financial years, the Group has entered into numerous lease arrangements with CIMB Trustee Berhad ("The Trustee"), as trustee for BREIT. The leases are for a maximum tenure of 10 terms of 3 years each term. The lease term for all leases entered into in the previous years expired on 31 December 2012 and has been renewed for another 3 years.

(i) On 10 July 2013, B Rimba Nilai, a wholly owned Subsidiary entered into an Ijarah agreement with the Trustee for the lease of Sutera Estate. The lease was for the first extended term from 1 January 2013 to 31 December 2015. The tenancy is automatically renewable for 3 extended terms of 3 years each and thereafter renewable for 5 additional terms of 3 years each on such terms and conditions to be mutually agreed between the parties.

(ii) On 10 July 2013, BPB entered into an Ijarah agreement with the Trustee for the lease of Bebar Estate, Malakoff Estate and Lepad Kabu Estate. The lease was for the second extended term from 1 January 2013 to 31 December 2015. The lease is automatically renewable for 2 extended terms of 3 years each and thereafter renewable for 5 additional terms of 3 years each on such terms and conditions to be mutually agreed between the parties.

(iii) On 10 July 2013, B Telok Sengat, a wholly owned Subsidiary entered into an Ijarah agreement with the Trustee for the lease of following estates:

Renewal terms for Bekoh Estate, Chamek Estate, Kulai Young Estate, Malaya Estate, Bukit Mertajam Estate, Batu Pekaka Estate and Telok Sengat Estate: The lease was for the second extended term from 1 January 2013 to 31 December 2015. The tenancy is automatically renewable for 2 extended terms of 3 years each and thereafter renewable for 5 additional terms of 3 years each on such terms and conditions to be mutually agreed between the parties.

Renewal terms for TRP Estate are as follows: The lease was for the first extended term from 1 January 2013 to 31 December 2015. The tenancy is automatically renewable for 3 extended terms of 3 years each and thereafter renewable for 5 additional terms of 3 years each on such terms and conditions to be mutually agreed between the parties.

(b) On 7 November 2005, the Group entered into Master Ijarah Agreements with GCRB for the leaseback of plantation assets for lease periods of three, five and seven years. The Group concurrently entered into Call Option Agreements with GCRB whereby the Group is granted options to call on GCRB to sell the plantation assets back to the Group at fair market prices at the time of exercise of the call options. The lease arrangements with GCRB expired following the completion of the buyback of the last tranche of plantation assets from GCRB on 22 October 2012.

(c) Upon the conversion of BREIT into a private property trust of which BPB is the sole beneficiary (Note 5.37(f)), the above Ijarah agreements are rendered null and void. The Directors are currently in the midst of finalising the revised lease rental agreement between the Company and the Subsidiaries operating the plantation assets.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.36 SALE AND LEASEBACK OF PLANTATION ASSETS (CONTD.)

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

	2011 RM'000	2012 RM'000	2013 RM'000
Future minimum rentals payable			
Not more than 1 year	115,473	67,303	-
Later than 1 year and not later than 5 years	-	134,606	-
	<u>115,473</u>	<u>201,909</u>	<u>-</u>

5.37 SIGNIFICANT EVENTS

- (a) On 15 February 2013, two wholly-owned subsidiaries, B Sutera and B Silasuka commenced the process of voluntary winding-up. Both of the subsidiaries were dormant.
- (b) On 10 April 2013, The Group disposed its 51% Subsidiary NMRS for cash consideration of RM51,000.
- (c) On 1 July 2013, the Company acquired the entire paid up share capital of BEA of 1,050,000 shares from BHB for cash consideration of RM21.6 million.
- (d) On 1 July 2013, B Rimba Nilai, a wholly owned Subsidiary, was assigned the sub lease of Resort Estate from Boustead Segaria Sdn Bhd, a subsidiary of BHB pursuant to the Novation Agreement dated 1 July 2013 between the parties.
- (e) On 1 July 2013, Boustead Rimba Nilai Sdn Bhd, a wholly owned Subsidiary acquired Resort Estate's assets and liabilities from Boustead Segaria Sdn Bhd, for a total purchase consideration of RM16,973,963.
- (f) On 16 July 2013, BPB issued the SUR Proposal Letter to the Board of the Manager and to the Trustee, to notify the trustees that BPB intends to undertake the BREIT Privatisation.
- (g) On 24 July 2013, Bounty Crop, a Subsidiary, received USD2 million from PTAIG upon PTAIG exercising the option to buy the remaining 40,003 shares in PTDI pursuant to the Put and Call Option Agreement dated 11 January 2012 between the parties. The acquisition was completed on even date.

13. ACCOUNTANTS' REPORT (Cont'd)**5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)****5.37 SIGNIFICANT EVENTS (CONTD.)**

- (h) On 1 October 2013, the Group's 100% owned Subsidiary, B Emastulin, disposed its automobile dealership and selected assets and liabilities in relation to the motor vehicle business of B Emastulin to Boustead Education Network Sdn Bhd ("BEN"), a wholly-owned subsidiary of BHB, for a cash consideration of RM1.00 ("Disposal of Motor Vehicle Business").
- (i) On 30 December 2013, B Rimba Nilai Sdn Bhd, a wholly owned Subsidiary completed the acquisition of two pieces of land in district of Lahat Datu, Sabah measuring approximately in total 2,409.8 hectares from Uniglobal Sdn. Bhd. for a total purchase consideration of RM184,596,825.

5.38 CONTINGENT LIABILITY

On 30 March 2011, the Company and its Subsidiary, B Kanowit were named the 4th and 5th Defendants respectively in the Sibiu High Court Suit No. 21-7-2009. The legal suit is in relation to a claim filed by 5 individuals suing on behalf of themselves and 163 other proprietors, occupiers and claimants of the Native Customary Rights lands (NCR) (Plaintiffs) situated in Sg Kelimut, Kanowit District, also known as Block D1 in Kanowit District, described as Kelimut Estate (NCR Lands) against Pelita Holdings Sdn Bhd (1st defendant), the Superintendent of Lands and Surveys, Sibiu Sarawak (2nd defendant) and the State Government of Sarawak (3rd defendant) for inter-alia, a declaration that the trust deed between the Plaintiffs and the 1st and 3rd Defendants are null and void, damages and costs.

On 30 April 2012, the Sibiu High Court delivered its decision on the litigation, judging in favour of the Plaintiffs' claim and found the Principal Deed dated 14 January 2002 executed between the 1st Defendant, the 3rd Defendant and the Plaintiffs in relation to the development of the NCR Lands as null and void and the joint venture agreement dated 6 May 1998 between the Company and the 1st Defendant as deemed null and void. In the same judgment, the Sibiu High Court had dismissed the Company's and B Kanowit's counter claim against the Plaintiffs with costs. The Company and B Kanowit filed an appeal on 3 May 2012.

On 30 October 2012, the Sibiu High Court granted the Company's and B Kanowit's application for Stay of Execution until after the full and final determination of their appeal. On 11 February 2014, the Court of Appeal heard and reserved judgment to a date yet to be fixed.

Based on the facts of the case, the Group, upon consultation with the solicitors, is of the view that the Company and B Kanowit have a good defense to the claims by the Plaintiffs. In the event of an unfavorable outcome of the appeal, the estimated loss to the Group is RM15 million.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of risks, including interest rate, market price, credit, liquidity and foreign currency risks. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholder while minimising adverse effects on the performance of the Group.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Director of Operations Plantation of BEA, a Subsidiary company that acts as Managing Agents for the Group. The Audit Committee of BHB, the Immediate Holding Company, provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group does not apply hedge accounting.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from bank borrowings and intercompany loans.

The Group finances its operations through operating cash flows and borrowings, which is predominantly denominated in Ringgit Malaysia. The Group manages its borrowings through a mix of fixed and floating rate banking facilities in order to achieve a desired rate profile. The Group's loans to companies within the Group, which are carried at floating rates are remeasured at periodical intervals to approximate market interest rates or cost of borrowings. The loans to subsidiaries and immediate holding company, which are funded at floating rates, form a natural hedge for its floating rate bank borrowings.

The Company entered into an interest rate swap contract to hedge exposure to fluctuations in interest rate on a financing transaction. The differential in interest payable over the term of the financing is recognised in profit or loss as part of interest expense.

As at the reporting date, the notional amount and maturities of the interest rate swap contract are as follows:

	Notional Amount		
	2011 RM'000	2012 RM'000	2013 RM'000
Not later than 1 year	25,000	12,500	-
Later than 1 year and not later than 5 years	12,500	-	-
	<u>37,500</u>	<u>12,500</u>	<u>-</u>

The interest rate swap contract, which carried a fixed interest rate of 4.35% per annum (2011: 4.35%) matured on 5 May 2013.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(i) Interest rate risk (contd.)

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been:

	Effect on profit net of tax		
	Increase/(Decrease)		
	2011	2012	2013
	RM'000	RM'000	RM'000
Interest rate decreased by 50 basis point	(698)	1,275	2,362
Interest rate increased by 50 basis point	698	(1,275)	(2,362)

The assumed movement in basis points for interest rate sensitivity analysis is based on a prudent estimate of the current market environment.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group practices prudent liquidity risk management by maintaining availability of funding through adequate amount of committed credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 31 December 2011				
Financial liabilities:				
Trade and other payables	145,712	1,263	2,165	149,140
Loans and borrowings	153,999	12,672	-	166,671
Derivatives	337	63	-	400
Total undiscounted financial liabilities	300,048	13,998	2,165	316,211

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(ii) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
At 31 December 2012				
Financial liabilities:				
Trade and other payables	132,950	1,285	1,957	136,192
Loans and borrowings	704,685	-	-	704,685
Derivatives	53	-	-	53
Total undiscounted financial liabilities	<u>837,688</u>	<u>1,285</u>	<u>1,957</u>	<u>840,930</u>
At 31 December 2013				
Financial liabilities:				
Trade and other payables	711,429	1,342	2,752	715,523
Loans and borrowings	788,367	222,781	52,524	1,063,672
Total undiscounted financial liabilities	<u>1,499,796</u>	<u>224,123</u>	<u>55,276</u>	<u>1,779,195</u>

(iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operates in Malaysia and Indonesia, which exposes it to various currencies, mainly USD and IDR. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the investments are located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The Group is exposed to transaction risks by its overseas operating Subsidiary. The Group minimises this risk by matching local currency income against local currency cost.

The Group ceased its operations in Indonesia following the completion of disposal of its Subsidiary in Indonesia on 29 November 2012.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(iii) Foreign currency risk (Contd.)

During the financial year, the Group is exposed to a USD denominated loan of RM41,656,000 (2012: RM38,862,000, 2011: RM40,259,000). The exposure to foreign currency risk arising from the loan is closely monitored by management.

Foreign exchange exposures are kept to an acceptable level.

The net unhedged financial assets and liabilities of the Group that are not denominated in their functional currency are as follows:

	Cash and bank balances RM'000	Receivables RM'000	Payables RM'000	Borrowings RM'000	Total RM'000
At 31 December 2011					
IDR	823	6,778	(5,113)	-	2,488
USD	-	-	-	(40,259)	(40,259)
	<u>823</u>	<u>6,778</u>	<u>(5,113)</u>	<u>(40,259)</u>	<u>(37,771)</u>
At 31 December 2012					
USD	-	-	-	(38,862)	(38,862)
At 31 December 2013					
USD	-	-	-	(41,656)	(41,656)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rate against the functional currency of the Group, with all other variables held constant.

	Effect on profit net of tax		
	2011 RM'000	2012 RM'000	2013 RM'000
USD/RM - strengthened 10%	(3,019)	(2,915)	(3,143)
- weakened 10%	3,019	2,915	3,143

No sensitivity analysis has been prepared for IDR as the impact is not expected to be material.

(iv) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposures to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(iv) Credit risk (Contd.)

The Group seeks to control credit risk by setting credit limits, obtaining bank guarantees where appropriate; ensuring that sales are made to customers with appropriate credit history and conducting periodic review on financial standing of customers. Further, sales to customers are reviewed when deliveries exceed guaranteed amounts or set credit limits.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position. The Group has no concentration of credit risk on any one particular customer or group of related customers.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 5.22.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 5.22.

Financial assets that are past due but not impaired

Information regarding financial assets that are past due but not impaired is disclosed in Note 5.22.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 5.22.

Amount due from Immediate Holding Company

There is no risk of default as the Immediate Holding Company is profitable and has good financial standing and is making regular repayments.

Amounts due from related companies

There is minimal risk of default as these companies are either profitable or prospectively profitable. The credit standing of these companies are periodically monitored and reviewed.

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(v) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

Commodity price risk

The Group is exposed to commodity price risk arising from fluctuations of crude palm oil price. The Group adopts the strategy of having a mix of spot and forward sales at any one time to mitigate this risk. Hedging policies are periodically reviewed by management.

Equity price risk

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are classified as available-for-sale financial assets.

The Group's objective is to manage investment returns and equity price risk by holding investment grade shares with steady dividend yield. At the reporting date, all of the Group's equity portfolio consists of investment grade shares included in the FTSE Bursa Malaysia KLCI.

Sensitivity analysis for equity price risk

At the reporting date, if the FTSE Bursa Malaysia KLCI had been 5% higher/lower, with all other variables held constant, the impact to the Group's other reserve in equity will not be significant.

5.40 FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	5.22
Other receivables (non-current)	
- ljarah deposits	5.22
Loan to Immediate Holding Company (current)	5.22
Amount due to Immediate Holding Company (current)	5.27
Amount due to/(from) Associate (current)	5.22, 5.27
Loan from Joint Operation partner (current)	5.27
Loan to/(from) related companies (current)	5.22, 5.27
Trade and other payables (current and non-current)	5.27
Borrowings (current and non-current)	5.26

13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.40 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTD.)

Determination of fair value (Contd.)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that approximate market interest rates at the reporting date.

The carrying amounts of the non-current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting as the borrowings are floating rate borrowings.

Amounts due from/(to) Immediate Holding Company, related companies, Joint Operation partner, Associate and borrowings (non-current)

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending or borrowing arrangements at the reporting date.

Quoted equity instruments

Fair value is determined directly by reference to their published market price at the reporting date.

Derivatives

The interest rate swap contract is valued using a valuation technique with market observable inputs. The most frequently applied valuation technique is the swap model, using present value calculations. The model incorporates various input including interest rate curves.

Fair value hierarchy

Presented below is the Group's classified financial instruments carried at fair value analysed by the following fair value measurement hierarchy:

- (i) Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities
- (ii) Level 2 - Inputs other than quoted prices that are observable either directly or indirectly
- (iii) Level 3 - Inputs that are not based on observable market data

	Level 1 RM'000	Level 2 RM'000	Total RM'000
2011			
Financial asset			
Investment securities	517,308	-	517,308
Financial liability			
Derivatives	-	(400)	(400)

13. ACCOUNTANTS' REPORT (Cont'd)**5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)****5.40 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTD.)****Fair value hierarchy (Contd.)**

	Level 1 RM'000	Level 2 RM'000	Total RM'000
2012			
Financial asset			
Investment securities	614,724	-	614,724
Financial liability			
Derivatives	-	(53)	(53)

As at 31 December 2012 and 2011, the Group does not have any financial assets or financial liabilities measured at Level 3 hierarchy.

As at 31 December 2013, the Group does not have any financial assets or financial liabilities measured at fair value.

5.41 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder's value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return on capital to shareholder or issue new shares. No change was made to the objectives, policies or processes during the financial years ended 31 December 2013, 2012 and 2011.

The Group monitors capital using a gearing ratio, which is derived by dividing the amount of borrowings (Note 5.26) over shareholder's equity. In respect of banking facilities that the Group has with certain financial institutions, the Group's policy is to keep gearing not exceeding the maximum gearing ratio limit of 0.5 times. At the reporting date, the Group's gearing ratio is 0.71 times (2012: 0.47 times, 2011: 0.13 times).

In respect of banking facilities that the Group has with certain financial institutions, the Group is committed to maintain a gearing ratio not exceeding the maximum gearing ratio limit of 0.5 times, calculated by dividing the amount of borrowings in the respective subsidiaries (Note 5.26) over the total assets of the respective subsidiaries within the Group.

13. ACCOUNTANTS' REPORT (Cont'd)

**5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)****5.42 SEGMENT INFORMATION**

Management determined the operating segments based on control of operations by geographical location. The operating segments are the following:

(a) Plantation Segment

Plantation segment consist of the cultivation of oil palm and production of crude palm oil and palm kernel, which are organised by geographical locations, namely Peninsular Malaysia, Sabah and Sarawak.

(b) Others Segment

Others segment consists of investing activities, automobile business, plantation agency services and other insignificant activities. During the FYE 31 December 2013, the automobile business was disposed and the investment securities held were converted to investment in Subsidiary upon the privatisation of BREIT.



13. ACCOUNTANTS' REPORT (Cont'd)

5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.42 SEGMENT INFORMATION (CONTD.)

The segment results is evaluated based on operating profit set out in the following table:

	Plantation			Others RM'000	Adjustments and eliminations RM'000	Per consolidated financial statements RM'000
	PM* RM'000	Sabah RM'000	Sarawak RM'000			
2011						
Revenue						
Third parties	367,518	356,301	217,709	69,655	-	1,011,183
Total revenue	367,518	356,301	217,709	69,655	-	1,011,183
Reportable segment operating profit	68,178	82,055	80,731	21,504	-	252,468
Interest income						20,187
Gain on disposal of plantation assets						62,218
Other income						498
Share of profit for Associate						6,324
Finance cost						(9,882)
Profit before taxation						331,813

* Denotes Peninsular Malaysia



13. ACCOUNTANTS' REPORT (Cont'd)

5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.42 SEGMENT INFORMATION (CONTD.)

2012	Plantation ----->			Others RM'000	Adjustments and eliminations RM'000	Per consolidated financial statements RM'000
	PM* RM'000	Sabah RM'000	Sarawak RM'000			
Revenue						
Third parties	323,734	314,187	194,352	45,140	-	877,413
Total revenue	323,734	314,187	194,352	45,140	-	877,413
Reportable segment operating profit	34,203	46,435	45,142	33,884	-	159,664
Interest income						20,578
Gain on disposal of subsidiary						3,241
Gain on disposal of plantation land						9,564
Other income						347
Share of profit for Associate						4,042
Finance cost						(13,719)
Profit before taxation						183,717

* Denotes Peninsular Malaysia

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13. ACCOUNTANTS' REPORT (Cont'd)

5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.42 SEGMENT INFORMATION (CONTD.)

2013	Plantation			Others RM'000	Adjustments and eliminations RM'000	Per consolidated financial statements RM'000
	PM* RM'000	Sabah RM'000	Sarawak RM'000			
Revenue						
Third parties	286,565	273,572	122,432	96,912	(9,201)	770,280
Inter-segments	-	-	-	(9,201)	9,201	-
Total revenue	286,565	273,572	122,432	87,711	-	770,280
					(i)	
Reportable segment operating profit	22,372	30,580	4,750	85,313	-	143,015
Interest income						15,045
Gain on disposal of Subsidiary						25
Gain on disposal of plantation land						92,834
Fair value gain on deemed disposal of available-for-sale investment securities						136,796
Other income						35
Share of profit for Associate						5,235
Finance cost						(33,727)
Profit before taxation						359,258

(i) Inter-segment revenues are eliminated on consolidation.

* Denotes Peninsular Malaysia

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13. ACCOUNTANTS' REPORT (Cont'd)

5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.43 SUBSIDIARIES

Name of Company	Principal activities	Paid up capital (RM)	Group Interest		Non-controlling interests	
			2011 %	2012 %	2011 %	2012 %
Bounty Crop	Ceased operations	70,200,000	100	100	-	-
B Gradient	Cultivation of oil palm and processing of FFB	3,000,000	100	100	-	-
B Rimba Nilai	Cultivation of oil palm and processing of FFB	100,000,000	100	100	-	-
B Solandra	Cultivation of oil palm	200,000	100	100	-	-
B Kanowit Oil Mill	Operation of palm oil mill	30,000,000	70	60	30	40
B Silasuka	Ceased operations	10,000,000	100	100	-	-
B Sungai Manar	Investment property holding	4,500,000	100	100	-	-
B Telok Sengat	Cultivation of oil palm and processing of FFB and investment holding	9,184,000	100	100	-	-

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13. ACCOUNTANTS' REPORT (Cont'd)

5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.43 SUBSIDIARIES (CONTD.)

Name of Company	Principal activities	Paid up capital (RM)	Group Interest		Non-controlling interests		
			2011 %	2012 %	2011 %	2012 %	2013 %
<u>Subsidiaries of B Telok Sengat:</u>							
B Tinjar	Cultivation of oil palm and processing of FFB	48,000,000	60	60	40	40	40
B Kanowit	Cultivation of oil palm	34,560,000	60	60	40	40	40
B Eldred	Cultivation of oil palm	15,000,000	100	100	-	-	-
B Emastulin	Cultivation of oil palm and processing of FFB	17,000,000	100	100	-	-	-
B Sedili	Cultivation of oil palm	6,150,000	70	70	30	30	30
B Trunkline	Operation of oil palm plantation	7,000,000	100	100	-	-	-
B Sutera	Ceased operations	4,250,000	100	100	-	-	-
BREIT	Property trust	658,635,000	-	-	-	-	-

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13. ACCOUNTANTS' REPORT (Cont'd)

5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.43 SUBSIDIARIES (CONTD.)

Name of Company	Principal activities	Paid up capital (RM)	Group Interest		Non-controlling interests		
			2011 %	2012 %	2011 %	2012 %	2013 %
BEA	Providing management services to the estates and mills	1,050,000	-	-	-	-	-
<u>Subsidiaries of BEA:</u>							
BACS	Provision of management services to estates	500,002	-	-	-	-	-
BASEA	Investment holding	500,000	-	-	-	-	-
NMRS	Training and consultancy services	100,000	51	51	49	49	-
<u>Subsidiary of NMRS:</u>							
NMRSB	Research services	2	-	51	-	49	-

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13. ACCOUNTANTS' REPORT (Cont'd)

5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.) 5.43 SUBSIDIARIES (CONTD.)

Summarised financial information of Boustead Pelita Kanowit Sdn Bhd ("B Kanowit"), Boustead Pelita Tinjar Sdn Bhd ("B Tinjar") and Boustead Pelita Kanowit Oil Mill Sdn Bhd ("B Kanowit Oil Mill") which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests in respect of Boustead Sedili Sdn Bhd is not material to the Group.

(i) Summarised statements of financial position

	B Kanowit		B Tinjar		B Kanowit Oil Mill			Total				
	2011 RM'000	2012 RM'000	2013 RM'000	2011 RM'000	2012 RM'000	2013 RM'000	2011 RM'000	2012 RM'000	2013 RM'000			
Non-current assets	233,606	240,308	240,485	149,049	143,348	142,407	11,930	10,826	10,090	394,585	394,482	392,982
Current assets	7,284	8,074	12,519	19,639	5,598	11,875	28,466	32,654	30,495	55,389	46,326	54,889
Total Assets	240,890	248,382	253,004	168,688	148,946	154,282	40,396	43,480	40,585	449,974	440,808	447,871
Current liabilities, representing total liabilities	162,861	169,283	185,605	17,642	7,146	10,195	7,251	12,796	9,169	187,754	189,225	204,969
Net assets	78,029	79,099	67,399	151,046	141,800	144,087	33,145	30,684	31,416	262,220	251,583	242,902
Equity attributable to owners of the Company	46,817	47,459	40,439	90,628	85,080	86,452	23,202	18,410	18,850	160,647	150,949	145,741
Non-controlling interests	31,212	31,640	26,960	60,418	56,720	57,635	9,943	12,274	12,566	101,573	100,634	97,161

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13. ACCOUNTANTS' REPORT (Cont'd)

5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.43 SUBSIDIARIES (CONTD.)

(ii) Summarised statements of comprehensive income

	B Kanowit			B Tinjar			B Kanowit Oil Mill			Total		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Revenue	102,419	89,901	60,266	91,840	83,697	42,094	125,869	110,655	80,338	320,128	284,253	182,698
Profit/(loss) for the year	49,885	11,070	(11,701)	45,701	15,484	2,286	5,622	3,589	2,652	101,208	30,143	(6,763)
Profit/(loss) attributable to owners of the Company	29,931	6,642	(7,021)	27,421	9,290	1,372	3,935	2,153	1,591	61,287	18,085	(4,058)
Profit/(loss) attributable to the non-controlling interests	19,954	4,428	(4,680)	18,280	6,194	914	1,687	1,436	1,061	39,921	12,058	(2,705)

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13. ACCOUNTANTS' REPORT (Cont'd)



5.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BPB (CONTD.)

5.44 ASSOCIATES

Name of Company	Principal activities	Paid up capital	Group Interest		2013 %
			2011 %	2012 %	
AA Resources	Provide agronomic advisory services and the commercial production of oil palm planting materials	RM500,000	50	50	50
PT AAR Nusantara	Production of oil palm seeds	IDR10,000,000,000	-	25	25
Subsidiaries of AA Resources:					
AA Research	Agronomy research services	RM500,000	50	50	50
PT AARI	Agronomy research and advisory services	IDR12,775,000,000	50	50	50

13. ACCOUNTANTS' REPORT (Cont'd)



6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT

6.1 STATEMENTS OF COMPREHENSIVE INCOME

The statements of comprehensive income of BREIT for FYE 31 December 2011, 31 December 2012, 31 December 2013 are as follows:

	Note	2011 RM'000	2012 RM'000	2013 RM'000
Revenue	6.6	99,556	90,500	68,482
Plantation operating expenses	6.7	(1,783)	(1,982)	(1,929)
Net rental income		97,773	88,518	66,553
Profit earned from Shariah-based deposits		228	256	268
Gross dividend income		198	261	185
Net realised gain from disposal of investment properties		7,238	-	3,721
Net realised gain from disposal of investment in quoted Shariah-compliant securities		185	294	1,165
		105,622	89,329	71,892
Non-plantation operating expenses				
Fees to:				
Manager	6.8	(2,963)	(2,770)	(2,290)
Trustee	6.9	(215)	(226)	(226)
Auditors		(20)	(20)	(20)
Tax agent		(2)	(6)	(6)
Shariah adviser		(15)	(15)	(15)
Valuers		(140)	(380)	-
Profit sharing expenses on financing		(7,946)	(9,726)	(9,756)
Other expenses		(1,112)	(484)	(2,036)
		(12,413)	(13,627)	(14,349)
Realised profit before taxation		93,209	75,702	57,543
Net unrealised gain on valuation of investment in quoted Shariah-compliant securities		66	942	-
Net unrealised fair value gain on revaluation of investment properties	6.13	212,524	14,976	2,421
Profit before taxation		305,799	91,620	59,964
Taxation	6.10	-	-	(6,979)
Profit for the year, representing total comprehensive income for the year		305,799	91,620	52,985
Total comprehensive income for the year is made up as follows:				
- realised		93,209	75,702	57,543
- unrealised		212,590	15,918	(4,558)
		305,799	91,620	52,985

13. ACCOUNTANTS' REPORT (Cont'd)



6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)

6.1 STATEMENTS OF COMPREHENSIVE INCOME (CONTD.)

	Note	2011 RM'000	2012 RM'000	2013 RM'000
Earnings per unit (sen)	6.11			
- realised		15.29	12.07	9.18
- unrealised		34.87	2.54	(0.73)
Earnings per unit (sen)	6.11			
- after Manager's fee		50.16	14.61	8.45
- before Manager's fee		50.64	15.06	8.82
Distribution	6.12			
Interim distribution of 4.0 sen (2012: 4.5 sen, 2011: 4.0 sen) per unit paid on 30 August 2013 (2012: 14 September 2012, 2011: 9 September 2011)		25,076	28,211	25,076
Special distribution of 16.0 sen per unit declared on 5 December 2013 and paid on 28 January 2014		-	-	100,305
Final distribution of 5.5 sen (2011: 8.0 sen) per unit declared on 30 January 2013 (2011: 27 January 2012) payable on 28 February 2013 (2011: 29 February 2012)		50,152	34,480	-
		<u>75,228</u>	<u>62,691</u>	<u>125,381</u>

13. ACCOUNTANTS' REPORT (Cont'd)



6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)

6.2 STATEMENTS OF FINANCIAL POSITION

The statements of financial position of BREIT for FYE 31 December 2011, 31 December 2012, 31 December 2013 are as follows:

	Note	2011 RM'000	2012 RM'000	2013 RM'000
Assets				
Non-current assets				
Investment properties	6.13	1,273,620	1,305,897	1,320,045
Current assets				
Investments in quoted Shariah-compliant securities	6.14	7,388	10,637	-
Receivables	6.15	32,843	20,339	3,580
Cash and bank balances	6.16	14,946	11,137	21,504
		<u>55,177</u>	<u>42,113</u>	<u>25,084</u>
Total assets		<u>1,328,797</u>	<u>1,348,010</u>	<u>1,345,129</u>
Liabilities				
Current liabilities				
Payables	6.17	5,201	6,559	573,569
Dividend payable		-	-	100,305
Islamic financing facility	6.18	95,414	100,012	100,000
		<u>100,615</u>	<u>106,571</u>	<u>773,874</u>
Non current liabilities				
Payables	6.17	5,766	5,766	-
Islamic financing facility	6.18	90,000	90,000	90,000
Deferred tax liabilities	6.19	-	-	6,979
		<u>95,766</u>	<u>95,766</u>	<u>96,979</u>
Total liabilities		<u>196,381</u>	<u>202,337</u>	<u>870,853</u>
Net asset value attributable to unitholders	6.20	<u>1,132,416</u>	<u>1,145,673</u>	<u>474,276</u>
Unitholders' fund				
Unitholders' capital		658,635	658,635	658,635
Units to be redeemed under selective units redemption ("SUR")		-	-	(564,521)
Undistributed profit		473,781	487,038	380,162
Total unitholders' fund		<u>1,132,416</u>	<u>1,145,673</u>	<u>474,276</u>
Number of units in circulation ('000)		626,905	626,905	626,905
Net asset value per unit (RM)		1.8064	1.8275	0.7565

13. ACCOUNTANTS' REPORT (Cont'd)



6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)

6.3 STATEMENTS OF CHANGE IN NET ASSET VALUE

	Unitholders' capital RM'000	Units to be redeemed under SUR * RM'000	Undistributed profit		Unitholders' fund RM'000
			Realised RM'000	Unrealised RM'000	
At 1 January 2011	565,681	-	72,041	155,551	793,273
Issuance of new units	92,954	-	-	-	92,954
Total comprehensive income	-	-	93,209	212,590	305,799
Transfer from unrealised to realised	-	-	(3)	3	-
Distribution to unitholders ⁽¹⁾	-	-	(59,610)	-	(59,610)
At 31 December 2011	658,635	-	105,637	368,144	1,132,416
At 1 January 2012	658,635	-	105,637	368,144	1,132,416
Total comprehensive income	-	-	75,702	15,918	91,620
Transfer from unrealised to realised	-	-	225	(225)	-
Distribution to unitholders ⁽²⁾	-	-	(78,363)	-	(78,363)
At 31 December 2012	658,635	-	103,201	383,837	1,145,673
At 1 January 2013	658,635	-	103,201	383,837	1,145,673
Total comprehensive income	-	-	57,543	(4,558)	52,985
Transfer from unrealised to realised	-	-	1,051	(1,051)	-
Selective units redemption *	-	(564,521)	-	-	(564,521)
Distribution to unitholders ⁽³⁾	-	-	(159,861)	-	(159,861)
At 31 December 2013	658,635	(564,521)	1,934	378,228	474,276

* Units to be redeemed under SUR exercise involved the redemption of 290,990,000 units held by the Entitled Unitholders. The total amount payable to entitled unitholders is RM564,520,600. Details are further disclosed in Note 5.37(f).

⁽¹⁾ Being final distribution of 6.2 sen per unit declared on 26 January 2011 and paid on 28 February 2011 and interim distribution of 4.0 sen per unit declared and paid on 9 September 2011.

⁽²⁾ Being final distribution of 8.0 sen per unit declared on 27 January 2012 and paid on 29 February 2012 and interim distribution of 4.5 sen per unit declared and paid on 14 September 2012.

⁽³⁾ Being final distribution of 5.5 sen per unit declared on 30 January 2013 and paid on 28 February 2013, interim distribution of 4.0 sen per unit declared and paid on 30 August 2013 and special distribution of 16.0 sen per unit declared on 5 December 2013 and paid on 28 January 2014.

13. ACCOUNTANTS' REPORT (Cont'd)



6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)

6.4 STATEMENTS OF CASH FLOWS

	2011 RM'000	2012 RM'000	2013 RM'000
Operating activities			
Cash receipts from customers	84,909	102,840	83,312
Cash paid to suppliers	(5,065)	(4,341)	(7,921)
Net cash from operating activities	<u>79,844</u>	<u>98,499</u>	<u>75,391</u>
Investing activities			
Purchase and enhancement of investment properties	(204,480)	(17,346)	(12,227)
Purchase of quoted Shariah-compliant securities	(3,889)	(5,462)	-
Proceeds from disposal of investment properties	8,579	-	4,221
Proceeds from disposal of quoted Shariah-compliant securities	1,342	3,426	11,802
Profit earned from Shariah-based deposits	228	249	268
Net dividends received	205	261	185
Net cash (used in)/generated from investing activities	<u>(198,015)</u>	<u>(18,872)</u>	<u>4,249</u>
Financing activities			
Profit sharing expenses on financing paid	(7,113)	(9,671)	(9,705)
Drawdown of Islamic financing facility	90,000	5,000	-
Proceeds from issuance of new units	92,954	-	-
Placement of pledged deposits with licensed Islamic bank	(16)	(18)	(18)
Distributions paid	(59,610)	(78,363)	(59,556)
Net cash generated from/(used in) financing activities	<u>116,215</u>	<u>(83,052)</u>	<u>(69,279)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(1,956)</u>	<u>(3,425)</u>	<u>10,361</u>
Cash and cash equivalents at beginning of year	<u>15,815</u>	<u>13,859</u>	<u>10,434</u>
Cash and cash equivalents at end of year	<u>13,859</u>	<u>10,434</u>	<u>20,795</u>
Cash and cash equivalents at end the year comprise:			
Cash at bank	11,968	95	16
Shariah-based deposits with financial institution	2,978	11,042	21,488
Islamic financing -			
Cash line - i (Note 6.18)	(414)	(12)	-
Deposits pledged with Islamic bank	(673)	(691)	(709)
Cash and cash equivalents at end of year	<u>13,859</u>	<u>10,434</u>	<u>20,795</u>

For purposes of the statement of cash flows, deposits pledged with Islamic bank are excluded as it does not fulfill the definition of cash and cash equivalents.

13. ACCOUNTANTS' REPORT (Cont'd)**6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)****6.5 SIGNIFICANT ACCOUNTING POLICIES****6.5.1 Changes in accounting policies**

The accounting policies adopted by BREIT are consistent with those of the previous financial years except for the revised MFRS, Amendments to MFRS and Amendments to IC Interpretation adopted by BREIT that are mandatory for annual financial periods beginning on or after 1 January 2013:

Effective for financial period beginning on or after 1 January 2013:

Amendments to MFRS 1	Government Loans
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosures on Interests in Other Entities
Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
MFRS 13	Fair Value Measurement
Amendments to MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
IC Interpretation 20	Stripping costs in the Production Phase of a Surface Mine
Annual Improvements 2009-2011 Cycle	

The adoption of the above pronouncements have no material impact on the financial statements of BREIT.

6.5.2 Standards and Interpretations issued but not yet effective

At the date of this report, the following pronouncements were issued but not yet effective and have not been adopted by BREIT:

Effective for financial period beginning on or after 1 January 2014:

Amendments to MFRS132	Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

13. ACCOUNTANTS' REPORT (Cont'd)



6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)

6.5 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

6.5.2 Standards and Interpretations issued but not yet effective (Contd.)

Effective for financial period beginning on or after 1 July 2014:

Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010–2012 Cycle	
Annual Improvements to MFRSs 2011–2013 Cycle	

Effective annual period to be announced by Malaysian Accounting Standards Board

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
MFRS 9	Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139

The adoption of the above pronouncements is not expected to have material impact on the financial statements of BREIT in the period of initial application.

6.5.3 Significant accounting judgements and estimates

The preparation of BREIT's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows:

Fair value of investment properties

BREIT carries its investment properties at fair value, with changes in fair values being recognised through profit or loss. BREIT engaged independent valuation specialists to determine fair value as at 31 December 2013.

The valuer used a valuation technique based on Investment ("discounted cash flow") method of valuation and has also rationalised the results with other methods such as comparison method and cost method.

The determined fair value of the investment properties is sensitive to the projected crude palm oil ("CPO") and fresh fruit bunches ("FFB") prices.

13. ACCOUNTANTS' REPORT (Cont'd)**6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)****6.5 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****6.5.4 Summary of significant accounting policies**

The accounting policies applied by BREIT is similar to that of BPB as disclosed in Note 5.6.5, except for the following:

(a) Investment properties

Investment properties are plantation assets held to earn rental income or for capital appreciation or both. Such plantation assets are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which is arrived at through independent valuation performed by registered independent valuers. Gains or losses arising from changes in the fair values of investment properties are recognised as profit or loss in the year in which they arise.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(b) Revenue

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

Rental income is recognised on a straight line basis over the lease terms, while profit earned from Shariah-based deposits is recognised using effective profit method.

Gross dividend income from quoted Shariah-compliant securities are recognised on a declared basis, when the right to receive dividends has been established.

(c) Expenses**(i) Plantation operating expenses**

Plantation operating expenses consist of quit rent, takaful contributions, plantation adviser's fee and other outgoings in relation to investment properties where such expenses are the responsibility of BREIT are recognised on an accrual basis.

(ii) Manager's and Trustee's fees

The Manager's and Trustee's fees are recognised on an accrual basis.

13. ACCOUNTANTS' REPORT (Cont'd)



6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)

6.5 SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

6.5.4 Summary of significant accounting policies

(d) Financial assets

Investments in quoted Shariah-compliant securities are classified as financial assets at fair value through profit and loss.

Subsequent to initial recognition, they are measured at market value as determined at the end of period date and any increase or decrease in the carrying amount are credited or charged to profit or loss as unrealised gains or losses.

The quoted Shariah-compliant securities are managed and their performances are evaluated on a fair value basis, in accordance with BREIT's investment strategy. Information and performance of the securities are presented to the directors of Manager on quarterly basis.

6.5.5 First-time adoption of MFRS

The financial statements for the year ended 31 December 2012 is BREIT's first financial statement prepared in accordance with MFRS and MFRS 1, First-time Adoption of MFRS has been applied. For periods up to and including the year ended 31 December 2011, BREIT prepared its financial statements in accordance with FRS.

Accordingly, BREIT has prepared financial statements which comply with MFRS applicable for periods ending on or after 31 December 2012, together with the comparative period data as at and for the year ended 31 December 2011, as described in the accounting policies. In preparing these financial statements, BREIT's opening statements of financial position were prepared as at 1 January 2011, BREIT's date of transition to MFRS. The transition from FRS to MFRS has not had a material impact on the statements of financial position, statements of comprehensive income and statements of cash flows.

6.6 REVENUE

	2011 RM'000	2012 RM'000	2013 RM'000
Rental income from investment properties comprise:			
Fixed rent	66,973	70,258	67,357
Performance-based profit sharing	32,583	20,242	1,125
	<u>99,556</u>	<u>90,500</u>	<u>68,482</u>

13. ACCOUNTANTS' REPORT (Cont'd)**6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)****6.6 REVENUE (CONTD.)**

In addition to the fixed rental, BREIT shall receive from the tenants, a performance-based profit sharing payments as provided for in the Ijarah Agreements. The performance-based profit sharing will represent 50% of the net incremental income of the actual crude palm oil ("CPO") production of the plantation assets for the financial year, times the excess of the weighted average CPO price realised during the financial year over the CPO reference price, less selling commission, capital expenditure not borne by BREIT and other direct costs. The amount shall be determined and paid yearly by the tenants not later than two months after the last business day of the financial year.

6.7 PLANTATION OPERATING EXPENSES

	2011 RM'000	2012 RM'000	2013 RM'000
Quit rent	1,413	1,586	1,529
Plantation adviser's fees and expenses	97	101	92
Takaful	273	295	308
	<u>1,783</u>	<u>1,982</u>	<u>1,929</u>

6.8 MANAGER'S FEE

Pursuant to Trust Deed, the Manager is entitled to an annual base management fee of up to 0.3% per annum of the realised Net Asset Value of BREIT, calculated based on a monthly accrual basis and payable monthly in arrears; and a performance fee of up to 2.5% of the performance-based profit sharing, which payable annually not later than two months from the end of the financial year and is accrued on quarterly basis.

	2011 RM'000	2012 RM'000	2013 RM'000
Base fee	2,148	2,264	2,262
Performance fee	815	506	28
	<u>2,963</u>	<u>2,770</u>	<u>2,290</u>

6.9 TRUSTEE'S FEE

Pursuant to the Trust Deed, the Trustee is entitled to an annual trustee fee of up to 0.03% per annum of the Net Asset Value of BREIT, calculated based on a monthly accrual basis and payable monthly in arrears.

13. ACCOUNTANTS' REPORT (Cont'd)**6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)****6.10 TAXATION**

	2011 RM'000	2012 RM'000	2013 RM'000
Reconciliation of effective tax expense			
Profit before taxation	305,799	91,620	59,964
Income tax using Malaysian tax rate of 25%	76,450	22,905	14,991
Non-deductible expenses	322	230	110
Non-taxable income	(55,066)	(4,126)	(1,940)
Effect of income exempted from tax	(21,706)	(19,009)	(13,161)
Deferred tax liabilities recognised for real property gains tax	-	-	6,979
Tax expense	-	-	6,979

The total income of BREIT will be exempted from income tax under Section 61A(1) of the Malaysian Income Tax Act 1967, where in the basis period for a year of assessment, at least 90% of the total taxable income of BREIT is distributed to unitholders within two months from the end of the financial year. BREIT had met this criteria. Hence, no provision for income tax expense has been made for the current year.

6.11 EARNINGS PER UNIT

The earnings per unit are computed based on the following over the weighted average number of units in issue of 626,904,500 (2012: 626,904,500, 2011: 609,668,021). BREIT does not have any potential dilutive ordinary shares. As such, the fully diluted earnings per unit of BREIT are equivalent to the basic earnings per unit.

	2011 RM'000	2012 RM'000	2013 RM'000
Realised profit for the year	93,209	75,702	57,543
Unrealised profit for the year	212,590	15,918	(4,558)
Profit for the year after manager's fee	305,799	91,620	52,985
Profit for the year before manager's fee	308,762	94,390	55,275

13. ACCOUNTANTS' REPORT (Cont'd)



6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)

6.12 DISTRIBUTION

BREIT's objective is to distribute at least 90% of its taxable profit to unitholders within two months from the end of the financial year.

The financial statements for the respective reporting date do not reflect declared but unpaid distribution as it will be accounted for in equity as an appropriation of retained earnings in the next reporting date.

Distribution to unitholders:

	2011 RM'000	2012 RM'000	2013 RM'000
Interim distribution of 4.0 sen (2012: 4.5 sen, 2011: 4.0 sen) per unit paid on 30 August 2013 (2012: 14 September 2012, 2011: 9 September 2011)	25,076	28,211	25,076
Special distribution of 16.0 sen per unit declared on 5 December 2013 and paid on 28 January 2014	-	-	100,305
Final distribution of 5.5 sen (2011: 8.0 sen) per unit declared on 30 January 2013 (2011: 27 January 2012) payable on 28 February 2013 (2011: 29 February 2012)	50,152 <u>75,228</u>	34,480 <u>62,691</u>	- <u>125,381</u>
Distribution per unit (sen)	<u>12.00</u>	<u>10.00</u>	<u>20.00</u>



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13. ACCOUNTANTS' REPORT (Cont'd)

6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)

6.13 INVESTMENT PROPERTIES

Plantation assets	Carrying value as at 1.1.2011 RM'000	Cost of Acquisition RM'000	Additional costs RM'000	Disposal RM'000	Replanting costs RM'000	Fair value adjustments RM'000	Carrying value as at 31.12.2011 RM'000
Bekoh Estate, Johor *	49,100	-	-	-	595	13,955	63,650
Malaya Estate, Perak *	37,400	-	-	-	1,111	8,089	46,600
Kulai Young Estate, Johor	52,800	-	-	-	819	8,981	62,600
Bukit Mertajam Estate, Kedah *	112,800	-	-	-	-	26,050	138,850
Batu Pekaka Estate, Kedah *	45,199	-	-	-	496	7,805	53,500
Chamek Estate, Johor *	42,300	-	-	-	76	12,324	54,700
Telok Sengat Estate, Johor	213,600	-	-	-	1,196	59,404	274,200
Telok Sengat Palm Oil Mill, Johor	15,620	-	1,618	-	-	(1,851)	15,387
Lepan Kabu Estate, Kelantan	83,438	-	-	-	227	12,335	96,000
Lepan Kabu Palm Oil Mill, Kelantan	4,310	-	-	-	-	(187)	4,123
Malakoff Estate, Penang	105,968	-	-	(1,341)	967	21,946	127,540
Bebar Estate, Pahang	94,969	-	-	-	5,261	9,270	109,500
TRP Estate, Perak	-	64,500	408	-	578	7,694	73,180
Trong Paim Oil Mill, Perak	-	24,233	-	-	-	(1,343)	22,890
Sutera Estate, Sabah ^	-	100,500	378	-	1,970	28,052	130,900
	857,504	189,233	2,404	(1,341)	13,296	212,524	1,273,620

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13. ACCOUNTANTS' REPORT (Cont'd)

6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)

6.13 INVESTMENT PROPERTIES (CONTD.)

Plantation assets	Carrying value as at 1.1.2012 RM'000	Cost of Acquisition RM'000	Additional costs RM'000	Disposal RM'000	Replanting costs RM'000	Fair value adjustments RM'000	Carrying value as at 31.12.2012 RM'000
Bekoh Estate, Johor *	63,650	-	-	-	921	1,929	66,500
Malaya Estate, Perak *	46,600	-	-	-	1,013	(13)	47,600
Kulai Young Estate, Johor	62,600	-	-	-	929	1,371	64,900
Bukit Mertajam Estate, Kedah *	138,850	-	-	-	365	785	140,000
Batu Pekaka Estate, Kedah *	53,500	-	-	-	549	(49)	54,000
Chamek Estate, Johor *	54,700	-	-	-	250	850	55,800
Telok Sengat Estate, Johor	274,200	-	-	-	2,469	(669)	276,000
Telok Sengat Palm Oil Mill, Johor	15,387	-	326	-	-	1,713	17,426
Lepan Kabu Estate, Kelantan	96,000	-	-	-	923	(923)	96,000
Lepan Kabu Palm Oil Mill, Kelantan	4,123	-	-	-	-	477	4,600
Malakoff Estate, Penang	127,540	-	302	-	424	(766)	127,500
Bebar Estate, Pahang	109,500	-	-	-	4,891	7,109	121,500
TRP Estate, Perak	73,180	-	129	-	411	1,780	75,500
Trong Palm Oil Mill, Perak	22,890	-	871	-	-	(4,190)	19,571
Sutera Estate, Sabah ^	130,900	-	-	-	2,528	5,572	139,000
	1,273,620	-	1,628	-	15,673	14,976	1,305,897

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13. ACCOUNTANTS' REPORT (Cont'd)

6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)

6.13 INVESTMENT PROPERTIES (CONTD.)

Plantation assets	Carrying	Cost of	Additional	Disposal	Replanting	Fair value	Carrying
	value as at						value as at
	1.1.2013	Acquisition	costs	RM'000	costs	adjustments	31.12.2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bekoh Estate, Johor *	66,500	-	-	-	1,076	3,724	71,300
Malaya Estate, Perak *	47,600	-	-	(500)	1,044	(144)	48,000
Kulai Young Estate, Johor	64,900	-	-	-	1,214	1,386	67,500
Bukit Mertajam Estate, Kedah *	140,000	-	-	-	281	(281)	140,000
Batu Pekaka Estate, Kedah *	54,000	-	-	-	588	1,112	55,700
Chamek Estate, Johor *	55,800	-	-	-	73	1,727	57,600
Telok Sengat Estate, Johor	276,000	-	-	-	1,599	(1,599)	276,000
Telok Sengat Palm Oil Mill, Johor	17,426	-	-	-	-	974	18,400
Lepan Kabu Estate, Kelantan	96,000	-	-	-	1,250	(1,250)	96,000
Lepan Kabu Palm Oil Mill, Kelantan	4,600	-	-	-	-	(255)	4,345
Malakoff Estate, Penang	127,500	-	-	-	599	(599)	127,500
Bebar Estate, Pahang	121,500	-	-	-	1,869	(1,869)	121,500
TRP Estate, Perak	75,500	-	102	-	159	(261)	75,500
Trong Palm Oil Mill, Perak	19,571	-	-	-	-	(1,971)	17,600
Sutera Estate, Sabah ^	139,000	-	13	-	2,360	1,727	143,100
	1,305,897	-	115	(500)	12,112	2,421	1,320,045

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13. ACCOUNTANTS' REPORT (Cont'd)



6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)

6.13 INVESTMENT PROPERTIES (CONTD.)

The investment properties consists of plantation estates and palm oil mills that are valued by independent professional valuers using the (discounted cash flow and comparison) method for plantation estates and the (comparison and depreciation replacement cost) method for palm oil mills. The plantation assets as at 31.12.2011 and 31.12.2013 were valued in CH Williams Talhar & Wong Sdn Bhd and 31.12.2012 by Rahim & Co (Sel) Sdn Bhd.

* Investment properties are charged to financial institution for Islamic financing facilities granted to BREIT (Note 6.18).

^ During the year, the transfer of ownership for Sutera Estate to BREIT has been completed.

6.14 INVESTMENTS IN QUOTED SHARIAH-COMPLIANT SECURITIES

	2011 RM'000	2012 RM'000	2013 RM'000
Investments in quoted Shariah-compliant securities, at market value	7,388	10,637	-

BREIT disposed off all of its investment in quoted Shariah-compliant securities during the year.

2011

Quoted Shariah-compliant securities	Quantity Units	Cost RM'000	Market value RM'000	Percentage of Net Asset Value %
Industrial products				
Petronas Chemicals Group Berhad	50,000	313	310	0.03
Construction				
Gamuda Berhad	200,000	740	678	0.06
Consumer products				
MSM Malaysia Holdings Bhd	100,000	509	488	0.04
Trading/Services				
Sime Darby Bhd	350,000	2,992	3,220	0.28
Axiata Group Berhad	300,000	1,423	1,542	0.14
Bumi Armada Berhad	50,000	197	205	0.02
Plantations				
IOI Corporation Berhad	150,000	869	807	0.07
Hap Seng Plantation Berhad	50,000	161	138	0.01
		<u>7,204</u>	<u>7,388</u>	<u>0.65</u>

13. ACCOUNTANTS' REPORT (Cont'd)



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6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)

6.14 INVESTMENTS IN QUOTED SHARIAH-COMPLIANT SECURITIES (cont'd.)

2012

Quoted Shariah-compliant securities	Quantity Units	Cost RM'000	Market value RM'000	Percentage of Net Asset Value %
Industrial products				
Petronas Chemicals Group Berhad	50,000	313	320	0.03
Construction				
Gamuda Berhad	200,000	740	728	0.06
Consumer products				
MSM Malaysia Holdings Bhd	100,000	509	475	0.04
Trading/Services				
Sime Darby Bhd	200,000	1,710	1,904	0.17
KPJ Healthcare Bhd	50,000	295	287	0.03
Pharmaniaga Berhad	300,000	1,605	2,430	0.21
Dialog Group Berhad	100,000	242	240	0.02
IHH Healthcare Berhad	300,000	959	1,011	0.09
Plantations				
IOI Corporation Berhad	150,000	869	765	0.07
Hap Seng Plantation Berhad	50,000	161	141	0.01
Batu Kawan Bhd	50,000	939	950	0.08
Felda Global Ventures Berhad	300,000	1,394	1,386	0.12
		<u>9,736</u>	<u>10,637</u>	<u>0.93</u>

BREIT's investments in quoted Shariah-compliant securities are classified as financial assets at fair value through profit or loss, with increase or decrease in the carrying amount credited or charged as unrealised gains or losses in profit or loss.

The investments in quoted Shariah-compliant securities were disposed in FYE 31 December 2013.

13. ACCOUNTANTS' REPORT (Cont'd)



6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)

6.15 RECEIVABLES

	2011 RM'000	2012 RM'000	2013 RM'000
Performance-based profit sharing	32,583	20,242	1,125
Tax recoverable	69	69	69
Other receivables	191	28	2,386
Total receivables	<u>32,843</u>	<u>20,339</u>	<u>3,580</u>

Performance-based profit sharing from estates are non-interest bearing and on 60-days (2012: 60-days, 2011:60-days) terms. Rental income receivables are non-interest bearing and on 30-day terms. These receivables are neither past due nor impaired and owing by 3 Subsidiary companies under BHB, a corporate shareholder of the Manager, Boustead REIT Managers Sdn Bhd.

6.16 CASH AND BANK BALANCES

	2011 RM'000	2012 RM'000	2013 RM'000
Cash and bank balances	11,968	95	16
Placements with licensed Islamic bank:			
Maturing within seven days	-	7,862	18,220
Maturing within one month	2,305	2,489	2,559
Maturing within six months	673	691	709
	<u>14,946</u>	<u>11,137</u>	<u>21,504</u>
Less:			
Overdrafts (Note 6.18)	(414)	(12)	-
Cash placement with licensed Islamic bank with maturity period within six months	(673)	(691)	(709)
Cash and cash equivalents	<u>13,859</u>	<u>10,434</u>	<u>20,795</u>

Placements with Islamic bank of BREIT amounting to RM708,610 (2012: RM690,680, 2011: RM673,157) are pledged as security for borrowings.

The weighted average profit rate of the Shariah-based deposit as at reporting date is 2.83% (2012: 2.84%, 2011: 1.13%) per annum.

13. ACCOUNTANTS' REPORT (Cont'd)**6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)****6.17 PAYABLES**

	2011 RM'000	2012 RM'000	2013 RM'000
Non-current			
Rental deposits	5,766	5,766	-
Current			
Rental deposits	-	-	5,609
Fees payable to Manager	1,072	761	258
Fees payable to Trustee	20	20	19
Replanting and capital expenditure payable	3,041	2,829	1,078
Provision of profit sharing expenses	945	997	1,048
Accruals and other payables	123	1,952	1,036
Selective unit redemption payable ("SUR payable") (Note 7.2)	-	-	564,521
	<u>5,201</u>	<u>6,559</u>	<u>573,569</u>
Total payables	10,967	12,325	573,569
Add: Islamic financing facilities (Note 6.18)	185,414	190,012	190,000
Total financial liabilities carried at amortised cost	<u>196,381</u>	<u>202,337</u>	<u>763,569</u>

All payables are non-interest bearing. Other than rental deposits, the amounts are normally settled on 30-days (2012: 30-days, 2011: 30-days) terms.

6.18 ISLAMIC FINANCING FACILITIES (SECURED)

	2011 RM'000	2012 RM'000	2013 RM'000
Non-current			
Term financing - i	90,000	90,000	90,000
Current			
Cash line - i	414	12	-
Revolving credit - i	95,000	100,000	100,000
	<u>95,414</u>	<u>100,012</u>	<u>100,000</u>
Total	<u>185,414</u>	<u>190,012</u>	<u>190,000</u>

13. ACCOUNTANTS' REPORT (Cont'd)**6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)****6.18 ISLAMIC FINANCING FACILITIES (SECURED) (CONTD.)**

The term financing - i is at a profit rate of 5.19% (2012: 5.26%, 2011: 5.32%) per annum, payable quarterly and is secured by first party charge in escrow of RM188.3 million (2012: RM187.6 million, 2011: RM185.4 million) over the investment properties (Note 6.13). The term financing - i is for a period of 5 years and is repayable at the end of the tenure in April 2016.

The cash line - i and revolving credit - i are at a profit rate of 5.05% (2012: 5.05%, 2011: 5.05%) per annum and are secured by first party charge in escrow for RM177.0 million (2012: RM176.3 million, 2011: RM171.9 million) over the investment properties (Note 6.13) and placement of RM708,610 (2012: RM690,680, 2011: RM673,157) with Islamic bank (Note 6.16).

6.19 DEFERRED TAX LIABILITIES

	2011 RM'000	2012 RM'000	2013 RM'000
At 1 January	-	-	-
Recognised in profit or loss (Note 6.10)	-	-	6,979
At 31 December	-	-	6,979

Deferred tax liabilities relates to real property gains tax provided on fair value adjustments of investment properties which are expected to be recovered through sale (after 5 years).

6.20 NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS

Net asset value attributable to unitholders is represented by:

	2011 RM'000	2012 RM'000	2013 RM'000
Unitholders' capital	658,635	658,635	658,635
Units to be redeemed under SUR	-	-	(564,521)
Undistributed profit	473,781	487,038	380,162
	<u>1,132,416</u>	<u>1,145,673</u>	<u>474,276</u>

Unitholders' capital comprised:

	<-----Number of units----->		
	2011 '000	2012 '000	2013 '000
Authorised and issued and fully paid:			
At beginning of year	557,001	626,905	626,905
Issued during the year	69,904	-	-
At end of year	<u>626,905</u>	<u>626,905</u>	<u>626,905</u>

13. ACCOUNTANTS' REPORT (Cont'd)



6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)

6.20 NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS (CONTD.)

	<----- Amount ----->		
	2011 RM'000	2012 RM'000	2013 RM'000
Authorised and issued and fully paid:			
At beginning of year	565,681	658,635	658,635
Issued during the year	92,954	-	
At end of year	<u>658,635</u>	<u>658,635</u>	<u>658,635</u>

As at 31 December 2013, the Manager did not hold any unit in BREIT. However, the directors, CEO and related parties of the Manager and related parties held units in BREIT, as follows:

	Number of units	% of total units
2013		
Direct unitholdings of directors of the Manager		
Y. Bhg. Tan Sri Dato' Seri Lodin Wok Kamaruddin	250,000	0.04
Mr. Daniel Ebinesan	190,000	0.03
Y. Bhg. Datuk Haji Abdul Aziz Ismail	75,000	0.01
Tuan Haji Kamaludin Abdul Kadir	51,000	0.01
Direct unitholding of CEO of the Manager		
Encik Fahmy bin Ismail	10,500	-*
Unitholdings of companies related to the Manager		
BPB	335,914,500	53.58
LTAT	79,620,200	12.70
2012		
Direct unitholdings of directors of the Manager		
Y. Bhg. Tan Sri Dato' Seri Lodin Wok Kamaruddin	250,000	0.04
Mr. Daniel Ebinesan	190,000	0.03
Y. Bhg. Datuk Haji Abdul Aziz Ismail	75,000	0.01
Tuan Haji Kamaludin Abdul Kadir	51,000	0.01
Direct unitholding of CEO of the Manager		
Encik Fahmy bin Ismail	10,500	-*
Unitholdings of companies related to the Manager		
BPB	335,914,500	53.58
LTAT	79,620,200	12.70

13. ACCOUNTANTS' REPORT (Cont'd)



6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)

6.20 NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS (CONTD.)

	Number of units	% of total units
2011		
Direct unitholdings of directors of the Manager		
Y. Bhg. Tan Sri Dato' Seri Lodin Wok Kamaruddin	250,000	0.04
Mr. Daniel Ebinesan	150,000	0.02
Y. Bhg. Datuk Haji Abdul Aziz Ismail	75,000	0.01
Tuan Haji Kamaludin Abdul Kadir	51,000	0.01
Direct unitholding of CEO of the Manager		
Encik Fahmy bin Ismail	10,500	-*
Unitholdings of companies related to the Manager		
BPB	335,914,500	53.58
LTAT	79,620,200	12.70

* % of unitholding is negligible

6.21 PORTFOLIO TURNOVER RATIO

	2011	2012	2013
Portfolio Turnover Ratio ("PTR") (times)	0.21	-	-

The calculation of PTR is based on the average of total acquisitions and total disposals of Shariah-compliant investments properties in BREIT for the year, to the average NAV during the year calculated on a monthly basis. There is no acquisition or disposal during the reporting financial year other than as disclosed.

6.22 MANAGEMENT EXPENSE RATIO

	2011	2012	2013
Management expense ratio ("MER") (%)	0.42	0.35	0.41

The calculation of MER is based on the total fees and expenses incurred by BREIT in the year, including management fee, performance fee, trusteeship fee, audit fee, tax agent's fees, other professional fees and administrative expenses, to the average NAV during the year calculated on a monthly basis. Since the basis of calculating MER can vary among real estate investment trusts, comparison of the MER of BREIT with other real estate investment trusts which use a different basis of calculation may not be an accurate comparison.

13. ACCOUNTANTS' REPORT (Cont'd)



6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)

6.23 TRANSACTIONS WITH COMPANIES RELATED TO THE MANAGER

	2011 RM'000	2012 RM'000	2013 RM'000
Rental and performance-based profit sharing from subsidiaries of BHB ^			
- BPB	23,942	23,833	15,342
- B Telok Sengat	59,536	60,396	47,626
- B Rimba Nilai	5,910	6,271	5,514
- B Silasuka	5,592	-	-
- B Sungai Manar	4,576	-	-
Profit earned from Affin Islamic Bank Berhad*	174	217	198
Profit sharing expenses on financing paid to Affin Islamic Bank Berhad *	4,751	4,896	4,816
Plantation operating expenses and capital expenditure reimbursable to BEA a Subsidiary of BHB ^	15,085	16,870	12,112
Acquisition of TRP Estate and Trong Oil Mill from BHB ^	88,733	-	-
Acquisition of Sutera Estate from Boustead Sutera Sdn Bhd, a Subsidiary of BHB ^	100,500	-	-

Also included in the financial statements are the following balances with companies related to the Manager:

	2011 RM'000	2012 RM'000	2013 RM'000
Cash and bank balances, and Shariah-based deposits placed with Affin Islamic Bank Berhad *	10,928	8,647	18,944
Revolving credit - i, Islamic financing with Affin Islamic Berhad *	95,000	95,000	95,000
Rentals deposits received from BPB, B Telok Sengat, and B Rimba Nilai #	5,766	5,766	5,609

^ BHB is a corporate shareholder of Manager, Boustead REIT Managers Sdn Bhd.

* Affin Islamic Bank Berhad is a fellow Subsidiary of Boustead REIT Managers Sdn Bhd, both being Subsidiary companies of a corporate body, Lembaga Tabung Angkatan Tentera (LTAT), a local statutory body established under the Tabung Angkatan Tentera Act, 1973.

BPB, B Telok Sengat and B Rimba Nilai are Subsidiary companies of BHB.

13. ACCOUNTANTS' REPORT (Cont'd)



6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)

6.24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of BREIT are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, liquidity risk, market risk and reclassification of Shariah status risk.

BREIT has taken measures to minimise its exposure to risks associated with its financing, investing and operating activities and operates within clearly defined guidelines as set out in the Securities Commission Malaysia's Guidelines on Real Estate Investment Trusts.

The following sections provide details regarding BREIT's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

At reporting date, there was no significant exposure to credit risk. The maximum exposure to credit risk is represented by the carrying amount of financial assets. Information regarding credit enhancements and concentration profile of receivables is disclosed in Note 6.15. BREIT leases its properties to Subsidiary companies of Boustead Holdings Berhad, a corporate shareholder of the Manager. The leases are creditworthy with no history of default.

BREIT places its short term Shariah-based deposits with licensed financial institutions. These deposits are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

(b) Interest rate risk

Interest rate is a general economic indicator that will have an impact on the management of a fund regardless of whether it is a Shariah-based fund or otherwise. It does not in any way suggest that BREIT will invest in conventional financial instruments. All the investments carried out for BREIT are in accordance with the requirements of the Shariah.

Interest rate risk is the risk that the fair value or future cash flows of BREIT's financial instruments will fluctuate because of changes in market interest rates.

BREIT's exposure to interest rate arises primarily from its Islamic financing facilities - borrowings.

Sensitivity of interest rate risk

The following demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of BREIT's profit before tax (through the impact on floating rate borrowings):

	Effect on profit before tax		
	Increase/(Decrease)		
	2011	2012	2013
	RM'000	RM'000	RM'000
Interest rate increase by 100 basis point	(1,854)	(1,900)	(1,457)
Interest rate decrease by 100 basis point	1,854	1,900	1,457

13. ACCOUNTANTS' REPORT (Cont'd)



6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)

6.24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(c) Liquidity risk

BREIT manages its liquidity risk by maintaining a portion of its resources in Shariah-based deposits and balances with licensed financial institutions to meet estimated commitments arising from financial liabilities.

The table below summarises the maturity profile of BREIT's liabilities at the reporting date based on contractual undiscounted payment obligations.

Financial liabilities:

	2011 (RM'000)		
	On demand or within one year	One to five years	Total
Payables	5,201	5,766	10,967
Islamic financing facility	102,601	105,561	208,162
Total undiscounted financial liabilities	107,802	111,327	219,129
	2012 (RM'000)		
	On demand or within one year	One to five years	Total
Payables	6,559	5,766	12,325
Islamic financing facility	104,746	101,046	205,792
Total undiscounted financial liabilities	111,305	106,812	218,117
	2013 (RM'000)		
	On demand or within one year	One to five years	Total
Payables	673,874	-	673,874
Islamic financing facility	104,653	96,204	200,857
Total undiscounted financial liabilities	778,527	96,204	874,731

13. ACCOUNTANTS' REPORT (Cont'd)



6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)

6.24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(d) Market price risk

Market price risk is the risk that the fair value or future cash flows of BREIT's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

(i) Shariah-compliant securities

Market price risk arises when the value of the Shariah-compliant securities listed on the Bursa Malaysia fluctuates in response to the activities of individual companies and general market or economic conditions. These instruments are classified as fair value through profit or loss. The market price risk is managed through portfolio diversification and asset allocation whereby the Shariah-compliant securities exposure will be reduced in the event of anticipated market weakness.

Sensitivity analysis for equity price risk

For FYE 31 December 2011 and 2012, if the FTSE Bursa Malaysia KLCI had been 5% higher/lower, with all other variables held constant, the impact to BREIT's profit for the year would be as follows:

	Effect on profit before tax Increase/(Decrease)		
	2011 RM'000	2012 RM'000	2013 RM'000
KLCI increase by 5%	369	532	-
KLCI decrease by 5%	(369)	(532)	-

(ii) Commodity price risk

BREIT is exposed to commodity price risk arising from fluctuations of crude palm oil ("CPO") price which will affect BREIT's performance-based profit sharing. BREIT adopts the strategy of having both fixed rental and performance-based profit sharing as provided for in the Ijarah Agreement. As reported by the tenants' management, a strategy of having a mix of spot and forward sales at any one time to mitigate this risk was adopted. Hedging policies are periodically reviewed by their management and no commodity future contracts are entered.

Sensitivity analysis for commodity price risk

At the reporting date, if the average CPO price had been 10% higher/lower, with all other variables held constant, the impact to BREIT's profit for the year would have been RM6,577,000 higher and RM1,125,000 lower (2012: RM9,598,000 higher and RM9,785,000 lower), respectively arising as a result of higher/lower performance-based profit sharing.

13. ACCOUNTANTS' REPORT (Cont'd)



6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)

6.24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(e) Reclassification of Shariah status risk

The risk that the currently held Shariah-compliant securities in the portfolio of BREIT may be reclassified to be Shariah non-compliant upon review of the securities by the Shariah Advisory Council of the Securities Commission Malaysia performed twice yearly. If this occurs, the value of BREIT may be adversely affected where the Manager will take the necessary steps to dispose off such securities.

(f) Fair value of financial instruments

(i) Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Cash and bank balances	6.16
Receivables	6.15
Payables	6.17
Islamic financing liabilities	6.18

The carrying amounts of the above financial assets and financial liabilities (except for non-current liabilities) approximates their fair values because of the immediate or short maturity period.

The fair value of non-current liabilities is reasonable approximation of fair value due to the insignificant impact of discounting.

(ii) Fair value hierarchy

BREIT's financial instruments carried at fair value are analysed as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, other directly (i.e.; as prices) or indirectly (i.e.; derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable input)

13. ACCOUNTANTS' REPORT (Cont'd)**6.0 AUDITED HISTORICAL FINANCIAL INFORMATION FOR BREIT (CONTD.)****6.24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)****(f) Fair value of financial instruments (Contd.)****(ii) Fair value hierarchy (contd.)**

For FYE 31 December 2011 and 31 December 2012, BREIT's investments in quoted Shariah-compliant securities are classified as Level 1.

For FYE 31 December 2011, 31 December 2012 and 31 December 2013, BREIT's investment properties are classified as Level 3.

There were no material transfers between Level 1, Level 2 and Level 3 for each reporting date.

For FYE 31 December 2011 and 31 December 2012, BREIT does not have any financial instrument classified as Level 2 and 3.

(g) Capital management

BREIT's objective on its capital management is to ensure that it maintains a healthy capital ratios in order to support its business and maximise unitholders' value while in compliance with the Trust Deed and Securities Commission Malaysia's Guidelines on Real Estate Investment Trusts in Malaysia ("the REIT Guidelines").

BREIT monitors its capital using a gearing ratio, which is total financing divided by BREIT's total assets and will ensure that the ratio does not exceed the 50% as prescribed in the Trust Deed and the REIT Guidelines.

6.25 OPERATING LEASE OBLIGATION - as a lessor

BREIT has entered into commercial property leases on its investment properties under Ijarah Agreements. The leases term under Ijarah Agreements were from 1 January 2010 to 31 December 2012. On 10 July 2013, BREIT has renewed the Ijarah Agreements which leases term were from 1 January 2013 to 31 December 2015.

Upon the conversion BREIT into a private property trust of which BPB is the sole beneficiary, the above Ijarah agreements will be rendered null and void. BREIT is currently in the midst of finalising the revised lease rental agreement between BPB and its subsidiaries operating the plantation assets.

13. ACCOUNTANTS' REPORT (Cont'd)



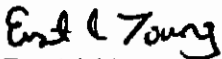
7.0 SUBSEQUENT EVENTS


7.1 BPB

On 21 January 2014, the Ministry of International Trade and Industry ("MITI") granted its approval for BPB to implement the Proposed Initial Public Offering.

7.2 BREIT

On 14 February 2014, Bursa Malaysia Securities Berhad by way of writing confirmed that the Fund will be removed from the official list of Bursa Malaysia Securities Berhad with effect from 19 February 2014.


Ernst & Young
AF: 0039
Chartered Accountants


Tan Shium Jye
No. 2991/05/14 (J)
Chartered Accountant

14. DIRECTORS' REPORT

Boustead Plantations Berhad 1245-M
(Formerly known as Kuala Sidim Berhad)
(Incorporated in Malaysia)

Registered Office:

28th Floor, Menara Boustead
 69 Jalan Raja Chulan
 50200 Kuala Lumpur
 Malaysia

Date: **14 MAY 2014**

The Shareholders
BOUSTEAD PLANTATIONS BERHAD

Dear Sir/Madam,

On behalf of the Directors of Boustead Plantations Berhad ("BPB"), we wish to report after due inquiry that during the period from 31 December 2013 (being the date to which the last audited financial statements of BPB and its subsidiaries ("BPB Group") have been made up to the date herein (being a date not earlier than 14 days before the issue of this Prospectus)):

- (a) the business of the BPB Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of the BPB Group which have adversely affected the trading or the values of the assets of the BPB Group;
- (c) the current assets of the BPB Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in this Prospectus, there are no contingent liabilities by reason of any guarantees or indemnities given by the BPB Group;
- (e) there has been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums in relation to any borrowings since the last audited financial statements of the BPB Group; and
- (f) save as disclosed in this Prospectus, there has been no material change in the published reserves or any unusual factors affecting the profits of the BPB Group.

Yours faithfully,
 For and on behalf of the Board of Directors of
BOUSTEAD PLANTATIONS BERHAD

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

**TAN SRI DATO' SERI LODIN
 BIN WOK KAMARUDDIN**
 Vice Chairman

(A member of Boustead Group)

"A TRADITION OF STRENGTH AND STABILITY. A VISION OF GROWTH AND EXCELLENCE"

AGENTS: Boustead Estates Agency Sdn Bhd

Registered Office: 28th Floor, Menara Boustead, 69, Jalan Raja Chulan, 50200 Kuala Lumpur.

P. O. Box 11011, 50732 Kuala Lumpur. Tel: 03-2141 9044 (24 Lines) Fax: 03-2141 9750, 2144 3016 Homepage: <http://www.boustead.com.my>

15. ADDITIONAL INFORMATION

15.1 SHARE CAPITAL

- (i) Save as disclosed in this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than 12 months after the date of the issue of this Prospectus.
- (ii) As at the LPD, we have only one class of shares in our Company, namely ordinary shares of RM0.50 each, all of which rank *pari passu* with one another. There are no special rights attached to our Shares.
- (iii) Save as disclosed in Section 4.3 and Section 6.1.3 of this Prospectus, our Company has not issued or proposed to issue any shares, stocks or debentures as fully or partly paid-up in cash or otherwise, within the two preceding years from the LPD.
- (iv) Save for the IPO, no person has been or is entitled to be given an option to subscribe for any of our shares, stocks or debentures and we do not have and we have not agreed conditionally or unconditionally to put any of our share capital under option.
- (v) Save for the Offer Shares reserved for subscription by the eligible directors and employees of our Group and persons who have contributed to the success of our Group as disclosed in Section 4.3.2 of this Prospectus, and subject to our Listing, there is currently no other scheme involving our directors and employees in the share capital of our Company or any of our subsidiaries.
- (vi) As at the date of this Prospectus, neither we nor our subsidiaries have any outstanding convertible debt securities.
- (vii) Save as disclosed in Section 10.2 of this Prospectus, and save as provided for under our Articles as reproduced in Section 15.2 below and the Act, there are no other restrictions upon the holding or voting or transfer of our Shares or the interests in any of our Company or our subsidiaries or upon the declaration or payment of any dividend or distribution thereon.

15.2 EXTRACTS OF OUR ARTICLES

The following provisions are reproduced from our Articles and are qualified in its entirety by the provisions of our Articles and by applicable law. The words, terms and expressions appearing in the following provisions shall bear the same meanings used in our Articles unless they are otherwise defined herein or the context otherwise requires.

Words	Meaning
Act	Companies Act, 1965, and any statutory modification, amendment or re-enactment thereof for the time being in force and all subsidiary legislation made thereunder
Board	Board of Directors for the time being of the Company
Central Depositories Act	Securities Industry (Central Depositories) Act 1991 and any statutory modification, amendment or re-enactment thereof and any and every other legislation for the time being in force made thereunder
Depository	Bursa Malaysia Depository Sdn Bhd
Company	Boustead Plantations Berhad
Directors	Directors for the time being of the Company and includes alternate Directors, unless otherwise stated

15. ADDITIONAL INFORMATION (Cont'd)

Words	Meaning
Exchange	Bursa Malaysia Securities Berhad
Market Day	A day on which the stock market of the Exchange is open for trading in securities
Member	A depositor who shall be treated as if he was a member pursuant to Section 35 of the Securities Industry (Central Depository) Act 1991 but excludes the Depository in its capacity as bare trustee
Record of Depositors	A record provided by the Central Depository to the Company pursuant to an application under Chapter 24.0 of the Rules
Register of Members	Register of Members to be kept pursuant to the Act
Rules	Rules of the Central Depository
Securities	As defined in Section 2(1) of the Capital Markets and Services Act, 1997, or any modification, amendments or re-enactment thereof for the time being in force

(i) Transfer of Shares

- "35. Subject to these Articles, the Act, the Central Depositories Act and the Rules and except as may be required by law, there shall be no restriction on the transfer of fully paid Securities.
36. The transfers of any listed Securities or class of listed Securities in the Company shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to Subsection 107C(2) of the Act and any exemption that may be made from compliance with Section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of listed Securities.
37. The Depository may in its absolute discretion refuse to register any transfer if it does not comply with the Central Depositories Act or the Rules.
38. Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of listed Securities although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers, be legally inoperative or insufficient to pass the property in the listed Securities proposed or professed to be transferred, and although the transfer may, as between the transferor and the transferee, be liable to be set aside. In every such case, the person registered as transferee, his executors, administrators and assignees, subject to compliance with the Act, the Central Depositories Act and the Rules, alone shall be entitled to be recognised as the holder of such listed Securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

15. ADDITIONAL INFORMATION (Cont'd)

39. Registration of transfer may be suspended at such time and for such period as the Directors may from time to time determine but so that no part of the Register of Members shall be closed for more than thirty (30) days in the aggregate in any calendar year. At least ten (10) clear Market Days' (or such other minimum period as may be prescribe by the Exchange) notice of such suspension or of any books closing date shall be given to the Exchange stating the period and purpose of such suspension or closure. In relation to the suspension or books closing, the Company shall give written notice to the Depository to issue the appropriate Record of Depositors in accordance with the Central Depositors Act and the Rules within such time as is required by the Depository to enable the Depository to issue the relevant Record of Depositors.
40. Subject to the Central Depositories Act and the Rules, no share shall in any circumstance be transferred to any infant, bankrupt or person of unsound mind.
41. Nothing in these Articles shall preclude the directors from recognizing a renunciation of the allotment of any share by the allottee in favour of some other person.
42. Subject to the Act, the Company may charge a fee not exceeding Ringgit Malaysia Three (RM3.00) or such other amount as the law permits, in respect of the registration of any probate or letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any shares or other securities."

(ii) Remuneration of Directors

- "99. The fees of the Directors shall from time to time be determined by an ordinary resolution of the Company in general meeting but the remuneration of the executive directors shall from time to time be determined by the Board. The fees payable to Directors shall not be increased except pursuant to a resolution passed at general meeting when notice of the proposed increase has been given in the notice convening the meeting. The fees payable to non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover and be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director holding office for a part only of a year shall be entitled to a proportionate part of a full year's remuneration. The remuneration payable to executive Directors shall not include a commission on or percentage of turnover. Any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration.
100. The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Board or of committees of the Board or general meetings or otherwise howsoever in connection with the business of the Company.
101. The Directors may grant special remuneration to any Director who (on request by the Directors) is willing to perform or render any special duties or services outside his ordinary duties as a Director or to go or reside away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors. Such special remuneration may be paid to such Director in addition to or in substitution for his ordinary remuneration as a Director and may be paid by way of a fixed sum or otherwise as may be arranged, provided always that such special remuneration shall not be by a commission on or percentage of profit turnover."

15. ADDITIONAL INFORMATION (Cont'd)**(iii) Voting and Borrowing Powers of Directors**

- "122. The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or its wholly owned subsidiaries or of any related corporation. The Directors may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon with power to the Directors to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or hypothecation of or charge upon any property and asset of the Company or otherwise. The Directors may exercise all the powers of the Company to guarantee and give guarantees or indemnities for the payment of money, the performance of contracts or obligations or for the benefit or interest of the Company or of any of its subsidiaries,
123. If the Directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the company, the Directors may execute or cause to be executed any charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable from any loss in respect of such liability.
124. The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertakings, property or any uncalled capital or issue debentures or other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.
125. The Directors shall cause a proper register to be kept in accordance with Section 115 of the Act of all charges specifically affecting the property of the Company and shall duly comply with the requirements of Section 108 of the Act in regard to the registration of charges therein specified.
126. All cheques, promissory notes, drafts, bills of exchange and or negotiable or transferable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by resolution determine.
141. A Director of the Company may be or become a director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation, which is directly or indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation, in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors or other officers of such corporation), and any director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be, or be about to be, appointed a director or other officer of such other corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid, provided always that he has complied with Section 131 and all other relevant provisions of the Act and of these Articles."

15. ADDITIONAL INFORMATION (Cont'd)**(iv) Changes in Capital and Variation of Class Rights**

"4. If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with:-

- (1) the consent in writing of the holders of three-fourths of the issued shares of that class; or
- (2) the sanction of a special resolution passed at a separate general meeting of such holders.

To every such separate meeting all the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply, except that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third of the issued shares of the class (but so that if at any adjourned meeting of such holders, a quorum is not present, the holders present shall form a quorum) and any holder of shares of the class present in person or by proxy may demand a poll.

5. The rights conferred upon the holders of any shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

6. Subject to the prior approval of the members of the Company in general meeting and to the provision of the Act and to the conditions, restrictions and limitations expressed in these Articles and to the provisions of any resolution of the company, any unissued shares of the Company shall be at the disposal of the Directors who may offer, issue, allot (with or without conferring a right of renunciation), grant option over, grant any right or rights to subscribe for such shares, or otherwise deal with or dispose of such shares to such person or persons on such terms and conditions and at such times as the Directors may determine, but the Directors in making any such allotment or disposal or granting any such option of shares shall comply with the following conditions:-

- (1) No shares shall be issued at a discount except in compliance with the provisions of Section 59 of the Act;
- (2) No share shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the members in general meeting;
- (3) The rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution passed for creating the same;
- (4) No directors shall participate in an issue of shares or options to employees of the Company and its subsidiaries unless the Members in general meeting have approved the specific allotment to such director."

15.3 LIMITATION ON THE RIGHT TO HOLD SECURITIES AND/OR EXERCISE VOTING RIGHTS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of the Shares must deposit his Shares with Bursa Depository on or before the date fixed, failing which our Share Registrars will be required to transfer his Shares to the Minister of Finance, Inc. and such Shares may not be traded on Bursa Securities.

15. ADDITIONAL INFORMATION (Cont'd)

Dealing in Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository ("**Depositor**") by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of the Shares shall be deemed to be a shareholder of our Company and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

Subject to the above, there is no limitation on the right to own securities in our Company, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise voting rights on such securities, which is imposed by Malaysian law or by the constituent documents of our Company.

15.4 GENERAL INFORMATION

- (i) The nature of our business has been disclosed in Section 7 of this Prospectus.
- (ii) Save for the companies within our Group as disclosed in Section 6 of this Prospectus, our Company has not established any other place of business outside Malaysia.
- (iii) Apart from the listing sought on the Main Market of Bursa Securities, our Company is not listed on any stock exchange.
- (iv) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in Section 16 of this Prospectus.
- (v) The date and time of the opening and closing of the application of the Retail Offering are set out in the Indicative Timetable Section, Section 4.1 and Section 16.1 of this Prospectus, respectively.
- (vi) Shares under the Retail Offering are payable in full at the Retail Price upon application. The Institutional Offering investors shall pay the Institutional Price for the Shares under the Institutional Offering.
- (vii) Save as disclosed in Section 4.9 of this Prospectus, no commissions, discounts, brokerages or other special terms have been paid or is payable by our Company within the two years immediately preceding the LPD for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any Shares in or debentures of our Company and in connection with the issue or sale of any capital of our Company and no Director or Promoter or expert is entitled to receive any such payment or any other benefits.
- (viii) During the last financial year up to the LPD save for BREIT Privatisation, there were no:
 - (a) public take-over offers by third parties in respect of our Shares; and
 - (b) public take-over offers by our Company in respect of other companies' shares.
- (ix) Save as disclosed in Section 9.3 of this Prospectus, there is no person, so far as known to us, who directly or indirectly, jointly or severally, exercise control over us.
- (x) As at the LPD, save for withholding tax, there are no governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and the remittance of profits of our foreign associates to Malaysia.

15. ADDITIONAL INFORMATION (Cont'd)

15.5 MATERIAL LITIGATION

Save as disclosed below and as at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and our Board are not aware of any proceedings pending or threatened, against our Group or of any fact likely to give rise to any proceedings which may materially and adversely affect our financial or business position of our Group:

15.5.1 Sibü High Court (Civil Suit No. 21-7-2009)

Kadam a/k Embuyang & four others ("Plaintiffs") v Pelita Holdings Sdn Bhd ("1st Defendant"), Superintendent of Lands & Surveys ("2nd Defendant"), State of Government of Sarawak ("3rd Defendant"), our Company ("4th Defendant") and B Kanowit ("5th Defendant") (collectively, the "Defendants")

B Kanowit, a 60% subsidiary of our Company, was incorporated to undertake a 60-year commercial development of approximately 24,000 Ha of Native Customary Rights ("NCR") lands ("Native Area") into oil palm plantations on a joint venture basis between us as developer and investor, the 1st Defendant, as the investment vehicle of LCDA, and various participating indigenous communities who are owners of NCR land ("NCR Owners"), be it as estate personnel or as business entrepreneurs, in the operations of B Kanowit. LCDA, in turn, is the agency appointed by the State Government of Sarawak as trustee to manage the interests of the owners of NCR lands in Sarawak. The joint venture was formalised between our Company, the 1st Defendant and the NCR Owners, among which are proprietors, occupiers and claimants of the Native Area situated in Block D1, Sg. Kelimut, Kanowit District, described as Kelimut Estate and the Maong Estate ("NCR Lands"), for the development of the oil palm plantations in Kanowit, Sarawak as evidenced in the joint venture agreement dated 6 May 1998 between our Company and the 1st Defendant. As at the LPD, the provisional leases of our landed properties and estates under B Kanowit in Sarawak have yet to be issued by the Government of Sarawak.

The NCR Owners had entered into a Principal Deed dated 14 January 2002 with the 1st Defendant and the 3rd Defendant pursuant to the abovementioned joint venture ("Deed"). Under the Deed, the NCR Owners essentially agreed that their Native Area be surrendered for the joint venture and assigned to the 1st Defendant, all their respective rights, shares and estate in the Native Area, which includes the NCR Lands. In consideration, the NCR Owners were to receive certain sums of money for the Native Area land to be developed as well as a collective interest in 30% in the shares of B Kanowit.

On 30 March 2011, our Company and B Kanowit were named as the 4th Defendant and the 5th defendant, respectively, in relation to a claim filed by the Plaintiffs suing on behalf of themselves and 163 others proprietors, occupiers and claimants of the NCR Lands measuring approximately 1,050 Ha against the 1st Defendant, the 2nd Defendant and the 3rd Defendant for *inter alia*, a declaration that the Deed is null and void, damages and costs.

Our Company and B Kanowit's Statement of Defence and Counter-Claim was filed on 8 April 2012. On 30 April 2012, Sibü High Court allowed the Plaintiffs' claim with costs. The Sibü High Court further dismissed our Company's and B Kanowit's counterclaim with costs and at the same time granted the Interim Stay of Execution ("Court Order").

Our Company and B Kanowit had filed a Notice of Appeal to Sibü High Court Registry on 3 May 2012 ("Appeal").

15. ADDITIONAL INFORMATION (Cont'd)

Sibu High Court had on 30 October 2012 ordered that all execution of the Court Order dated 30 April 2012 and all actions or proceedings pursuant to the said Court Order be stayed until after the full and final determination of the Appeal filed by our Company and B Kanowit in respect of the said Court Order and costs of the application be costs in the cause. The Court of Appeal had on 11 February 2014 reserved judgment to a date to be fixed.

Our Board, in consultation with the solicitors are of the view that our Company and B Kanowit have a good case in this action.

Further information on the abovementioned legal claim is set out in Section 5.2.3 of this Prospectus.

15.6 MATERIAL CONTRACTS

Save as disclosed below, we have not entered into any material contracts that are not entered into in the ordinary course of business during the two years preceding the date of this Prospectus:

15.6.1 Sale and Purchase Agreement dated 16 August 2012

Sale and Purchase Agreement dated 16 August 2012 between B Emastulin and Golden Crop Returns Berhad in relation to the buyback of the Tabung Tentera Estate, Segaria Estate and Segaria Palm Oil Mill pursuant to the call option granted by Golden Crop Returns Berhad to B Emastulin for the exercise price of RM123,520,000, subject upon the terms and conditions contained in this agreement. This transaction was completed on 22 October 2012.

15.6.2 Sale and Purchase Agreement dated 16 August 2012

Sale and Purchase Agreement dated 16 August 2012 between B Rimba Nilai and Golden Crop Returns Berhad in relation to the buyback of the Segamaha Estate, Sungai Jernih Estate, Segamaha Palm Oil Mill and Sungai Jernih Palm Oil Mill pursuant to the call option granted by Golden Crop Returns Berhad to B Rimba Nilai for the exercise price of RM174,482,000, subject upon the terms and conditions contained in this agreement. This transaction was completed on 22 October 2012.

15.6.3 Sale and Purchase Agreement dated 16 August 2012

Sale and Purchase Agreement dated 16 August 2012 between B Rimba Nilai and Golden Crop Returns Berhad in relation to the buyback of the Kawananan Estate, Sungai-sungai 1 Estate and Sungai-sungai 2 Estate pursuant to the call option granted by Golden Crop Returns Berhad to B Rimba Nilai for the exercise price of RM75,096,098, subject upon the terms and conditions contained in this agreement. This transaction was completed on 22 October 2012.

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15. ADDITIONAL INFORMATION (Cont'd)**15.6.4 Sale and Purchase Agreement dated 11 January 2012 as supplemented by Supplemental Agreements dated 28 September 2012**

Sale and Purchase Agreement dated 11 January 2012 ("**Principal SPA**") between Bounty Crop, Supriadi Zainal and PT Agro Investama Gemilang (collectively, the "**Parties**") for the disposal of 712,576 shares ("**Sale Shares**") in PT Dendymarker Lestari with a nominal value of IDR1,000,000 representing 95% of the enlarged issued and paid-up capital of PT Dendymarker Lestari by Bounty Crop and Supriadi Zainal to PT Agro Investama Gemilang for a total disposal consideration of USD38,000,000, in cash and supplemented by the supplemental agreement to the Principal SPA dated 28 September 2012 ("**Supplemental Agreement**"). The Supplemental Agreement is entered into by the Parties as a settlement of the outstanding issues (namely, the revocation of the reprimand letters and the clearing of the occupied land) ("**Outstanding Issues**") arising from the verification exercise carried out by the Second Party pursuant to the sale of the assets of PT Dendymarker Lestari and the Sale Shares under the Principal SPA, and the shares to be transferred upon completion of the Principal SPA. As an agreed settlement by the Parties on the Outstanding Issues, the First Parties has agreed to subscribe to an additional 49,987 newly issued shares of PT Dendymarker Lestari, which includes an amount of RM2,500,000 as compensation and settlement of the Outstanding Issues, subject upon the terms and conditions contained in these agreements. This transaction was completed on 29 November 2012.

Pursuant to the Principal SPA and Supplemental Agreement, a Put and Call Option Agreement dated 11 January 2012 as supplemented by a supplemental agreement dated 28 September 2012 were entered into by Bounty Crop and PT Agro Investama Gemilang, pursuant to the Principal SPA and Supplemental Agreement in relation to the disposal of the 40,003 shares with a nominal value of IDR1,000,000 representing the remaining 5% of the enlarged issued and paid-up capital of PT Dendymarker Lestari which for an exercise price of USD2,000,000, in cash, subject upon the terms and conditions contained in these agreements. This transaction was completed on 24 July 2013.

15.6.5 Sale and Purchase Agreement dated 27 September 2013

Sale and Purchase Agreement dated 27 September 2013 between B Rimba Nilai and Uniglobal Sdn Bhd for the acquisition of two pieces of lands held under Country Lease 115345401, District of Lahad Datu, Locality Tenegang-Koyah and Country Lease 115378115, District of Lahad Datu, Locality Ulu Segamaha by B Rimba Nilai from Uniglobal Sdn Bhd for the purchase price of RM184,596,825, in cash, subject upon the terms and conditions contained in this agreement. This transaction was completed on 30 December 2013.

15.6.6 Sale and Purchase Agreement dated 19 November 2013

Sale and Purchase Agreement dated 19 November 2013 between BPB and Boustead Balau Sdn Bhd for the acquisition of the lands measuring in aggregate of approximately 38.502 acres together with oil palm estates on the lands held under GRN 50552 Lot 656 and GRN 51717 Lot 977, Mukim Semenyih, District of Ulu Langat, Selangor at a consideration of RM10,901,000, in cash, free from all encumbrances and subject to all conditions of title, restrictions in interest and the existing category of land use affecting the lands. This transaction was completed on 12 December 2013.

15. ADDITIONAL INFORMATION (Cont'd)**15.6.7 Sale and Purchase Agreement dated 19 November 2013**

Sale and Purchase Agreement dated 19 November 2013 between BPB and U.K. Realty Sdn Bhd for the acquisition of the lands measuring in aggregate of approximately 340.63 acres together with oil palm estates on the lands held under GRN 50551 Lot 37, GM 945 Lot 707, GM 1133 Lot 708, GM 1134 Lot 709, GM 1135 Lot 710, GM 1136 Lot 711, GM 1092 Lot 687, GM 1077 Lot 688 and GRN 52269 Lot 932, Mukim Beranang, District of Ulu Langat, Selangor at a consideration of RM96,446,000, in cash, free from all encumbrances and subject to all conditions of title, restrictions in interest and the existing category of land use affecting the lands. This transaction was completed on 12 December 2013.

15.6.8 Amended Trust Deed and Supplemental Trust Deed between BREIT Managers and CIMB Trustee

The Amended Trust Deed and the Supplemental Trust Deed between BREIT Managers and CIMB Trustee to add, modify and/or vary the terms and conditions of the Trust Deed dated 3 September 2009 for the purpose of facilitating and implementing the SUR and converting BREIT from a collective investment scheme to a private property trust with BPB being its sole beneficiary.

15.6.9 Retail Underwriting Agreement dated 5 May 2014

Retail Underwriting Agreement dated 5 May 2014 between our Company, the Managing Underwriter and the Joint Underwriters to underwrite 271,469,300 IPO Shares under the Retail Offering at a managing underwriting commission of 0.65% and an underwriting commission of 1.10% of the Retail Price multiplied by the number of Issue Shares.

15.7 CONSENTS

The written consents of the Principal Bankers, the Principal Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Managing Underwriter, the Joint Underwriters, the Legal Advisers, the Share Registrar, the Special Share Registrar and the Issuing House as listed in Section 1 of this Prospectus for inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditor and the Reporting Accountants for the inclusion of its name, the Accountants' Report and the Reporting Accountants' Letter on the Pro Forma Consolidated Financial Information as at 31 December 2013 and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issuance of this Prospectus and has not subsequently been withdrawn.

The written consent of Smith Zander for the inclusion of its name, the Executive Summary of the IMR Report, the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issuance of this Prospectus and has not subsequently been withdrawn.

15.8 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of 12 months from the date of this Prospectus:

- (i) our Memorandum and Articles;
- (ii) our material contracts as referred to in Section 15.6 of this Prospectus and the service contracts of the key management as referred to in Section 9.2.3 of this Prospectus;

15. ADDITIONAL INFORMATION (Cont'd)

- (iii) our audited consolidated financial statements for the past three FYE 31 December 2011, 31 December 2012 and 31 December 2013;
- (iv) the audited financial statements of our subsidiaries for the FYE 31 December 2011, 31 December 2012 and 31 December 2013;
- (v) the Reporting Accountants' Letter on the Pro Forma Consolidated Financial Information as at 31 December 2013 as included in Section 12.4 of this Prospectus;
- (vi) the Accountants' Report as included in Section 13 of this Prospectus;
- (vii) the IMR Report and the Executive Summary of the IMR Report as prepared by Smith Zander on the Analysis of the Palm Oil Industry in Malaysia and Global Overview of the Edible Oils and Fats Market as included in Section 8 of this Prospectus;
- (viii) the Directors' Report as included in Section 14 of this Prospectus;
- (ix) the letters of consent referred to in Section 15.7 of this Prospectus;
- (x) cause papers in relation to the material litigation as referred to in Section 15.5 of this Prospectus; and
- (xi) the Undertaking Letters.

15.9 RESPONSIBILITY STATEMENTS

Our Directors, the Promoter and the Selling Shareholder have seen and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm that, after making all reasonable enquiries and, to the best of their knowledge and belief, there is no false or misleading statement or other facts which, if omitted, would make any statement in this Prospectus false or misleading.

AFFIN Investment, as the Principal Adviser in relation to our IPO, acknowledge that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts in connection with our IPO.

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16. PROCEDURES FOR APPLICATION

16.1 OPENING AND CLOSING OF APPLICATIONS

Applications for our IPO Shares will be accepted and closed at the time and date stated as below:

OPENING OF THE RETAIL OFFERING: 10:00 a.m., 27 May 2014

CLOSING OF THE RETAIL OFFERING: 5:00 p.m., 11 June 2014

Our Board and the Managing Underwriter may decide in their absolute discretion to extend the closing date and/or time for applications to any later dates and/or time. If they decide to extend the closing date and/or time for the applications, the Price Determination Date and dates for the balloting of applications for IPO Shares under the Retail Offering, allotment/transfer of the IPO Shares to successful applicants and our Listing may be extended accordingly. Any extension will be announced in widely circulated Bahasa Malaysia and English daily newspapers within Malaysia.

Late applications will not be accepted.

16.2 METHODS OF APPLICATION AND CATEGORY OF INVESTORS

16.2.1 Application for IPO Shares under the Retail Offering

Applications for the IPO Shares pursuant to the Retail Offering may be made using either of the following:

Type of application form	Category of investor
WHITE Application Form or Electronic Share Application ⁽¹⁾ or Internet Share Application ⁽²⁾	Malaysian Public (for individuals)
WHITE Application Form only	Malaysian Public (for non-individuals, e.g. corporations, institutions, etc.)
PINK Application Form only	Eligible directors and employees of our Group, persons who have contributed to the success of our Group, eligible directors and employees of BHB and specified directors of the selected subsidiaries of BHB
GREEN Application Form only	Entitled Shareholders of BHB
BLUE Application Form only	Entitled Unitholders of BREIT

Notes:

(1) *The following surcharge per Electronic Share Application will be charged by the Participating Financial Institutions:*

- (i) *Affin Bank Berhad – No fee will be charged for application by their account holders;*
- (ii) *AmBank (M) Berhad – RM1.00;*
- (iii) *CIMB Bank Berhad – RM2.50;*
- (iv) *HSBC Bank Malaysia Berhad – RM2.50;*
- (v) *Malayan Banking Berhad – RM1.00;*
- (vi) *Public Bank Berhad – RM2.00;*
- (vii) *RHB Bank Berhad – RM2.50; and*
- (viii) *Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50.*

16. PROCEDURES FOR APPLICATION *(Cont'd)*

- (2) *The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institutions:*
- (i) *Affin Bank Berhad (www.affinOnline.com) – No fee will be charged for application by their account holders;*
 - (ii) *Affin Investment Bank Berhad (www.affintrade.com) – No fee will be charged for application by their account holders;*
 - (iii) *CIMB Bank Berhad (www.cimbclicks.com.my) – RM2.00 for applicants with CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;*
 - (iv) *CIMB Investment Bank Berhad (www.eipocimb.com) – RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;*
 - (v) *Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00;*
 - (vi) *Public Bank Berhad (www.pbepbank.com) – RM2.00; and*
 - (vii) *RHB Bank Berhad (www.rhb.com.my) – RM2.50.*

You must have a CDS account before you can submit your application either by way of Application Forms or Electronic Share Applications as well as Internet Share Applications.

Eligible directors and employees of our Group, persons who have contributed to the success of our Group, eligible directors and employees of BHB and specified directors of selected subsidiaries of BHB who have made applications using the PINK Application Forms, Entitled Shareholders of BHB who have made applications using the GREEN Application Forms and Entitled Unitholders of BREIT using the BLUE Application Forms may still apply for the IPO Shares offered to the Malaysian Public using the WHITE Application Form, the Electronic Share Application or the Internet Share Application.

However, applicants using the WHITE Application Forms, the PINK Application Forms, the GREEN Application Forms and the BLUE Application Forms are not allowed to submit multiple applications in the same category of application. Further, applicants who have submitted their applications using the WHITE Application Forms are not allowed to make additional applications using the Electronic Share Applications and the Internet Share Applications, and vice versa.

16.2.2 Application for IPO Shares under the Institutional Offering

Malaysian institutional and selected investors being allocated the IPO Shares under the Institutional Offering (other than the Bumiputera institutional and selected investors approved by the MITI) will be contacted directly by the respective Joint Global Coordinators and Joint Bookrunners and shall follow the instructions as communicated by the respective Joint Global Coordinators and Joint Bookrunners.

Bumiputera institutional and selected investors approved by the MITI who have been allocated the Issue Shares will be contacted directly by the MITI and should follow the instructions as communicated through the MITI.

16. PROCEDURES FOR APPLICATION *(Cont'd)*

16.3 PROCEDURES FOR APPLICATION AND ACCEPTANCE

Applications must be made in relation with and subject to the terms of this Prospectus and our Memorandum and Articles. You agree to be bound by our Memorandum and Articles.

16.3.1 Application by the Malaysian Public under the Retail Offering (WHITE Application Forms, Electronic Share Applications or Internet Share Applications)

Eligibility

You can only apply for the IPO Shares allocated to the Malaysian Public if you meet the following requirements:

- (i) you must have a CDS account. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs listed in Section 17 of this Prospectus;
- (ii) you must be one of the following:
 - (a) a Malaysian citizen who is at least 18 years old as at the closing date of the Retail Offering with a Malaysian address;
 - (b) a corporation/institution incorporated in Malaysia where, there is a majority of Malaysian citizens on your board of directors/trustee and if you have a share capital, more than half of your issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident or pension fund established or operating in Malaysia.

We will not accept applications from trustees, persons under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations/institutions referred to in item (ii) (b) or (c) above or the trustees thereof; and
- (iii) you are not a director or an employee of the Issuing House or their immediate family members.

Applications by the Malaysian Public must be made on the WHITE Application Forms provided or by way of Electronic Share Applications or Internet Share Applications. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application. The amount payable in full upon application is RM1.60 per IPO Share.

Applicants using the WHITE Application Forms are not allowed to submit multiple applications in the same category of application. Further, applicants who have submitted their applications using the WHITE Application Forms are not allowed to make additional applications using the Electronic Share Applications and the Internet Share Applications, and vice versa.

16. PROCEDURES FOR APPLICATION *(Cont'd)*

16.3.2 Application by the eligible directors and employees of our Group, persons who have contributed to the success of our Group, eligible directors and employees of BHB and specified directors of the selected subsidiaries of BHB (PINK Application Forms)

Eligible directors and employees of our Group, persons who have contributed to the success of our Group, eligible directors and employees of BHB and specified directors of selected subsidiaries of BHB will be provided separately with PINK Application Forms and the letters from us detailing their respective allocations. The applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus. The amount payable in full upon application is RM1.60 per IPO Share.

Eligible directors and employees of our Group, persons who have contributed to the success of our Group, eligible directors and employees of the BHB and specified directors of the selected subsidiaries of BHB are not precluded from making additional applications under the Malaysian Public category using the WHITE Application Forms. If you are an Entitled Shareholder of BHB or an Entitled Unitholder of BREIT, you are also entitled to apply under the Restricted Offering using the GREEN Application Forms or BLUE Application Forms.

16.3.3 Application by the Entitled Shareholders of BHB (GREEN Application Forms) pursuant to the Restricted BHB Offering

(i) General

Applications by the Entitled Shareholders of BHB must be made on the GREEN Application Forms and NOT by way of any other Application Forms or by way of Electronic Share Application or Internet Share Application. The applications must follow the notes and instructions in the said document and where relevant, in this Prospectus. The amount payable in full upon application is RM1.60 per IPO Share.

The Entitled Shareholders of BHB who are also the Entitled Unitholders of BREIT are not precluded from applying for their respective allocations to the Issue Shares under the Restricted BREIT Offering. The Entitled Shareholders of BHB are also not precluded from making additional applications using the WHITE Application Forms under the Malaysia Public category. Applicants using GREEN Application Forms are not allowed to submit multiple applications in the same category of application.

The Prospectus will be distributed to all Entitled Shareholders of BHB in CD-ROM format (contents of which will be in printable format). However, the Entitled Shareholders of BHB may request for a copy of the printed Prospectus from the Special Registrar for the Restricted BHB Offering or our Company or BHB at no cost and are given an option to have the printed Prospectuses delivered to them free of charge, or to obtain the printed Prospectuses from the designated locations as stated below:

- (a) our Company;
- (b) BHB;
- (c) Special Registrar for the Restricted BHB Offering;
- (d) Issuing House; and
- (e) ADAs disclosed in Section 17 of this Prospectus.

16. PROCEDURES FOR APPLICATION (Cont'd)

Any delivery charges, if applicable, will be borne by our Company. An Entitled Shareholder of BHB who loses, misplaces or for any other reason requires another copy of the GREEN Application Form, may obtain additional copies from the Special Registrar for the Restricted BHB Offering or our Registered Office. You may also contact the Special Registrar for the Restricted BHB Offering at +603 2264 3883 for advice on how to complete the said GREEN Application Form.

The Excluded Shareholders are advised that they shall be solely responsible to seek their own advice as to the laws of any jurisdiction which they may be subject to. Participation in the Restricted BHB Offering by any of the Excluded Shareholders shall be based on their warranty to our Company and BHB that they may lawfully so participate without our Company, BHB, AFFIN Investment, the Special Registrar for the Restricted BHB Offering and/or other advisers and experts being in breach of laws on jurisdiction other than the laws of Malaysia to which the Excluded Shareholders are or might be subject to.

The Prospectus will not be registered under applicable securities legislation of any foreign jurisdiction. Accordingly, the Prospectus will not be sent to the Excluded Shareholders.

ENTITLED SHAREHOLDERS OF BHB ARE ADVISED TO READ THE PROSPECTUS, NOTICE OF RESTRICTED BHB OFFERING, GREEN APPLICATION FORM AND NOTES AND INSTRUCTIONS PRINTED THEREIN CAREFULLY.

(ii) Form of Issuance

THE RESTRICTED BHB OFFERING IS NON-RENOUNCEABLE AND NON-TRADABLE. The number of Issue Shares allocated to you will not be credited into your CDS account and there will not be any trading of the Issue Shares during the offer period. The number of Issue Shares allocated to you is also non-transferable.

Bursa Securities has already prescribed our Shares to be listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Issue Shares are prescribed securities and as such, all dealings in the Issue Shares shall be subject to the SICDA and the Rules of the Bursa Depository. You must have a CDS account in order to apply for the Issue Shares. Failure to comply with these specific instructions or inaccuracy of the CDS account number may result in your application being rejected.

Your application for the Issue Shares shall mean consent to receive such Issue Shares as deposited securities which will be credited directly into your CDS account. No physical share certificates will be issued.

Upon the subscription of the offer, the number of Issue Shares subscribed or the Excess Issue Shares successfully applied for will be credited into the CDS account of the successful applicants where the BHB Shares are standing to the credit.

16. PROCEDURES FOR APPLICATION (Cont'd)**(iii) Procedures for full subscription**

Subscription and payment for the Issue Shares allocated to an Entitled Shareholder of BHB must be made on the GREEN Application Form and must be completed in accordance with the notes and instructions contained in the GREEN Application Form. Subscriptions which do not conform to the terms of the Prospectus, Notice of Restricted BHB Offering or the GREEN Application Form or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board and the Directors of BHB.

An Entitled Shareholder of BHB subscribing for the allocated Issue Shares are required to complete Part I(A) and II of the GREEN Application Form in accordance with the notes and instructions provided therein. Each completed GREEN Application Form together with the relevant payment must be despatched by **ORDINARY POST** or **DELIVERED BY HAND** using the envelope provided (at your own risk) to the Special Registrar for the Restricted BHB Offering at the following address:

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

so as to arrive not later than **5:00 p.m. on 11 June 2014**, being the last time and date for subscription and payment, or such later date or dates as our Board and the Directors of BHB may in their absolute discretion mutually decide.

A reply envelope is enclosed together with the GREEN Application Form. To facilitate the processing of the GREEN Application Form by the Special Registrar for the Restricted BHB Offering, Entitled Shareholders of BHB are advised to use one reply envelope for each GREEN Application Form.

If subscription and payment for the Issue Shares offered to an Entitled Shareholder of BHB is not received by the Special Registrar for the Restricted BHB Offering by **5:00 p.m. on 11 June 2014**, being the last time and date for subscription and payment, or such later date or dates as our Board and the Directors of BHB may in their absolute discretion mutually decide, the Entitled Shareholders of BHB will be deemed to have declined such offer and it will be cancelled. Such Issue Shares not taken up will be allocated to the applicants applying for Excess Issue Shares.

Proof of time of postage shall not constitute proof of time of receipt by the Special Registrar for the Restricted BHB Offering. Our Board and the Directors of BHB reserve the right not to accept or to accept in part only any application without providing any reason.

EACH COMPLETED GREEN APPLICATION FORM MUST BE ACCOMPANIED BY VALID REMITTANCE IN RM IN THE FORM OF BANKER'S DRAFT, CASHIER'S ORDER (PURCHASED WITHIN MALAYSIA ONLY), MONEY ORDER OR POSTAL ORDER DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "ACCOUNT PAYEE ONLY" AND MADE PAYABLE TO "RESTRICTED BHB OFFERING A/C" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND CDS ACCOUNT OF THE APPLICANT IN BLOCK LETTERS TO BE RECEIVED BY THE SPECIAL REGISTRAR FOR THE RESTRICTED BHB OFFERING. CHEQUES OR ANY OTHER MODE OF PAYMENTS ARE NOT ACCEPTABLE.

16. PROCEDURES FOR APPLICATION (Cont'd)

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD AND THE DIRECTORS OF BHB. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE GREEN APPLICATION FORM. APPLICATION SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

(iv) Procedure for part subscription

You may subscribe part of your allocation of the Issue Shares under the Restricted BHB Offering PROVIDED ALWAYS that:

- (a) the minimum number of Issue Shares that you subscribe is 100 Issue Shares; and
- (b) any part subscription shall be in proportion of 100 Issue Shares.

You must complete both Part 1(A) of the GREEN Application Form by specifying the number of Issue Shares which you are subscribing (in the stipulated proportions) and Part II of the GREEN Application Form and deliver the completed and signed GREEN Application Form together with the relevant payment to the Special Registrar for the Restricted BHB Offering in the same manner as set out in Section 16.3.3 (iii) of this Prospectus.

(v) Procedure for Excess Application

Any Excess Issue Shares will be made available to other Entitled Shareholders of BHB under the Excess Application. Entitled Shareholders of BHB, who have subscribed for the allocated Issue Shares may apply for Excess Issue Shares by completing Part I(B) of the Excess Application section in the GREEN Application Form (in addition to Parts I(A) and II and forwarding it (together with a separate appropriate remittances for the full amount payable on the Excess Issue Shares applied) to the Special Registrar for the Restricted BHB Offering at the address above so as to arrive no later than **5:00 p.m. on 11 June 2014** (or such extended time and date as set out in Section 16.1 above) being the last time and date for subscription and payment.

Payment for the Excess Issue Shares applied for should be made in the same manner as described in Section 16.3.3 (iii), except that the Banker's Draft, Cashier's Order (purchased within Malaysia only), Money Order or Postal Order drawn on a bank or post office in Malaysia which is crossed "**ACCOUNT PAYEE ONLY**" and has to be made payable to "**RESTRICTED BHB EXCESS A/C**" and endorsed on the reverse side with the same name and CDS account number of the applicant in block letters to be received by the Special Registrar for the Restricted BHB Offering.

The minimum number of Excess Issue Shares which the Entitled Shareholders of BHB may apply for is 100 Issue Shares and application must be made in the multiple of 100 Issue Shares.

16. PROCEDURES FOR APPLICATION (Cont'd)

Basis of allocation of Excess Issue Shares

Each Entitled Shareholder of BHB is eligible to apply for the Excess Issue Shares. Our Board and the Directors of BHB reserve the right to allocate the Excess Issue Shares applied by the Entitled Shareholders of BHB, in a fair and equitable basis and in such manner as it deems fit and expedient in the best interest of our Company. As such, it is the intention of our Board and the Directors of BHB to allocate the Excess Issue Shares on a pro-rata basis according to the Entitled Shareholders of BHB's respective shareholdings in BHB as at the BHB Entitlement Date which is to be rounded down to the nearest board lot.

If any Excess Issue Shares after the above allocation remains available, it will be re-allocated based on a pro-rata basis according to the Entitled Shareholders of BHB's shareholdings as at the BHB Entitlement Date which is to be rounded down to the nearest board lot.

Subject to the final basis of allocation of the remaining Issue Shares on a pro-rata basis, Entitled Shareholders of BHB who apply in excess of the Issue Shares allocated to them may receive additional allocation on a pro-rata basis according to their respective shareholdings in BHB as at the BHB Entitlement Date.

The GREEN Application Form and remittance submitted to the Special Registrar for the Restricted BHB Offering will be irrevocable and cannot be subsequently withdrawn.

No acknowledgement of the receipt of the GREEN Application Form, Excess Applications or applications monies will be made by our Company or the Special Registrar for the Restricted BHB Offering. However, notices of allotment will be issued and forwarded by ordinary post to the accepting Entitled Shareholders of BHB at their own risk to the address stated in the Records of Depositors provided by Bursa Depository within eight Market Days after the closing date of the Retail Offering.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST TO THE APPLICANTS WITHIN 10 MARKET DAYS FROM THE CLOSING DATE OF THE RETAIL OFFERING BY ORDINARY POST TO THE ADDRESS STATED IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.

16.3.4 Application by the Entitled Unitholders of BREIT (BLUE Application Forms) pursuant to the Restricted BREIT Offering

(i) General

Applications by the Entitled Unitholders of BREIT must be made on the BLUE Application Forms and NOT by way of any other Application Forms or by way of Electronic Share Application or Internet Share Application. The applications must follow the notes and instructions in the said document and where relevant, in this Prospectus. The amount payable in full upon application is RM1.60 per IPO Share.

The Entitled Unitholders of BREIT who are also the Entitled Shareholders of BHB are not precluded from applying for their respective allocations to the Issue Shares under the Restricted BHB Offering. The Entitled Unitholders of BREIT are also not precluded from making additional applications using the WHITE Application Forms under the Malaysia Public category. Applicants using BLUE Application Forms are not allowed to submit multiple applications in the same category of application.

16. PROCEDURES FOR APPLICATION (Cont'd)

The Prospectus will be distributed to all Entitled Unitholders of BREIT in CD-ROM format (contents of which will be in printable format). However, the Entitled Unitholders of BREIT may request for a copy of the printed Prospectus from the Special Registrar for the Restricted BREIT Offering or our Company at no cost and are given an option to have the printed Prospectuses delivered to them free of charge, or to obtain the printed Prospectuses from the designated locations as stated below:

- (a) our Company;
- (b) Special Registrar for the Restricted BREIT Offering;
- (c) Issuing House; and
- (d) ADAs disclosed in Section 17 of this Prospectus.

Any delivery charges, if applicable, will be borne by our Company. An Entitled Unitholder of BREIT who loses, misplaces or for any other reason requires another copy of the BLUE Application Form, may obtain additional copies from the Special Registrar for the Restricted BREIT Offering or our Registered Office. You may also contact the Special Registrar for the Restricted BREIT Offering at +603 2264 3883 for advice on how to complete the said BLUE Application Form.

The Excluded Unitholders are advised that they shall be solely responsible to seek their own advice as to the laws of any jurisdiction which they may be subject to. Participation in the Restricted BREIT Offering by any of the Excluded Unitholders shall be based on their warranty to our Company that they may lawfully so participate without our Company, AFFIN Investment, the Special Registrar for the Restricted BREIT Offering and/or other advisers and experts being in breach of laws on jurisdiction other than the laws of Malaysia to which the Excluded Unitholders are or might be subject to.

The Prospectus will not be registered under applicable securities legislation of any foreign jurisdiction. Accordingly, the Prospectus will not be sent to the Excluded Unitholders.

ENTITLED UNITHOLDERS OF BREIT ARE ADVISED TO READ THE PROSPECTUS, NOTICE OF RESTRICTED BREIT OFFERING, BLUE APPLICATION FORM AND NOTES AND INSTRUCTIONS PRINTED THEREIN CAREFULLY.

(ii) Form of Issuance

THE RESTRICTED BREIT OFFERING IS NON-RENOUNCEABLE AND NON-TRADABLE. The number of Issue Shares allocated to you will not be credited into your CDS account and there will not be any trading of the Issue Shares during the offer period. The number of Issue Shares allocated to you is also non-transferable.

Bursa Securities has already prescribed our Shares to be listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Issue Shares are prescribed securities and as such, all dealings in the Issue Shares shall be subject to the SICDA and the Rules of the Bursa Depository. You must have a CDS account in order to apply for the Issue Shares. Failure to comply with these specific instructions or inaccuracy of the CDS account number may result in your application being rejected.

16. PROCEDURES FOR APPLICATION (Cont'd)

Your application for the Issue Shares shall mean consent to receive such Issue Shares as deposited securities which will be credited directly into your CDS account. No physical share certificates will be issued.

Upon the subscription of the offer, the number of Issue Shares accepted or the Excess Issue Shares successfully applied for will be credited into the CDS account of the successful applicants where the Units were standing to the credit.

(iii) Procedures for full subscription

Subscription and payment for the Issue Shares allocated to an Entitled Unitholders of BREIT must be made on the BLUE Application Form and must be completed in accordance with the notes and instructions contained in the BLUE Application Form. Subscriptions which do not conform to the terms of this Prospectus, the Notice of Restricted BREIT Offering or the BLUE Application Form or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

An Entitled Unitholder of BREIT subscribing for the allocated Issue Shares are required to complete Part I(A) and II of the BLUE Application Form in accordance with the notes and instructions provided therein. Each completed BLUE Application Form together with the relevant payment must be despatched by **ORDINARY POST** or **DELIVERED BY HAND** using the envelope provided (at your own risk) to the Special Registrar for the Restricted BREIT Offering at the following address:

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

so as to arrive not later than **5:00 p.m. on 11 June 2014**, being the last time and date for subscription and payment, or such later date or dates as our Board may in their absolute discretion mutually decide.

A reply envelope is enclosed together with the BLUE Application Form. To facilitate the processing of the BLUE Application Form by the Special Registrar for the Restricted BREIT Offering, Entitled Unitholders of BREIT are advised to use one reply envelope for each BLUE Application Form.

If subscription and payment for the Issue Shares offered to an Entitled Unitholder of BREIT is not received by the Special Registrar for the Restricted BREIT Offering by **5:00 p.m. on 11 June 2014**, being the last time and date for subscription and payment, or such later date or dates as our Board may in their absolute discretion mutually decide, the Entitled Unitholders of BREIT will be deemed to have declined such offer and it will be cancelled. Such Issue Shares not taken up will be allocated to the applicants applying for Excess Issue Shares.

Proof of time of postage shall not constitute proof of time of receipt by the Special Registrar for the Restricted BREIT Offering. Our Board reserves the right not to accept or to accept in part only any application without providing any reason.

16. PROCEDURES FOR APPLICATION (Cont'd)

EACH COMPLETED BLUE APPLICATION FORM MUST BE ACCOMPANIED BY VALID REMITTANCE IN RM IN THE FORM OF BANKER'S DRAFT, CASHIER'S ORDER (PURCHASED WITHIN MALAYSIA ONLY), MONEY ORDER OR POSTAL ORDER DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "ACCOUNT PAYEE ONLY" AND MADE PAYABLE TO "RESTRICTED BREIT OFFERING A/C" AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND CDS ACCOUNT OF THE APPLICANT IN BLOCK LETTERS TO BE RECEIVED BY THE SPECIAL REGISTRAR FOR THE RESTRICTED BREIT OFFERING. CHEQUES OR ANY OTHER MODE OF PAYMENTS ARE NOT ACCEPTABLE.

APPLICATIONS ACCOMPANIED BY PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE BLUE APPLICATION FORM. APPLICATION SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

(iv) Procedure for part subscription

You may subscribe part of your allocation of the Issue Shares under the Restricted BREIT Offering PROVIDED ALWAYS that:

- (a) the minimum number of Issue Shares that you subscribe is 100 Issue Shares; and
- (b) any part subscription shall be in proportion of 100 Issue Shares.

You must complete both Part 1(A) of the BLUE Application Form by specifying the number of Issue Shares which you are subscribing (in the stipulated proportions) and Part II of the BLUE Application Form and deliver the completed and signed BLUE Application Form together with the relevant payment to the Special Registrar for the Restricted BREIT Offering in the same manner as set out in Section 16.3.4(iii) of this Prospectus.

(v) Procedure for Excess Application

Any Excess Issue Shares will be made available to other Entitled Unitholders of BREIT under the Excess Application. Entitled Unitholders of BREIT, who have subscribed for the allocated Issue Shares may apply for Excess Issue Shares by completing Part I(B) of the Excess Application section in the BLUE Application Form (in addition to Parts I(A) and II and forwarding it (together with a separate appropriate remittances for the full amount payable on the Excess Issue Shares applied) to the Special Registrar for the Restricted BREIT Offering at the address above so as to arrive no later than **5:00 p.m. on 11 June 2014** (or such extended time and date as set out in Section 16.1 above) being the last time and date for subscription and payment.

Payment for the Excess Issue Shares applied for should be made in the same manner as described above, except that the Banker's Draft, Cashier's Order (purchased within Malaysia only), Money Order or Postal Order drawn on a bank or post office in Malaysia which is crossed "**ACCOUNT PAYEE ONLY**" and has to be made payable to "**RESTRICTED BREIT EXCESS A/C**" and endorsed on the reverse side with the name and CDS account number of the applicant in block letters to be received by the Special Registrar for the Restricted BREIT Offering.

16. PROCEDURES FOR APPLICATION *(Cont'd)*

The minimum number of Excess Issue Shares which the Entitled Unitholders of BREIT may apply for is 100 Issue Shares and in the multiple of 100 Issue Shares.

Basis of allocation of Excess Issue Shares

Each Entitled Unitholder of BREIT is eligible to apply for the Excess Issue Shares. Our Board reserves the right to allocate the Excess Issue Shares applied for by the Entitled Unitholders of BREIT, in a fair and equitable basis and in such manner as it deems fit and expedient in the best interest of our Company. As such, it is the intention of our Board to allocate the Excess Issue Shares on a pro-rata basis according to the Entitled Unitholders of BREIT's respective unitholdings in BREIT as at the BREIT Entitlement Date which is to be rounded down to the nearest board lot.

If any Excess Issue Shares after the above allocation remains available, it will be re-allocated based on a pro-rata basis according to the Entitled Unitholders of BREIT's unitholdings as at the BREIT Entitlement Date which is to be rounded down to the nearest board lot.

Subject to the final basis of allocation of the remaining Issue Shares on a pro-rata basis, Entitled Unitholders of BREIT who apply in excess of their guaranteed entitlement may receive additional allocation on a pro-rata basis according to their respective unitholdings in BREIT as at the BREIT Entitlement Date.

The BLUE Application Form and remittance submitted to the Special Registrar for the Restricted BREIT Offering will be irrevocable and cannot be subsequently withdrawn.

No acknowledgement of the receipt of the BLUE Application Form, Excess Applications or applications monies will be made by our Company or the Special Registrar for the Restricted BREIT Offering. However, notices of allotment will be issued and forwarded by ordinary post to the accepting Entitled Unitholders of BREIT at their own risk to the address stated in the Records of Depositors provided by Bursa Depository within eight Market Days after the closing of the date of the Retail Offering.

IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST TO THE APPLICANTS WITHIN 10 MARKET DAYS FROM THE CLOSING DATE OF THE RETAIL OFFERING BY ORDINARY POST TO THE ADDRESS STATED IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.

16.4 PROCEDURES FOR APPLICATIONS BY WAY OF AN APPLICATION FORM UNDER THE RETAIL OFFERING TO THE MALAYSIAN PUBLIC

Each application for the IPO Shares under the Retail Offering must be made on the correct Application Form for the relevant category of investors issued together with this Prospectus and must be completed in accordance with the notes and instructions contained therein in the respective category of Application Form. The Application Forms together with the notes and instructions contained therein shall constitute an integral part of this Prospectus. Applications which do not conform **STRICTLY** to the terms of this Prospectus or the respective category of Application Form and notes and instructions or which are illegible may not be accepted at the absolute discretion of our Board. Where the application is unsuccessful or partially successful, the applications monies or the balance of it, as the case may be, shall be refunded to you without interest and shall be despatched to you by ordinary post at your own risk to your address shown in the Record of Depositors within ten Market Days from the Closing Date (as defined below).

16. PROCEDURES FOR APPLICATION *(Cont'd)*

Full instructions for the application for the IPO Shares offered and the procedures to be followed are set out in the Application Forms. All applicants are advised to read the Application Forms and the notes and instructions therein carefully.

The Malaysian Public should follow the following procedures in making their applications under the Retail Offering:

Step 1: Obtain application documents

Obtain the relevant Application Form together with the Official "A" and "B" envelopes and a copy of this Prospectus.

The WHITE Application Forms can be obtained subject to availability from the following parties:

- (i) AFFIN Investment;
- (ii) Participating Organisations of Bursa Securities;
- (iii) Members of the Association of Banks in Malaysia;
- (iv) Members of the Malaysian Investment Banking Association;
- (v) Issuing House; and
- (vi) Our Company.

Step 2: Read this Prospectus

In accordance with Section 232(2) of the CMSA, the Application Form is accompanied by this Prospectus. You are advised to read and understand this Prospectus before making your application.

Step 3: Complete the relevant Application Forms

You must complete the relevant Application Form legibly and **STRICTLY** in accordance with the notes and instructions contained therein and in this Prospectus.

(i) Personal particulars

You must ensure that your personal particulars submitted in your application are identical with the records maintained by Bursa Depository. You are required to inform Bursa Depository promptly of any changes to your personal particulars.

If you are an individual and you are not a member of the armed forces or police, your name and national registration identity card ("**NRIC**") number must be the same as:

- (a) your NRIC;
- (b) any valid temporary identity document issued by the National Registration Department from time to time; or
- (c) your "*Resit Pengenalan Sementara (KPPK 09)*" issued pursuant to Peraturan 5(5), Peraturan-peraturan Pendaftaran Negara, 1990.

If you are a member of the armed forces or police, your name and your armed forces or police personnel number, as the case may be, must be exactly as that stated in your authority card.

16. PROCEDURES FOR APPLICATION (Cont'd)

For corporations/institutions, the name and certificate of incorporation number must be the same as that stated in the certificate of incorporation or the certificate of change of name, where applicable.

Our Company together with the Issuing House will not issue any acknowledgment of receipt of your Application Form or application monies.

(ii) CDS account number

You must state your CDS account number in the space provided in the Application Form. Invalid or nominee or third party CDS accounts will **not** be accepted.

(iii) Details of payment

You must state the details of your payment in the appropriate boxes provided in the Application Form.

(iv) Number of IPO Shares applied

Applications must be for at least 100 IPO Shares or multiples of 100 IPO Shares.

Step 4: Prepare appropriate form of payment

You must prepare the correct form of payment in RM for the FULL amount payable for the IPO Shares based on the Retail Price, which is RM1.60 per IPO Share.

Payment must be made out in favour of **"MIH SHARE ISSUE ACCOUNT NO. 554"** and crossed **"A/C PAYEE ONLY"** (excluding ATM statements) and endorsed on the reverse side with your name and address. We only accept the following forms of payment:

- (i) banker's draft or cashier's order purchased within Malaysia only (differentiated by a special red band for Bumiputera applicants);
- (ii) money order or postal order (for applicants from Sabah and Sarawak only);
- (iii) Guaranteed Giro Order ("**GGO**") from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputera applicants); or
- (iv) ATM statement obtained only from any of the following:
 - (a) Alliance Bank Malaysia Berhad;
 - (b) CIMB Bank Berhad;
 - (c) Hong Leong Bank Berhad;
 - (d) Malayan Banking Berhad; and
 - (e) RHB Bank Berhad.

We will not accept applications with excess or insufficient remittances or inappropriate forms of payment.

You must write your name and address on the reverse side of the Banker's Draft, Cashier's Order, ATM statement, Money Order or GGO from Bank Simpanan Nasional Malaysia Berhad.

16. PROCEDURES FOR APPLICATION (Cont'd)**Step 5: Finalise application**

Insert the relevant Application Form together with payment and a legible photocopy of your identification document (NRIC/valid temporary identity document issued by the National Registration Department/"*Resit Pengenalan Sementara* (KPPK 09)"/authority card for armed forces or police personnel/certificate of incorporation or certificate of change of name for corporate or institutional applicant or passport (where applicable)) into the Official "A" envelope and seal it.

Write your name and address on the outside of the Official "A" and "B" envelopes. The name and address written must be identical to your name and address as per your NRIC/"*Resit Pengenalan Sementara* (KPPK 09)"/valid temporary identity document issued by the National Registration Department/authority card for armed forces or police personnel/ certificate of incorporation or the certificate of change of name, where applicable.

Affix an 80 sen stamp on the Official "A" envelope and insert the Official "A" envelope into the Official "B" envelope.

Step 6: Submit application

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents can be submitted using one of the following methods:

- (i) despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

or

P.O Box 8269
Pejabat Pos Kelana Jaya
46785 Petaling Jaya
Selangor Darul Ehsan
Malaysia

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the Drop-In Boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301, Petaling Jaya, Selangor Darul Ehsan, Malaysia.

so as to arrive not later than **5:00 p.m. on 11 June 2014**, or such later date or dates as the Directors and the Managing Underwriter may decide in their absolute discretion ("**Closing Date**").

16.5 PROCEDURES FOR APPLICATION BY WAY OF AN ELECTRONIC SHARE APPLICATION

Only Malaysian individuals may apply for our IPO Shares made available to the Malaysian Public by way of Electronic Share Application.

16. PROCEDURES FOR APPLICATION (Cont'd)**16.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM**

- (i) you must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for our IPO Shares at an ATM belonging to other Participating Financial Institutions;
- (ii) you **must have a CDS account**;
- (iii) you are advised to read and understand this Prospectus before making the application; and
- (iv) you may apply for our IPO Shares via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out in Section 16.5.3 of this Prospectus. You are to submit at least the following information through the ATM, where the instructions on the ATM screen at which you enter your Electronic Share Application requires you to do so:
 - (a) Personal Identification Number (PIN);
 - (b) MIH Share Issue Account No. 554;
 - (c) CDS account number;
 - (d) Number of IPO Shares applied for and/or the RM amount to be debited from the account; and
 - (e) Confirmation of several mandatory statements as set out in Section 16.5.3 of this Prospectus.

16.5.2 Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:

- (i) Affin Bank Berhad;
- (ii) AmBank (M) Berhad;
- (iii) CIMB Bank Berhad;
- (iv) HSBC Bank Malaysia Berhad;
- (v) Malayan Banking Berhad;
- (vi) Public Bank Berhad;
- (vii) RHB Bank Berhad; or
- (viii) Standard Chartered Bank Malaysia Berhad (at selected branches only).

16. PROCEDURES FOR APPLICATION (Cont'd)

16.5.3 Terms and conditions of Electronic Share Applications

The procedures for Electronic Share Applications at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("**Steps**"). For illustration purposes, the procedures for Electronic Share Applications at ATMs are set out in "**Steps for Electronic Share Application through a Participating Financial Institution's ATM**" in Section 16.5.1 of this Prospectus. The Steps set out the actions that the applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Applications set out below before making an Electronic Share Application.

You must have a CDS account to be eligible to use the Electronic Share Application. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will **not** be accepted.

Upon the completion of your Electronic Share Application transaction at the ATM, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or the Issuing House. The Transaction Record is for your records and should not be submitted with any Application Form.

Upon the closing of the Retail Offering on **11 June 2014 at 5:00 p.m.** ("**Closing Date and Time**"), the Participating Financial Institutions shall submit a magnetic tape containing their respective customers' applications for our Issue Shares to the Issuing House as soon as practicable but not later than 12:00 p.m. of the second business day after the Closing Date and Time.

You will be allowed to make only one application and shall not make any other application for our Issue Shares under the Retail Offering to the Malaysian Public, whether at the ATMs of any Participating Financial Institution or using Internet Share Application or using the WHITE Application Forms.

You must ensure that you use your own CDS account number when making an Electronic Share Application. If you operate a joint account with any Participating Financial Institution, you must ensure that you enter your own CDS account number when using an ATM card issued to you in your name. Your application will be rejected if you fail to comply with the foregoing.

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below and in Section 16.7 of this Prospectus:

- (i) The Electronic Share Application shall be made in relation with and subject to the terms of this Prospectus and our Memorandum and Articles.
- (ii) You are required to confirm the following statements (by pressing pre-designated keys (or buttons) on the ATM keyboard) and undertake that the following information given are true and correct:
 - (a) you have attained 18 years of age as at the Closing Date and Time;
 - (b) you are a Malaysian citizen residing in Malaysia;
 - (c) you have read this Prospectus and understood and agreed with the terms and conditions of the application;
 - (d) the Electronic Share Application is the only application that you are submitting for our IPO Shares for Malaysian Public; and

16. PROCEDURES FOR APPLICATION (Cont'd)

- (e) you hereby give consent to the Participating Financial Institution and the Bursa Depository to disclose information pertaining to yourself and your account with the Participating Financial Institution and the Bursa Depository to the Issuing House and other relevant authorities.

The application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institutions. By doing so, you shall be deemed to have confirmed each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 133 of the Financial Services Act, 2013 and Section 45 of the SICDA to the disclosure by the relevant Participating Financial Institutions or the Bursa Depository, as the case may be, of any of your particulars to the Issuing House, or any relevant regulatory bodies.

- (iii) **You confirm that you are not applying for our IPO Shares as a nominee of any other person and that any Electronic Share Application that you make is made by you as the beneficial owner. You shall only make one Electronic Share Application and shall not make any other application for our IPO Shares, whether at the ATMs of any Participating Financial Institution or using Internet Share Application or on the WHITE Application Forms.**
- (iv) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (v) You agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated on the Transaction Record or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate any lesser number of such IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the predesignated keys (or buttons) on the ATM keyboard) of the number of IPO Shares applied for shall signify, and shall be treated as, your acceptance of the number of IPO Shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles.
- (vi) We reserve the right not to accept any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our IPO Shares.
- (vii) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful applications. If your Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies without interest into your account with that Participating Financial Institution within two Market Days after the receipt of confirmation from the Issuing House. The Issuing House shall inform the Participating Financial Institutions of the non-successful or partially successful applications within two Market Days after the balloting date. You may check your account on the fifth Market Day from the balloting date.

16. PROCEDURES FOR APPLICATION (Cont'd)

If your Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into your account with the Participating Financial Institution within two Market Days after the receipt of confirmation from the Issuing House. A number of applications will, however, be held in reserve to replace any successfully balloted applications, which are subsequently rejected. For such applications, which are subsequently rejected, the application monies without interest will be refunded to applicants by the Issuing House by crediting into your account with the Participating Financial Institution not later than ten Market Days from the day of the final ballot.

Should you encounter any problems in your application, you may refer to the Participating Financial Institutions.

- (viii) You request and authorise us:
- (a) to credit our IPO Shares allocated to you into your CDS account; and
 - (b) to issue share certificates representing such shares allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to the Bursa Depository.
- (ix) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, the Issuing House or the Participating Financial Institution and irrevocably agree that if:
- (a) our Company or the Issuing House does not receive your Electronic Share Application; and
 - (b) data relating to your Electronic Share Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to us or the Issuing House,
- you shall be deemed not to have made an Electronic Share Application and you shall not make any claim whatsoever against our Company, the Issuing House or the Participating Financial Institution for the IPO Shares applied for or for any compensation, loss or damage.
- (x) All of your particulars in the records of the relevant Participating Financial Institution at the time you make your Electronic Share Application shall be deemed to be true and correct, and we, the Issuing House and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (xi) You shall ensure that your personal particulars as recorded by both the Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Share Application will be rejected. You must inform the Bursa Depository promptly of any change in address, failing which the notification letter of successful allotment will be sent to your registered address last maintained with the Bursa Depository.
- (xii) By making and completing an Electronic Share Application, you agree that:
- (a) in consideration of us agreeing to allow and accept the application for IPO Shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;

16. PROCEDURES FOR APPLICATION (Cont'd)

- (b) we, the Participating Financial Institutions, the Bursa Depository and the Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application to our Company due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - (c) notwithstanding the receipt of any payment by or on our behalf, the notice of successful allocation for prescribed securities issued in respect of our IPO Shares for which your Electronic Share Application has been successfully completed is the only confirmation for the acceptance of your offer to subscribe for and purchase the said IPO Shares;
 - (d) you irrevocably authorise the Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue of our IPO Shares allocated to you; and
 - (e) you agree that in relation to any legal action, proceedings or disputes arising out of or in relation with the contract between the parties and/or the Electronic Share Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies of Malaysia and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (xiii) The Issuing House, on the authority of our Board, reserves the right to reject applications which do not conform to these instructions.

16.6 PROCEDURES FOR APPLICATION BY WAY OF AN INTERNET SHARE APPLICATION

Only Malaysian individuals may apply for our IPO Shares made available to the Malaysian Public by way of Internet Share Application.

Please read carefully and follow the terms of this Prospectus, the procedures, terms and conditions for Internet Share Application and the procedures set out on the internet financial services website of the Internet Participating Financial Institution before making an Internet Share Application.

Step 1: Set up of account

Before making an application by way of Internet Share Application, you **must have all** of the following:

- (i) an existing account with access to internet financial services with:
 - (a) **Affin Bank Berhad** at www.affinOnline.com;
 - (b) **Affin Investment Bank Berhad** at www.affintrade.com;
 - (c) **CIMB Bank Berhad** at www.cimbclicks.com.my;
 - (d) **CIMB Investment Bank Berhad** at www.eipocimb.com;
 - (e) **Malayan Banking Berhad** at www.maybank2u.com.my;
 - (f) **Public Bank Berhad** at www.pbepbank.com; or
 - (g) **RHB Bank Berhad** at www.rhb.com.my.

16. PROCEDURES FOR APPLICATION (Cont'd)

You need to have your user identification and PIN/password for the internet financial services facility; and

- (ii) an individual CDS account registered in your name (and not in a nominee's name) and in the case of a joint account an individual CDS account registered in your name which is to be used for the purpose of the application if you are making the application instead of a CDS account registered in the joint account holder's name.

Step 2: Read this Prospectus

You are advised to read and understand this Prospectus before making your application.

Step 3: Apply through Internet

We have set out possible steps for an application of our IPO Shares via Internet Share Application below for illustration purposes only.

Please note that the actual steps for Internet Share Applications through the internet financial services website of a particular Internet Participating Financial Institution may differ from the steps outlined below.

- (i) Connect to the internet financial services website of the Internet Participating Financial Institution with which you have an account.
- (ii) Log in to the internet financial services facility by entering your user identification and PIN/password.
- (iii) Navigate to the section of the website on applications in respect of IPO.
- (iv) Select the counter in respect of our IPO Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (v) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (vi) At the next screen, complete the online application form.
- (vii) Check that the information contained in the online application form, such as the share counter, NRIC number, CDS account number, number of IPO Shares applied for and the account number of the account with a financial institution ("**Authorised Financial Institutions**") to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
- (viii) After selecting the designated hyperlink on the screen, you will have to confirm and undertake that the following mandatory statements are true and correct:
 - (a) you are at least 18 years of age as at the Closing Date and Time;
 - (b) you are a Malaysian citizen residing in Malaysia;
 - (c) you have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;
 - (d) you agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus, before making the Internet Share Application;
 - (e) the Internet Share Application is the only application that you are submitting for our IPO Shares for Malaysian Public;

16. PROCEDURES FOR APPLICATION *(Cont'd)*

- (f) you authorise the financial institution with whom you have an account to deduct the full amount payable for our IPO Shares from your account with the said Authorised Financial Institution;
- (g) you give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Services Act, 2013 and Section 45 of SICDA) for the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or the Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
- (h) you are not applying for our IPO Shares as a nominee of any other person and the application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
- (i) you authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, Bursa Securities or other relevant parties in connection with our Retail Offering, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with our Retail Offering.

Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.

- (ix) Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment for our Retail Offering.
- (x) You must pay for our IPO Shares through the website of the Authorised Financial Institution, failing which the Internet Share Application is **not completed**, despite the display of the Confirmation Screen. "**Confirmation Screen**" refers to the screen which appears or is displayed on the internet financial services website, which confirms that the Internet Share Application has been completed and states the details of your Internet Share Application, including the number of IPO Shares applied for, which can be printed out by you for your records.
- (xi) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment for the IPO Shares is being made. Subsequently, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website.
- (xii) You are advised to print out the Confirmation Screen for reference and records.

16.7 TERMS AND CONDITIONS

An application under the Retail Offering is subject to the following additional terms and conditions:

- (i) You are required to pay the Retail Price of RM1.60 for each IPO Share you have applied for.

16. PROCEDURES FOR APPLICATION (Cont'd)

You can submit only one application for the IPO Shares offered to the Malaysian Public. For example, if you submit an application using the WHITE Application Form, you cannot submit an Electronic Share Application or Internet Share Application and vice versa.

However, if you have made an application under the PINK Application Form or the GREEN Application Form or the BLUE Application Form, you can still apply for the IPO Shares offered to the Malaysian Public using the WHITE Application Form or by way of Electronic Share Application or the Internet Share Application.

The Issuing House, acting under the authority of our Board, has the discretion to reject applications that appear to be multiple applications under each category of applicants.

In relation to the WHITE Application Forms, we wish to caution you that if you submit more than one application in your own name or by using the name of others, with or without their consent, you will be committing an offence under Section 179 of the CMSA and may be punished with a minimum fine of RM1.0 million and a jail term of up to ten years under Section 182 of the CMSA.

If you are an Entitled Shareholder of BHB and/or Entitled Unitholder of BREIT and have multiple CDS accounts under your name, you can submit only one GREEN Application Form and/or one BLUE Application Form, as the case may be. You are not allowed to submit multiple GREEN Application Forms and BLUE Application Forms.

- (ii) Each application under the WHITE Application Forms, the PINK Application Forms, the GREEN Application Forms and the BLUE Application Forms, the Electronic Share Application and the Internet Share Application must be for at least 100 IPO Shares or multiples of 100 IPO Shares.
- (iii) The Electronic Share Application and the Internet Share Application platforms will not be available to facilitate application of Issue Shares under the Restricted Offering.
- (iv) Your application must be made in connection with and subject to this Prospectus and our Memorandum and Articles. You agree to be bound by our Memorandum and Articles should you be allotted any of our Shares.
- (v) Your submission of an application does not necessarily mean that your application will be successful. Any submission of application is irrevocable.
- (vi) We or the Issuing House will not issue any acknowledgement of receipt of your application or application monies.
- (vii) You must ensure that your personal particulars submitted in your application and/or your personal particulars as recorded by the Internet Participating Financial Institution are correct, accurate and identical with the records maintained by the Bursa Depository. Otherwise, your application will be rejected. You will have to promptly notify the Bursa Depository of any change in your address, failing which the notification letter of successful allocation will be sent to your registered/correspondence address last maintained with the Bursa Depository.
- (viii) No application shall be deemed to have been accepted by reason of remittances having been presented for payment.

Our acceptance of your application to subscribe for or purchase our IPO Shares shall be constituted by the issue of notices of allotment for our IPO Shares to you.

16. PROCEDURES FOR APPLICATION (Cont'd)

- (ix) Submission of your CDS account number in your application includes your authority/consent in accordance with Malaysian laws of the right of the Bursa Depository, the Participating Financial Institution and the Internet Participating Financial Institution (as the case may be) to disclose information pertaining to your CDS account and other relevant information to us, the Issuing House and any relevant regulatory bodies (as the case may be).
- (x) **You agree to accept our decision as final should we decide not to allot any IPO Shares to you.**
- (xi) Additional terms and conditions for the Electronic Share Applications are as follows:
- (a) You agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated in the Transaction Record or any lesser amount that may be allotted or allocated to you.
 - (b) Your confirmation by pressing the key or button on the ATM shall be treated as your acceptance of the number of IPO Shares allotted to you.
 - (c) Should you be allotted any IPO Shares, you shall be bounded by our Memorandum and Articles.
 - (d) You confirm that you are not applying for our IPO Shares as a nominee of other persons and that your Electronic Share Application is made on your own account as a beneficial owner.
 - (e) You request and authorise us to credit our IPO Shares allotted to you into your CDS account and to issue share certificates representing those IPO Shares allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to the Bursa Depository.
 - (f) You acknowledge that your application is subject to electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events which are not in our control, or the control of the Issuing House, the Participating Financial Institution or the Bursa Depository. You irrevocably agree that you are deemed not to have made an application if we or the Issuing House do not receive your application or your application data is wholly or partially lost, corrupted or inaccessible to us or the Issuing House. You shall not make any claim whatsoever against us, the Issuing House, the Participating Financial Institution or the Bursa Depository.
 - (g) You irrevocably authorise the Bursa Depository to complete and sign on your behalf as transferee or renounce any instrument of transfer and/or other documents required for the issue of our IPO Shares allotted to you.
 - (h) You agree that in the event of legal disputes arising from the use of the Electronic Share Applications, the mutual rights, obligations and liabilities shall be determined under the laws of Malaysia and be bound by the decisions of the Courts of Malaysia.
- (xii) Additional terms and conditions for Internet Share Application are as follows:

THE TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. PLEASE REFER TO THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION FOR THE EXACT TERMS AND CONDITIONS AND INSTRUCTIONS.

16. PROCEDURES FOR APPLICATION (Cont'd)

- (a) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application, which would result in the internet financial services website displaying the Confirmation Screen. You are required to complete your Internet Share Application by the close of the Retail Offering mentioned in Section 16.1 of this Prospectus.
- (b) You irrevocably agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated on the Confirmation Screen or any lesser amount that may be allotted to you. Your confirmation by clicking the designated hyperlink on the relevant screen of the website shall be treated as your acceptance of the number of IPO Shares allotted to you.
- (c) You request and authorise us to credit the IPO Shares allotted to you into your CDS account and to issue share certificates representing those IPO Shares allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send them to the Bursa Depository.
- (d) You irrevocably agree and acknowledge that the Internet Share Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond our control and the control of the Issuing House, the Internet Participating Financial Institution and/or the Authorised Financial Institution. If, in any such event, we, the Issuing House and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Share Application and/or payment, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is wholly or partially lost, corrupted, destroyed or inaccessible for any reason, you shall be deemed not to have made an Internet Share Application and you shall have no claim whatsoever against us, the Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution.
- (e) You irrevocably authorise the Bursa Depository to complete and sign on your behalf as transferee or renounce any instrument of transfer and/or other documents required for the issue of our IPO Shares allotted to you.
- (f) You agree that in the event of legal disputes arising from the use of Internet Share Application, the mutual rights, obligations and liabilities shall be determined under the laws of Malaysia and be bound by the decisions of the Courts of Malaysia.
- (g) You shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by us, the Issuing House and/or the Internet Participating Financial Institution for reasons of multiple applications, suspected multiple applications, inaccurate and/or incomplete details provided by the applicant, or any other cause beyond the control of the Internet Participating Financial Institution.
- (h) You are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Share Application.

16. PROCEDURES FOR APPLICATION *(Cont'd)*

- (i) In making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, the Promoter, the Principal Adviser, the Joint Underwriters and any other person involved in the Retail Offering shall not be liable for any information not contained in this Prospectus which may have been relied by you in making the Internet Share Application.

16.8 AUTHORITY OF OUR DIRECTORS AND THE ISSUING HOUSE

Applicants will be selected in a manner to be determined by our Board. Due consideration will be given to the desirability of allotting our IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

The Issuing House, on the authority of our Directors, reserves the right to:

- (i) reject applications which do not conform to the instructions in this Prospectus, the Application Forms, the Electronic Share Application and the Internet Share Application (where applicable) or are illegible, incomplete or inaccurate;
- (ii) reject or accept any application, in whole or in part, on a non-discriminatory basis without giving any reason therefor; and
- (iii) bank in all application monies including those from unsuccessful/partially successful applicants which would subsequently be refunded (where applicable) without interest by registered post.

If you are successful in your application, our Directors reserve the right to require you to appear in person at the registered office of the Issuing House within 14 days of the date of the notice issued to you to ascertain your application is genuine and valid. Our Directors are not responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16.9 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription in the Retail Offering, the Issuing House will conduct a ballot in the manner approved by our Directors to determine acceptance of applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of distributing our IPO Shares to a reasonable number of applicants for the purpose of broadening our shareholding base and establishing an adequate market in the trading of our Shares. Pursuant to the Bursa Securities LR, we need to have at least 1,000 public shareholders holding at least 100 Shares each upon Listing and completion of our IPO.

We expect to achieve this at the point of Listing. In the event that the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all applications will be returned in full without interest.

In the event of an under-subscription subject to the clawback and reallocation as set out in Section 4.3.3 of this Prospectus, all the IPO Shares not applied for under the Retail Offering will be subscribed by the Managing Underwriter and the Joint Underwriters pursuant to the Retail Underwriting Agreement.

Where your successfully balloted application under the WHITE Application Form is subsequently rejected, the full amount of your application monies, will be refunded without interest to you within ten Market Days from the date of the final ballot of the application list to your address maintained with the Bursa Depository.

16. PROCEDURES FOR APPLICATION (Cont'd)

Where your successfully balloted application under the Electronic Share Application or the Internet Share Application is subsequently rejected, the full amount of your application monies will be refunded without interest to you by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution, respectively.

16.10 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your application, we will refund your application monies without interest in the following manner.

16.10.1 For applications by way of an Application Form

- (i) The application monies or the balance of it, as the case may be, will be refunded to you via the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by registered post to your last address maintained with the Bursa Depository (for partially successful applications) within ten Market Days from the date of the final ballot.
- (ii) If your application was rejected because you did not provide a CDS account number, your application monies will be sent to the address stated in the NRIC or "*Resit Pengenalan Sementara (KPPK 09)*" or any valid temporary identity document issued by the National Registration Department from time to time at your own risk.
- (iii) The Issuing House reserves the right to bank in all application monies from unsuccessful applicants. These monies will be refunded by registered post to your last address maintained with the Bursa Depository or as per item (ii) above (as the case may be) within ten Market Days from the date of the final ballot.

16.10.2 For applications by way of an Electronic Share Application

- (i) The Issuing House shall inform the Participating Financial Institutions of the non-successful or partially successful application within two Market Days after the balloting date. The application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution within two Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the fifth Market Day from the balloting date.
- (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected will be refunded without interest by the Issuing House by crediting into your account with the Participating Financial Institution not later than ten Market Days from the date of the final ballot. For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Participating Financial Institution will credit the application monies (or any part thereof) without interest within two Market Days after the receipt of confirmation from the Issuing House.

16. PROCEDURES FOR APPLICATION (Cont'd)**16.10.3 For applications by way of an Internet Share Application**

- (i) The Issuing House shall inform the Internet Participating Financial Institutions of the non-successful or partially successful application within two Market Days after the balloting date. The Internet Participating Financial Institution will arrange with the Authorised Financial Institution to refund the application monies or the balance of it into your account without interest or other benefit arising therefrom with the Authorised Financial Institution within two Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the fifth Market Day from the balloting date.
- (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected will be refunded without interest by the Issuing House by crediting into your account with the Internet Participating Financial Institution not later than ten Market Days from the date of the final ballot. For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will credit the application monies (or any part thereof) into your account without interest within two Market Days after the receipt of confirmation from the Issuing House.

16.11 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (i) The IPO Shares allotted to you will be credited into your CDS account. We will not be issuing any physical share certificates to you. You shall not be entitled to withdraw any deposited securities held jointly with the by the Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.
- (ii) A notice of allotment will be despatched to you at the address last maintained with the Bursa Depository where you have an existing CDS account at your own risk prior to our Listing. This is your only acknowledgement of acceptance of the application.
- (iii) In the event that the Final Retail Price is lower than the Retail Price, the difference will be refunded to you without any interest thereon. The refund in the form of cheques will be despatched by ordinary post to the address maintained with Bursa Depository for applications made via the WHITE Application Form or by crediting into your account with the Participating Financial Institution for applications made via the Electronic Share Application or by crediting into your account with the Internet Participating Financial Institution for applications made via the Internet Share Application, within ten Market Days from the date of final ballot of application, at your own risk.

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16. PROCEDURES FOR APPLICATION (Cont'd)**16.12 ENQUIRIES**

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the queries
WHITE Application Forms	Issuing House
PINK Application Forms	Issuing House
GREEN Application Forms	Special Registrar for the Restricted BHB Offering
BLUE Application Forms	Special Registrar for the Restricted BREIT Offering
Electronic Share Application	Participating Financial Institutions
Internet Share Application	(i) Internet Participating Financial Institution (ii) Authorised Financial Institution

If you are applying for the IPO Shares as a member of the Malaysian Public, you may check the status of your application by logging onto the Issuing House's website at www.mih.com.my, or by calling the Issuing House at +603 7841 8000 or +603 7841 8289 or your ADA at the telephone number as stated in Section 17 of this Prospectus between five to ten Market Days (during office hours only) after the balloting date.

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17. LIST OF ADAS

The list of ADAs and their respective addresses, telephone numbers and broker codes are as follows:

Name	Address and telephone number	Broker code
KUALA LUMPUR		
AFFIN INVESTMENT BANK BERHAD	Ground Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel. No. : +603 2143 8668	028-001
AFFIN INVESTMENT BANK BERHAD	38A & 40A Jalan Midah 1 Taman Midah Cheras 56000 Kuala Lumpur Tel. No.: +603 9130 8803	028-005
ALLIANCE INVESTMENT BANK BERHAD	17th Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel. No.: +603 2604 3333	076-001
AMINVESTMENT BANK BERHAD	15th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: +603 2078 2788	086-001
BIMB SECURITIES SDN BHD	32nd Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel. No.: +603 2691 8887	024-001
CIMB INVESTMENT BANK BERHAD	Level 17, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel. No.: +603 2261 8888	065-001
HONG LEONG INVESTMENT BANK BERHAD	Level 7, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel. No.: +603 2168 1168	066-001
HONG LEONG INVESTMENT BANK BERHAD (<i>formerly known as MIMB Investment Bank Berhad</i>)	Level 18, Menara Raja Laut 288, Jalan Raja Laut 50350 Kuala Lumpur Tel. No.: +603 2692 8899	066-006
HWANGDBS INVESTMENT BANK BERHAD	2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel. No.: +603 7710 6688	068-009

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
KUALA LUMPUR (Cont'd)		
HWANGDBS INVESTMENT BANK BERHAD	7th, 22nd & 23rd Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel. No.: +603 2711 6888	068-014
HWANGDBS INVESTMENT BANK BERHAD	No. 57-10 Level 10 The Boulevard, Mid Valley City Lingkar Syed Putra 59000 Kuala Lumpur Tel. No.: +603 2287 2273	068-017
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel. No.: +603 2117 1888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel. No.: +603 7984 7796	054-003
INTER-PACIFIC SECURITIES SDN BHD	No. 33-1 (First Floor) Jalan Radin Bagus Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel. No.: +603 9056 2921	054-005
JUPITER SECURITIES SDN BHD	Level 8 & 9, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: +603 2034 1888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11th-14th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel. No.: +603 2168 8800	053-001
KENANGA INVESTMENT BANK BERHAD	8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: +603 2164 9080	073-001
KENANGA INVESTMENT BANK BERHAD	1st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: +603 2178 1133	073-029
KENANGA INVESTMENT BANK BERHAD	M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel. No.: +603 4297 8806	073-020
KENANGA INVESTMENT BANK BERHAD	Ground, Mezzanine, 1 st & 2 nd Floor (West & Centre Wing) & 1 st Floor East Wing ECM Libra Building 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel. No.: +603 2089 2888	073-021

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
KUALA LUMPUR (Cont'd)		
M&A SECURITIES SDN BHD	Level 1-3, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel. No.: +603 2282 1820	057-002
MAYBANK INVESTMENT BANK BERHAD	5-13 Floor, Maybanlife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel. No.: +603 2297 8888	098-001
MERCURY SECURITIES SDN BHD	L-7-2, No. 2 Jalan Solaris Solaris Mont Kiara 50480 Kuala Lumpur Tel. No.: +603 6203 7227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	Level 21, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: +603 2173 8888	026-001
PM SECURITIES SDN BHD	Ground, Mezzanine, 1st & 10th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel. No.: +603 2146 3000	064-001
PUBLIC INVESTMENT BANK BERHAD	27th Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No.: +603 2031 3011	051-001
RHB INVESTMENT BANK BERHAD	12th, 20th & 21st Floor, Plaza RHB Jalan Ampang 50450 Kuala Lumpur Tel. No.: +603 2333 8333	087-018
RHB INVESTMENT BANK BERHAD	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel. No.: +603 6257 5869	087-028
RHB INVESTMENT BANK BERHAD	No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel. No.: +603 4280 4798	087-054
RHB INVESTMENT BANK BERHAD	Ground, 1st, 2nd & 3rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel. No.: +603 9058 7222	087-058

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
KUALA LUMPUR (Cont'd)		
RHB INVESTMENT BANK BERHAD	Level 3A, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel. No.: +603 9287 3888	087-001
TA SECURITIES HOLDINGS BERHAD	Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel. No.: +603 2072 1277	058-003
UOB KAY HIAN SECURITIES (M) SDN BHD	N-1-3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel. No.: +603 6201 1155	078-004
SELANGOR DARUL EHSAN		
AFFIN INVESTMENT BANK BERHAD	3rd & 4th Floor Wisma Meru No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel. No.: +603 3343 9999	028-002
AFFIN INVESTMENT BANK BERHAD	Lot 229, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7729 8016	028-003
AFFIN INVESTMENT BANK BERHAD	1 st Floor, 20-22 Jalan 21/12, SEA Park 46300 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7877 6229	028-006
AFFIN INVESTMENT BANK BERHAD	No. 79-1 & 79-2 Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel. No.: +603 3322 1999	028-007
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7710 6613	086-003
CIMB INVESTMENT BANK BERHAD	Level G & Level 1 Tropicana City Office Tower No. 3, Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7717 3388	065-009

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
SELANGOR DARUL EHSAN (Cont'd)		
HONG LEONG INVESTMENT BANK BERHAD	Level 10 1 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7724 6888	066-002
HWANGDBS INVESTMENT BANK BERHAD	16th, 18th-20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel. No.: +603 5513 3288	068-002
HWANGDBS INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel. No.: +603 5635 6688	068-010
JF APEX SECURITIES BERHAD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel. No.: +603 8736 1118	079-001
JF APEX SECURITIES BERHAD	15th & 16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7620 1118	079-002
KENANGA INVESTMENT BANK BERHAD	Ground – Fifth Floor East Wing, Quattro West No.4, Lorong Persiaran Barat 46200 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7862 6200	073-005
KENANGA INVESTMENT BANK BERHAD	55C (2nd Floor) Jalan USJ 10/1F 47610 Subang Jaya Selangor Darul Ehsan Tel. No.: +603 8024 1773	073-006
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7725 9095	073-016
KENANGA INVESTMENT BANK BERHAD	35 (Ground & 1st Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel. No.: +603 3348 8080	073-035

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
SELANGOR DARUL EHSAN (Cont'd)		
KENANGA INVESTMENT BANK BERHAD	Level 1 East Wing Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel. No.: +603 5621 2118	073-030
MALACCA SECURITIES SDN BHD	No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel. No.: +603 5636 1533	012-002
MALACCA SECURITIES SDN BHD	No. 58A & 60A Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan Tel. No. :+603 7876 1533	012-003
MAYBANK INVESTMENT BANK BERHAD	Suite 8.02, Level 8, Menara Trend Intan Millenium Square No. 68, Jalan Batai Laut 4, Taman Intan 41300 Klang Selangor Darul Ehsan Tel. No.: +603 3050 8888	098-003
MAYBANK INVESTMENT BANK BERHAD	Wisma Bentley Music Level 1, No.3, Jalan PJU 7/2 Mutiara Damansara 47800 Petaling Jaya Selangor Tel. No.: +603 7718 8888	098-004
PM SECURITIES SDN BHD	No. 157, Jalan Kenari 23A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel. No.: +603 8070 0773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel. No.: +603 3341 5300	064-007
RHB INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7873 6366	087-011
RHB INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel. No.: +603 8736 3378	087-045
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel. No.: +603 6092 8916	087-047

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
SELANGOR DARUL EHSAN (Cont'd)		
RHB INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel. No.: +603 3343 9180	087-048
RHB INVESTMENT BANK BERHAD	Unit 1B, 2B & 3B USJ 10/1J 47610 UEP Subang Jaya Selangor Darul Ehsan Tel. No.: +603 8022 1888	087-059
RHB INVESTMENT BANK BERHAD	11-1, Jalan PJU 5/12 Dataran Sunway Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 6148 3361	087-051
RHB INVESTMENT BANK BERHAD	Ground Floor and First Floor No.13, Jalan Kenari 3 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel. No.: +603 8070 6899	087-049
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40000 Shah Alam Selangor Darul Ehsan Tel. No.: +603 5192 0202	096-001
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel. No.: +603 8025 1880	058-005
TA SECURITIES HOLDINGS BERHAD	2nd Floor, Wisma TA No.1A, Jalan SS 20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7729 5713	058-007
MELAKA		
CIMB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel. No. : +606 2898 800	065-006
KENANGA INVESTMENT BANK BERHAD	71(A&B) & 73(A&B), Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel. No.: +606 2881 720	073-028

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
MELAKA (Cont'd)		
KENANGA INVESTMENT BANK BERHAD	22A & 22A-1 and 26 & 26-1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel. No.: +606 3372 550	073-034
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, P. O. Box 248 75250 Melaka Tel. No.: +606 3371 533	012-001
MERCURY SECURITIES SDN BHD	No. 81-B & 83-B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel. No.: +606 2921 898	093-003
PM SECURITIES SDN BHD	No. 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel. No.: +606 2866 008	064-006
RHB INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel. No.: +606 2825 211	087-026
RHB INVESTMENT BANK BERHAD	No.19, 21 & 23 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel. No.: +606 2833 622	087-002
TA SECURITIES HOLDINGS BERHAD	59, 59A, 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel. No.: +606 2862 618	058-008
PERAK DARUL RIDZUAN		
CIMB INVESTMENT BANK BERHAD	Ground, 1 st , 2 nd and 3 rd Floor No.8, 8A – 8C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel. No.:+605 2088 688	065-010
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No.: +605 2530 888	066-003
HWANGDBS INVESTMENT BANK BERHAD	21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel. No.: +605 8066 688	068-003
HWANGDBS INVESTMENT BANK BERHAD	2nd & 3rd Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel. No.: +605 2559 988	068-015

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
PERAK DARUL RIDZUAN (Cont'd)		
KENANGA INVESTMENT BANK BERHAD	Ground, 1st, 2nd & 4th Floor No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No.: +605 2422 828	073-022
KENANGA INVESTMENT BANK BERHAD	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel. No.: +605 6222 828	073-026
KENANGA INVESTMENT BANK BERHAD	Ground Floor No.25 & 25A Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel. No.: +605 6939 828	073-031
M&A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel. No.: +605 2419 800	057-001
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor), Level 1 & 2 No.42 Persiaran Greentown 1 Pusat Perdagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel. No.: +605 2453 400	098-002
RHB INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel. No.: +605 2415 100	087-023
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel. No.: +605 6236 498	087-014
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel. No.: +605 6921 228	087-016
RHB INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel. No.: +605 8088 229	087-034
RHB INVESTMENT BANK BERHAD	72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel. No.: +605 4651 261	087-044

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
PERAK DARUL RIDZUAN (Cont'd)		
RHB INVESTMENT BANK BERHAD	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel. No.: +605 7170 888	087-052
TA SECURITIES HOLDINGS BERHAD	Ground, 1 st & 2 nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel. No.: +605 2531 313	058-001
UOB KAY HIAN SECURITIES (M) SDN BHD	29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel. No. : +605 6216 010	078-009
PULAU PINANG		
ALLIANCE INVESTMENT BANK BERHAD	Ground & Mezzanine Floor Bangunan Barkath 21, Lebu Pantai 10300 Georgetown Pulau Pinang Tel. No.: +604 2611 688	076-015
AMINVESTMENT BANK BERHAD	3rd Floor, Menara Liang Court No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: +604 2261 818	086-004
AMINVESTMENT BANK BERHAD	Level 3 No. 15, Lebu Pantai 10300 Pulau Pinang Tel. No.: +604 2619 288	086-007
CIMB INVESTMENT BANK BERHAD	Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: +604 2385 900	065-001
HWANGDBS INVESTMENT BANK BERHAD	Level 2, 3, 4, 7 & 8, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel. No.: +604 2636 996	068-001
HWANGDBS INVESTMENT BANK BERHAD	No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel. No.: +604 5372 882	068-006
INTER-PACIFIC SECURITIES SDN BHD	Ground, Mezzanine & 8 th Floor Sentral Tower No. 3, Penang Street 10200 Pulau Pinang Tel. No.: +604 2690 888	054-002

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
PULAU PINANG (Cont'd)		
KENANGA INVESTMENT BANK BERHAD	7 th , 8 th & 16 th Floor, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: +604 2283 355	073-023
M&A SECURITIES SDN BHD	332H-1 & 332G-2 Harmony Square Jalan Perak 11600 Georgetown Pulau Pinang Tel. No.: +604 2817 611	057-005
MALACCA SECURITIES SDN BHD	Prima Tanjung Suite 98-3-13A, 13B, 13C Jalan Fettes 11200 Tanjung Tokong Pulau Pinang Tel. No.: +604 8981 525	012-004
MERCURY SECURITIES SDN BHD	Ground, 1 st , 2 nd & 3 rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Tel. No.: +604 3322 123	093-001
MERCURY SECURITIES SDN BHD	2 nd Floor Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Tel. No.: +604 2639 118	093-004
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: +604 2273 000	064-004
RHB INVESTMENT BANK BERHAD	64 & 64-D Ground – 3rd Floor & 5th – 8th Floor Lebuhr Bishop 10200 Pulau Pinang Tel. No.: +604 2634 222	087-033
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Pulau Pinang Tel. No.: +604 3900 022	087-005
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel. No.: +604 5402 888	087-015
RHB INVESTMENT BANK BERHAD	834, Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel. No.: +604 5831 888	087-032

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
PULAU PINANG (Cont'd)		
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel. No.: +604 6404 888	087-042
RHB INVESTMENT BANK BERHAD	41-A, 41-B and 41-C Lintang Angsana Bandar Baru Air Itam 11500 Pulau Pinang Tel. No.: +604 8352 988	087-056
UOB KAY HIAN SECURITIES (M) SDN BHD	1st Floor Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel. No.: +604 2299 318	078-002
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel. No.: +604 5541 388	078-003
PERLIS INDERA KAYANGAN		
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indera Kayangan Tel. No.: +604 9793 888	087-060
KEDAH DARUL AMAN		
ALLIANCE INVESTMENT BANK BERHAD	Lot 7-30, 2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel. No.: +604 7317 088	076-004
HWANGDBS INVESTMENT BANK BERHAD	No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel. No.: +604 4256 666	068-011
RHB INVESTMENT BANK BERHAD	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel. No.: +604 4204 888	087-017
RHB INVESTMENT BANK BERHAD	35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel. No.: +604 4964 888	087-019

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
KEDAH DARUL AMAN (Cont'd)		
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor 214-A, 214-B, 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel. No.: +604 7209 888	087-021
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 4, 5 & 5A 1st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel. No.: +604 7322 111	078-007
NEGERI SEMBILAN DARUL KHUSUS		
HWANGDBS INVESTMENT BANK BERHAD	1st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: +606 7612 288	068-007
HWANGDBS INVESTMENT BANK BERHAD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel. No.: +606 4553 188	068-013
KENANGA INVESTMENT BANK BERHAD	1C & 1D, First Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: +606 7655 998	073-033
MAYBANK INVESTMENT BANK BERHAD	Wisma HM No. 43, Jalan Dr Krishnan 70000 Seremban Negeri Sembilan Tel. No.: +606 7669 555	098-005
PM SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor 18-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: +606 7623 131	064-002
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 32 & 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: +606 7641 641	087-024
RHB INVESTMENT BANK BERHAD	1st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel. No.: +606 4421 000	087-037

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
NEGERI SEMBILAN DARUL KHUSUS (Cont'd)		
RHB INVESTMENT BANK BERHAD	1st & 2nd Floor No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Darul Khusus Tel. No.: +606 4553 014	087-040
RHB INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel. No.: +606 6461 234	087-046
JOHOR DARUL TAKZIM		
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel. No.: +607 7717 922	076-006
AMINVESTMENT BANK BERHAD	3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel. No.: +607 4342 282	086-002
AMINVESTMENT BANK BERHAD	18th Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel. No.: +607 3343 855	086-006
HONG LEONG INVESTMENT BANK BERHAD (formerly known as MIMB Investment Bank Berhad)	Suite 25.02, Level 25 Johor Bahru City Square (Office Tower) No. 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel. No.: +607 2227 388	066-005
HWANGDBS INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel. No.: +607 2222 692	068-004
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel. No.: +607 2231 211	054-004
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No.: +607 3333 600	073-004

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
JOHOR DARUL TAKZIM (Cont'd)		
KENANGA INVESTMENT BANK BERHAD	No. 31, Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel. No.: +606 9542 711	073-008
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel. No.: +607 9333 515	073-009
KENANGA INVESTMENT BANK BERHAD	33 & 35 (A&B) Ground Floor Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel. No.: +607 7771 161	073-010
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel. No.: +606 9782 292	073-011
KENANGA INVESTMENT BANK BERHAD	No. 24, 24A & 24B Jalan Penjaja 3 Kim Park Centre 83000 Batu Pahat Johor Darul Takzim Tel. No.: +607 4326 963	073-017
KENANGA INVESTMENT BANK BERHAD	Suite 16-02, 16-03 & 16-03A Level 16 Menara MSC Cyberport No.5 Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel. No.: +607 2237 423	073-019
KENANGA INVESTMENT BANK BERHAD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel. No.: +606 9531 222	073-024
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel. No.: +607 4678 885	073-025
M&A SECURITIES SDN BHD	Suite 5.3A, Level 5 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No.: +607 3381 233	057-003
M&A SECURITIES SDN BHD	26, Jalan Indah 16/5 Taman Bukit Indah 81200 Johor Bahru Johor Darul Takzim Tel. No.: +607 2366 288	057-006

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
JOHOR DARUL TAKZIM (Cont'd)		
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No.: +607 3316 992	093-005
PM SECURITIES SDN BHD	No. 41, Jalan Molek 2/4 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel. No.: +607 3513 232	064-005
PM SECURITIES SDN BHD	Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel. No.: +607 4333 608	064-008
RHB INVESTMENT BANK BERHAD	6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel. No.: +607 2788 821	087-006
RHB INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel. No.: +607 4380 288	087-009
RHB INVESTMENT BANK BERHAD	No. 33-1, 1st & 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel. No.: +606 9538 262	087-025
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 40, Jalan Haji Manan 86000 Kluang Johor Darul Takzim Tel. No.: +607 7769 655	087-031
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel. No.: +607 6626 288	087-035
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel. No.: +606 9787 180	087-038
RHB INVESTMENT BANK BERHAD	1st Floor, No. 2 Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel. No.: +607 9256 881	087-039

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
JOHOR DARUL TAKZIM (Cont'd)		
RHB INVESTMENT BANK BERHAD	Ground & 1st & 2nd Floor Nos. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel. No.: +607 3522 293	087-043
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No.119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel. No.: +607 5577 628	087-029
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel. No.: +607 9321 543	087-030
UOB KAY HIAN SECURITIES (M) SDN BHD	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel. No.: +607 3332 000	078-001
UOB KAY HIAN SECURITIES (M) SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel. No.: +607 6637 398	078-005
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 70, Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel. No.: +607 3513 218	078-006
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel. No.: +607 5121 633	078-008
PAHANG DARUL MAKMUR		
ALLIANCE INVESTMENT BANK BERHAD	B-400, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel. No.: +609 5660 800	076-002
CIMB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. A-27 Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel. No.: +609 5057 800	065-007

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
PAHANG DARUL MAKMUR (Cont'd)		
KENANGA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2, Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel. No.: +609 5171 698	073-027
RHB INVESTMENT BANK BERHAD	B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel. No.: +609 5173 811	087-007
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel. No.: +609 2234 943	087-022
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel. No.: +605 4914 913	087-041
KELANTAN DARUL NAIM		
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel. No.: +609 7430 077	087-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel. No.: +609 7432 288	058-004
TERENGGANU DARUL IMAN		
ALLIANCE INVESTMENT BANK BERHAD	Ground & Mezzanine Floor Wisma Kam Choon 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul iman Tel. No.: +609 6317 922	076-009
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel. No.: +609 6238 128	021-001
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel. No.: +609 8583 109	087-027

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
TERENGGANU DARUL IMAN (Cont'd)		
RHB INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel. No.: +609 6261 816	087-055
SARAWAK		
AMINVESTMENT BANK BERHAD	No. 164, 166 & 168 1st, Floor Jalan Abell 93100 Kuching Sarawak Tel. No.: +6082 244 791	086-005
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26, Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel. No.: +6082 358 606	065-001
CIMB INVESTMENT BANK BERHAD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel. No.: +6084 367 700	065-001
HWANGDBS INVESTMENT BANK BERHAD	Ground Floor & 1 st Floor No. 1, Jalan Pending 93450 Kuching Sarawak Tel. No.: +6082 341 999	068-005
HWANGDBS INVESTMENT BANK BERHAD	No. 282, 1st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel. No.: +6086 330 008	068-016
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel. No.: +6085 435 577	073-002
KENANGA INVESTMENT BANK BERHAD	Level 2-4, Wisma Mahmud Jalan Sungai Sarawak 93400 Kuching Sarawak Tel. No.: +6082 338 000	073-003
KENANGA INVESTMENT BANK BERHAD	No. 11-12 (Ground & 1st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel. No.: +6084 313 855	073-012

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
SARAWAK (Cont'd)		
RHB INVESTMENT BANK BERHAD	Lot 170 & 171 Section 49, K. T. L. D. Jalan Chan Chin Ann 93100 Kuching Sarawak Tel. No.: +6082 422 252	087-008
RHB INVESTMENT BANK BERHAD	2nd Floor, Lot 1268 & Lot 1269 Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel. No.: +6085 422 788	087-012
RHB INVESTMENT BANK BERHAD	102, Pusat Pedada Jalan Pedada 96000 Sibul Sarawak Tel. No.: +6084 329 100	087-013
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel. No.: +6084 654 100	087-050
RHB INVESTMENT BANK BERHAD	Ground Floor & 1st Floor No. 221, Parkcity Commercial Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel. No.: +6086 311 770	087-053
RHB INVESTMENT BANK BERHAD	Yung Kong Abell Units No. 1-10, 2nd Floor Lot 365, Section 50, Jalan Abell 93100 Kuching Sarawak Tel. No.: +6082 250 888	087-003
TA SECURITIES HOLDINGS BERHAD	12G, H & I Jalan Kampong Datu 96000 Sibul Sarawak Tel. No.: +6084 319 998	058-002
TA SECURITIES HOLDINGS BERHAD	2nd Floor, Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Tel. No.: +6082 236 333	058-006
SABAH		
CIMB INVESTMENT BANK BERHAD	1st & 2nd Floor Central Building No.28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel. No.: +6088 328 878	065-001

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
SABAH (Cont'd)		
KENANGA INVESTMENT BANK BERHAD	Level 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel. No.: +6088 236 188	073-032
HWANGDBS INVESTMENT BANK BERHAD	Suite 1-9-E1, 9th Floor, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel. No.: +6088 311 688	068-008
RHB INVESTMENT BANK BERHAD	Lot 14-0, Ground Floor Lorong Lintas Plaza 2 Lintas Plaza, Off Jalan Lintas 88300 Kota Kinabalu Sabah Tel.No.: +6088 258 618	087-036
RHB INVESTMENT BANK BERHAD	5th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Tel. No.: +6088 269 788	087-010
RHB INVESTMENT BANK BERHAD	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel. No.: +6089 229 286	087-057
UOB KAY HIAN SECURITIES (M) SDN BHD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel. No.: +6088 234 090	078-011

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS

The operations of our Group are subject to the purview of the MPOB, the MDTCC and the DOE and primarily governed by the MPOB Act, 1998, the Control of Supplies Act, 1961 and the EQA. We have obtained all approvals, major licences and certifications necessary for our business and are in compliance with and expect to continue to comply with, their terms and conditions.

We set out below our major licences, approvals and permits for our operations as at the LPD. None of these licences held by our Group have equity restriction or conditions, unless otherwise stated. Details of our major licences, permits or approvals required together with the main conditions imposed and status of compliance are as follows:

No.	Approving authority/Issuer	Licensee/Contractor	Description of approval	licences/ Status	Main conditions	Status/ Compliance
MPOB LICENCES						
1.	MPOB	(i) B Eldred (for the Eldred Estate)	Licences issued to permit, <i>inter alia</i> :	Subsisting	(1) This licence shall not be assigned to another person.	Complied
		(ii) B Emastulin (for the Tabung Tentera Sabah Estate and the Segaria Palm Oil Mill)	(i) the sale and transport of CPO, FFB, PK and SPO;		(2) Any renewal of this licence shall be made within a period of not less than one month but not earlier than three months prior to its expiration.	
		(iii) B Sedili (for the Boustead Sedili Estate)	(ii) the purchase and transport of FFB;		(3) This licence may be suspended, cancelled or refused renewal subject to Regulation 15 of the MPOB (Licensing) Regulations, 2005.	
		(iv) B Solandra (for the Solandra Estate)	(iii) the storage of CPO, PK and SPO; and			
		(v) B Gradient (for the Nak Estate and the Nak Palm Oil Mill)	(iv) the processing of FFB.			
		(vi) B Kanowit Oil Mill (for the Kanowit Palm Oil Mill)				
		(vii) B Kanowit (for the Bawan Estate, the Jih Estate, the Kelimut Estate, the Maong Estate, the Mapai Estate and the Pedai Estate)				

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/issuer	Licensee/Contractor	Description of approval	licence/ Status	Main conditions	Status/ Compliance
			(viii) BPB (for the Balau Estate, the Bebar Estate, the Kuala Muda Estate, the Lapan Kabu Estate, the Malakoff Estate and the Lapan Kabu Palm Oil Mill)			
			(ix) B Rimba Nilai (for the Sungai-sungai 1 Estate, the Sungai-sungai 2 Estate, the Kawananan Estate, the Lembah Paitan Estate, the Sutura Estate, the Sungai Segamaha Estate and the Tabung Tentera Terengganu Estate, the Sungai Jernih Estate, the Segamaha Palm Oil Mill, the Sungai Jernih Palm Oil Mill and the Rimba Nilai Palm Oil Mill)			
			(x) B Tinjar (for the Loagan Bunut Estate, the Bukit Limau Estate and the Sungai Lelak Estate and the Loagan Bunut Palm Oil Mill)			
			(xi) B Telok Sengat (for the Batu Pekaka Estate, the Bekoh Estate, the Bukit Mertajam Estate, the Chamek Estate, the Kulai Young Estate, the Malaya Estate, the Taiping Rubber Plantation Estate, the Telok Sengat Estate, the Telok Sengat Palm Oil Mill and the TRP Palm Oil Mill)			

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/ approval	Status	Main conditions	Status/ Compliance
MDTCC LICENCES						
2.	MDTCC	(i) B Eldred (for the Eldred Estate) (ii) B Emastulin (for the Tabung Tentera Sabah Estate, the Segaria Estate and the Segaria Palm Oil Mill) (iii) B Sedili (for the Boustead Sedili Estate) (iv) B Solandra (for the Solandra Estate and the Stothard Estate) (v) B Sutera (for the Sutera Estate and the Resort Estate) (vi) B Gradient (for the Nak Estate and the Nak Palm Oil Mill) (vii) B Kanowit Oil Mill (for the Kanowit Palm Oil Mill) (viii) B Kanowit (for the Bawan Estate, the Jih Estate, the Kelimut Estate, the Mapai Estate and the Pedai Estate) (ix) BPB (for the Balau Estate, the Bebar Estate, the Kuala Muda Estate, the Lapan Kabu Estate, the Malakoff Estate and the Lapan Kabu Palm Oil Mill)	To permit the purchase and storage of the following scheduled controlled items: (i) diesel; (ii) petrol; and (iii) chemical fertiliser.	Subsisting	(1) The permit holder must not have in his possession or control the scheduled controlled items exceeding the quantity as stipulated in the individual licence. (2) This permit is non-transferable. (3) Controlled items as stipulated in the individual licence are for own use and not for sale. (4) The permit holder must keep proof of purchase of the controlled items upon inspection. (5) The skid tank where the controlled items are stored must be labelled. (6) This permit is valid for the period issued and any renewal must be made one month prior to its expiration. (7) The permit holder is bound by the Controlled Item Act, 1961 and any subsidiary laws made therein.	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/ approval	Status	Main conditions	Status/ Compliance
		(x) B Rimba Nilai (for the Bukit Segamaha Estate, the Sutera Estate, the Tabung Tentera Terengganu Estate, the Kawananan Estate, the Sungai Jernih Estate, the Segamaha Palm Oil Mill and the Sungai Jernih Palm Oil Mill)			(8) If the permit holder is no longer using the scheduled controlled item as stipulated in the individual licence, the permit holder must return the permit to the controller.	
		(xi) B Sungai Manar (for the Bekoh Estate)			(9) If the permit holder is found to give false information or violate any of the aforementioned conditions, this permit may be revoked immediately.	
		(xii) B Telok Sengat (for the Batu Pekaka Estate, the Chamek Estate, the Taiping Rubber Plantation Estate, the Telok Sengat Estate, Malaya Estate, the Bukit Mertajam Estate, the Telok Sengat Palm Oil Mill and the TRP Palm Oil Mill)				
ENVIRONMENTAL LICENCES						
3.	DOE	(i) B Emastulin (for the Segania Palm Oil Mill)	Licences to occupy or use the prescribed premises as required under Section 18(1) of the EQA the occupation and use of prescribed premises, subject to compliance with the maximum capacities of FFB per hour as outlined in the licences.	Subsisting	(1) The maximum production limit from the processed of FFB must not exceed certain tonnage per hour as specified in the individual licence.	Complied
		(ii) B Gradient (for the Nak Palm Oil Mill)				
		(iii) B Kanowit Oil Mill (for the Kanowit Palm Oil Mill)				
		(iv) BPB (for the Lapan Kabu Palm Oil Mill)			(2) Operation of the plant must be stopped in the event of any damage to any part of the wastewater treatment system, resulting in non-compliance with effluent discharge standards.	

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of approval	Status	Main conditions	Status/ Compliance
		(v) B Rimba Nilai (for the Segamaha Palm Oil Mill, the Sungai Jernih Palm Oil Mill and the Rimba Nilai Palm Oil Mill)			(3) A competent person shall be appointed to operate and maintain the system, effluent treatment, air pollution control and manage wastes as required under Section 49A of the Environmental Quality Act, 1974 (Amendment 2012).	
		(vi) B Tinjar (for the Loagan Bunut Palm Oil Mill)			(4) No additional work/plant capacity expansion is allowed without prior written approval of the DOE.	
		(vii) B Telok Sengat (for the Telok Sengat Palm Oil Mill and the TRP Palm Oil Mill)				

NON-RESIDENT EMPLOYEES EMPLOYMENT LICENCES⁽¹⁾

4.	Labour Department of Sabah	(i) B Ermautlin (for the Segaria Estate, the Tabung Tentera Sabah Estate and the Segaria Palm Oil Mill)	This licence is issued for the purpose of hiring non-resident employees pursuant to Section 118 of the Labour Ordinance (Sabah Cap 67).	Subsisting	(1) This licence is non-transferable and is only valid for the hiring of the number of employees stipulated in the individual licence.	Complied
		(ii) B Gradient (for the Nak Estate and the Nak Palm Oil Mill)				
		(iii) B Rimba Nilai (for the Sutera Estate, the Sungai-sungai 1 Estate, the Sungai-sungai 2 Estate, the Lembah Paitan Estate, the Kawananan Estate; the Bukit Segamaha Estate, the Segamaha Palm Oil Mill and the Rimba Nilai Palm Oil Mill)			(2) Any non-resident employee employed under this licence is protected under the Workers' Compensation Act, 1952 or the Employees' Social Securities Act, 1969 whichever is applicable. In a case of a non-resident employee other than a domestic worker who is not protected under the scopes of the aforementioned statutes, the employer must insure such employee with	
		(iv) Boustead Segaria Sdn Bhd (for the Resort Estate)				

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/ approval	Status	Main conditions	Status/ Compliance
					insurance policies providing protection not less than the protection provided by the aforementioned statutes.	
					(3) The renewal of this licence must be made two months prior to its expiration.	
					(4) This licence may be withdrawn or revoked or not renewed by the director of Labour Department of Sabah if he is satisfied that:	
					(a) there has been a violation of any of the sections in any written laws or rules made or any of the conditions of this licence; or	
					(b) the employer has given false information to obtain this licence.	
5.	Labour Department of Sarawak	(i) B Kanowit (for the Jih Estate, the Mapai Estate and the Pedai Estate) (ii) B Tinjar (for the Sungai Lelak Estate)	Approval in Principal issued pursuant to Section 119 of the Labour Ordinance (Sarawak, Chapter 76) to permit the application for licence to employ non-resident employees.	Subsisting	The application for licence to employ non-resident employees must be made within the validity period of the Approval in Principal issued to the respective estates.	Complied

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

No.	Approving authority/Issuer	Licensee/Contractor	Description of licence/approval	Status	Main conditions	Status/Compliance
6.	Labour Department of Sarawak	(i) B Kanowit (for the Pedai Estate) (ii) B Tinjar (for the Loagan Bunut Estate)	Licence issued for the purpose of hiring non-resident employees pursuant to Section 119 of the Labour Ordinance (Sarawak, Chapter 76).	Subsisting	(1) An application for renewal of this licence may only be submitted upon expiry of this licence and in the event that the employer is unable to obtain the required local employees. (2) An application for renewal of this licence must be made within two months prior to its expiration.	Complied

Note:

(1) *For the employment of foreign workers in Peninsular Malaysia, employers need only apply for a quota approval at the Local Centre of Approval, Ministry of Foreign Affairs.*

In addition, our operations are also subject to, *inter alia*, the following licences and certifications:

- (i) licences issued by the Energy Commission pursuant to the Electricity Supply Act, 1990 to authorise the use, work or operate or permit to be used, worked or operated any electrical installation and to maintain, repair or upgrade any licensed electrical installation or any part thereof in the premises stipulated in the licences;
- (ii) trading licences issued by the local authorities of Sabah in the respective cities/districts in which the estates and palm oil mills are located pursuant to the Trades Licensing Ordinance, 1948 (Sabah Cap. 144) to permit the carrying out of the business of oil palm plantation;
- (iii) business licences issued by the local authorities of Sarawak in the respective cities/districts in which the estates and palm oil mills are located pursuant to the Businesses, Professions and Trades Licensing Ordinance of Sarawak (Cap. 33) to permit the carrying out of the business of oil palm plantation;
- (iv) certificates of registration issued by the Royal Customs of Malaysia pursuant to Windfall Profit Levy Act 1998 to register the certificate holders as a producer of FFB for the respective estates. This certificate of registration entails the imposition of levy of 3% and 1.5% for the Peninsular Malaysia estates and the Sabah and Sarawak estates, respectively, in the event the CPO price hits RM2,500 or above per MT and RM3,000 or above per MT, for the Peninsular Malaysia estates and the Sabah and Sarawak estates, respectively;

ANNEXURE A: OUR MAJOR LICENCES, PERMITS AND APPROVALS (Cont'd)

- (v) certificates of fitness issued by the Department of Occupational Safety and Health pursuant to the Factories and Machinery Act, 1967, Regulation 10(2) of the Factories and Machinery (Notification, Certificate of Fitness and Inspection) Regulations, 1970 in respect of unfired pressure vessels, hoisting machines and steam boilers owned by the companies.
- (vi) licences to possess arms and ammunition issued by the Royal Police Force of Malaysia pursuant to Section 4(3) Arms Act, 1960 to permit possession, custody or control and to carry and use the firearms as stipulated in the respective licences for self-protection and protection of the estates;
- (vii) the Water Source Usage licence ('Lesen Penggunaan Sumber Air') issued pursuant to Enactment 5, Water Source Enactment, 2007 by the Water Regulatory Body of Pahang to permit the usage of water taken from a water source located at Sungai Jernih, Pahang;
- (viii) certificates of re-verification issued by Metrology Corporation Malaysia Sdn Bhd pursuant to Weight and Measure Act, 1972, Regulation 16, 28A and 15 of the Weight and Measure Regulations, 1981 for the re-verifications of all weighing and measuring instruments used for trade;
- (ix) the Water Supply Abstraction licence issued by Selangor Water Board pursuant to paragraph 59(1)(a), Selangor Water Board Enactment, 1999 to permit the abstraction of water supply for commercial purposes at the Balau Estate; and
- (x) certificates of consent issued pursuant to Regulation 6, Environmental Quality Regulations (Prescribed Premises) (Crude Palm Oil), 1977 to permit the addition of effluent disposal area subject to terms and conditions of the licence.

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ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT**B.1 PROPERTIES OWNED AND CO-OWNED BY OUR GROUP**

The details of material lands and buildings and material properties owned and co-owned by us as at the LPD are set out below:

B.1.1 Estates owned and co-owned by our Group (for land with titles)**BPB****(1) Balau Estate**

Registered owner	:	BPB		
Description	:	An oil palm plantation known as Balau Estate sited on 26 parcels of lands in Mukim Semenyih and Mukim Beranang, which are all located within Daerah Ulu Langat, Selangor ("Balau Estate Land")		
Location	:	Located approximately 37 km to the south-east of Kuala Lumpur city centre, 13 km to the south-east of the Kajang town centre and 5.4 km to the north-west of the Semenyih town centre. The Sungai Besi highway interchange of the Silk highway and Pintasan Kajang - Semenyih bypass interchange of the Cheras - Kajang highway are located about 2.5 km and 4.6 km due north-west of Balau Estate		
Existing use	:	Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities		
Total land area	:	246.8 Ha ⁽¹⁾		
Encumbrances on property	on	Nil		
Category of land use	:	Agriculture save for HSD 135813 PT 30707 which is categorised as "Building"		
		See Notes (2) and (3)		
Tenure	:	Freehold		
Restriction in interest	in	Nil		
Other endorsement	:	There are no other endorsements on the land titles of Balau Estate Land, save for GRN 52269 Lot 932 measuring 1.917 Ha has been involved for 'Hak Laluan Talian Elektrik', registered on 21 November 2002		
Age profile of the oil palm	:	Age profile	Ha	%
		Immature (0 to 3 years)	-	-
		Young mature (4 to 9 years)	-	-
		Prime mature (10 to 20 years)	39.4	22.1
		Past prime (21 to 25 years)	5.3	3.0
		Replanting (> 25 years)	133.5	74.9
		Total planted area	178.2	100.0
Estate land area	:	Estate land area	Ha	%
		Planted area	178.2	72.2
		Planting reserve	-	-
		Unplanted area	15.3	6.2
		Building, sites and roads	18.5	7.5
		Others (buffer zones, nursery, rentice, etc.)	34.8	14.1
		Total estate land area	246.8	100.0
Audited NBV as at 31 December 2013	:	RM25,048,000 ⁽⁴⁾		

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**(2) Kuala Muda Estate**

Registered owner	:	BPB and Felda Holdings Berhad jointly owned Kuala Muda Estate with 50% ownership each, save for GRN 19129 Lot 18479 which is jointly owned by BPB and Felda Marketing Services Sdn Bhd	
Description	:	An oil palm plantation known as Kuala Muda Estate sited on 11 parcels of lands in Bandar Sungai Petani, Mukim Sidam Kiri and Mukim Sungai Petani, which are all located within Daerah Kuala Muda, Kedah (" Kuala Muda Estate Land ")	
Location	:	Located on the northern side of Jalan Sungai Petani - Baling, at the 9 th – 13 th km post and within the locality of Sidam Kiri, Sungai Petani. Sungai Petani town is situated about 9 km due west of Kuala Muda Estate whilst Kuala Ketil town is located about 4 km due east	
Existing use	:	Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities	
Total land area as per the land title	:	1,491.6 Ha	
Encumbrances on property	on	:	Lease of GRN 35528 Lot 49, GRN 35526 Lot 20 and GRN 35527 Lot 21 to Tenaga Nasional Berhad (" TNB ") for a period of 30 years commencing from 14 August 1992
Category of land use	:	Agriculture, save for GRN 35528 Lot 49, GRN 35526 Lot 20 and GRN 35527 Lot 21, which are categorised as "Nil" under the respective land titles ⁽²⁾	
Tenure	:	Freehold	
Restriction in interest	in	:	There is no restriction in interest for Kuala Muda Estate Land, save for GRN 33924 Lot 1759: <u>GRN 33924 Lot 1759:</u> If at any time to the satisfaction of the State Council where the Malays or Siamese have tried to alter or transfer the rights in this Malay reserved land to any person who is not a Malay or Siamese save for the transfer of rights pursuant to the lease which is in accordance with laws or to the registered chargee, thus, his rights may be revoked by the State Council
Other endorsement	:	There are no other endorsements on the land titles of Kuala Muda Estate Land, save for the following lot nos.: (i) Part of GRN 35526 Lot 20 and GRN 35527 Lot 21 measuring 2.817 Ha and 0.102 Ha, respectively, had been involved for 'Hak Laluan Talian Elektrik' registered on 6 June 2002 (ii) Part of GRN 7092 Lot 2052 measuring 3.074 Ha has been involved for 'Hak Laluan Talian Elektrik' registered on 7 June 2002 (iii) GRN 23847 Lot 2537, GM 804 Lot 51, GM 805 Lot 581, GM 1805 Lot 1818, GRN 35528 Lot 49, GRN 35526 Lot 20 and GRN 35527 Lot 21 were gazetted as Malay reserved land ⁽⁵⁾	
Age profile of the oil palm	:	Age profile	Ha %
		Immature (0 to 3 years)	- -
		Young mature (4 to 9 years)	- -
		Prime mature (10 to 20 years)	1,427.3 100.0
		Past prime (21 to 25 years)	- -
		Replanting (> 25 years)	- -
		Total planted area	1,427.3 100.0

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Estate land area	:	Estate land area	Ha	%
		Planted area	1,427.3	95.7
		Planting reserve	-	-
		Unplantable area	-	-
		Building, sites and roads	16.9	1.1
		Others (buffer zones, nursery, rentice, etc.)	47.4	3.2
		Total estate land area	1,491.6	100.0

Audited NBV as at : RM17,176,000
31 December 2013

(3) Bebar Estate

Registered owner : CIMB Trustee⁽⁶⁾

Description : An oil palm plantation known as Bebar Estate sited on three parcels of lands in Mukim Keratong, which are all located within Daerah Rompin, Pahang

Location : Located along Jalan Segamat – Muadzam Shah – Gambang about 93 km due the south-west of Kuantan town centre and approximately 13.3km by road due north of Muadzam Shah town centre

Existing use : Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities

Total land area as : 2,340.6 Ha
per the land title

Encumbrances on : Nil
property

Category of land : Agriculture
use

Tenure : PN 5263 Lot 406
Leasehold for a period of 99 years expiring on 29 April 2083

PN 5264 Lot nos. 1327, 1328 and 1329, and PN 5265 Lot 1326
Leasehold for a period of 99 years expiring on 1 May 2083

Restriction in : These lands shall not be transferred, leased, charged to any person
interest without prior written approval from the state authority

Other endorsement : Nil

Age profile of the oil palm	:	Age profile	Ha	%
		Immature (0 to 3 years)	442.5	19.6
		Young mature (4 to 9 years)	1,760.2	77.8
		Prime mature (10 to 20 years)	12.1	0.5
		Past prime (21 to 25 years)	47.7	2.1
		Replanting (> 25 years)	-	-
		Total planted area	2,262.5	100.0

Estate land area	:	Estate land area	Ha	%
		Planted area	2,262.5	96.7
		Planting reserve	-	-
		Unplantable area	16.5	0.7
		Building, sites and roads	9.7	0.4
		Others (buffer zones, nursery, rentice, etc.)	51.9	2.2
		Total estate land area	2,340.6	100.0

Audited NBV as at : RM122,628,000
31 December 2013

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**(4) Malakoff Estate**

Registered owner	:	CIMB Trustee ⁽⁶⁾																					
Description	:	An oil palm plantation known as Malakoff Estate sited on 26 parcels of lands in Mukim 06, Mukim 12 and Mukim 13, which are all located within Daerah Seberang Perai Utara, Pulau Pinang (" Malakoff Estate Land ")																					
Location	:	Malakoff Estate comprises two divisions namely home division and mayfield division: <ul style="list-style-type: none"> (i) <u>Home division</u> Located within the locality of Pengkalan Machang <i>i.e.</i> along Jalan Pengkalan Machang (Pokok Sena to Tasek Gelugor main road) approximately 3 km to the west of the town of Tasek Gelugor (ii) <u>Mayfield division</u> Located within the locality of Simpang Tigan. The northern portion is situated along Jalan Tasek Gelugo – Simpang Tiga – Kamoung Selamat – Padang Serai which is the southern portion is located along Jalan Tasek Gelugor – Simpang Tiga – Ara Kuda/Lunas. It is located approximately 2 km to the east of Tasek Gelugor town 																					
Existing use	:	Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities																					
Total land area as per the land title	:	1,379.0 Ha																					
Encumbrances on property	:	Lease of part of GRN 46378 Lot 2457 to 'Persatuan Ibu Bapa dan Guru – Guru' for a period of 30 years commencing from 1 May 1993 to 30 April 2023																					
Category of land use	:	Nil																					
Tenure	:	The tenure of Malakoff Estate Land is "Freehold", except for PN 1432 Lot 763, PN 1433 Lot 764, PN 1434 Lot 765, PN 1426 Lot 448 and PN 1427 Lot 449, which are held under 99-year leasehold titles expiring on 12 September 2027																					
Restriction in interest	:	There is no restriction in interest for Malakoff Estate Land, save for the following lot nos.: <u>PN 1432 Lot 763, PN 1433 Lot 764, PN 1434 Lot 765, PN 1427 Lot 449 and PN 1426 Lot 448:</u> The lessee may not assign or demise the land in parcels or otherwise than the entirety thereof																					
Other endorsement	:	There are no other endorsements on the land titles of Malakoff Estate Land, save for the GRN 19398 Lot 249 which has been involved for 'Hak Laluan Talian Elektrik' registered on 17 June 2005																					
Age profile of the oil palm	:	<table border="0"> <thead> <tr> <th style="text-align: left;"><u>Age profile</u></th> <th style="text-align: right;"><u>Ha</u></th> <th style="text-align: right;"><u>%</u></th> </tr> </thead> <tbody> <tr> <td>Immature (0 to 3 years)</td> <td style="text-align: right;">115.8</td> <td style="text-align: right;">8.8</td> </tr> <tr> <td>Young mature (4 to 9 years)</td> <td style="text-align: right;">387.8</td> <td style="text-align: right;">29.3</td> </tr> <tr> <td>Prime mature (10 to 20 years)</td> <td style="text-align: right;">439.7</td> <td style="text-align: right;">33.3</td> </tr> <tr> <td>Past prime (21 to 25 years)</td> <td style="text-align: right;">341.2</td> <td style="text-align: right;">25.8</td> </tr> <tr> <td>Replanting (> 25 years)</td> <td style="text-align: right;">36.8</td> <td style="text-align: right;">2.8</td> </tr> <tr> <td>Total planted area</td> <td style="text-align: right;">1,321.3</td> <td style="text-align: right;">100.0</td> </tr> </tbody> </table>	<u>Age profile</u>	<u>Ha</u>	<u>%</u>	Immature (0 to 3 years)	115.8	8.8	Young mature (4 to 9 years)	387.8	29.3	Prime mature (10 to 20 years)	439.7	33.3	Past prime (21 to 25 years)	341.2	25.8	Replanting (> 25 years)	36.8	2.8	Total planted area	1,321.3	100.0
<u>Age profile</u>	<u>Ha</u>	<u>%</u>																					
Immature (0 to 3 years)	115.8	8.8																					
Young mature (4 to 9 years)	387.8	29.3																					
Prime mature (10 to 20 years)	439.7	33.3																					
Past prime (21 to 25 years)	341.2	25.8																					
Replanting (> 25 years)	36.8	2.8																					
Total planted area	1,321.3	100.0																					

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Estate land area	:	Estate land area	Ha	%
		Planted area	1,321.3	95.8
		Planting reserve	-	-
		Unplantable area	9.8	0.7
		Building, sites and roads	28.9	2.1
		Others (buffer zones, nursery, rentice, etc.)	19.0	1.4
		Total estate land area	1,379.0	100.0

Audited NBV as at : RM128,085,000
31 December 2013

(5) Lepan Kabu Estate

Registered owner : CIMB Trustee⁽⁶⁾

Description : An oil palm plantation known as Lepan Kabu Estate sited on 11 parcels of lands in Mukim Kuala Pahi and Mukim Manek Urai, which are all located within Jajahan Kuala Krai, Kelantan ("Lepan Kabu Estate Land")

Location : Located at the 75th km post Kota Bharu / Gua Musang main road within locality of Kampung Pahi. Lepan Kabu Estate is located approximately 9 km to the south-east of the Kuala Krai town centre

Existing use : Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities

Total land area as : 2,034.6 Ha (inclusive the Lepan Kabu Palm Oil Mill site of 8.6 Ha)
per the land title

Encumbrances on : Nil
property

Category of land : Agriculture save for GM 70 Lot 4, GM 71 Lot 5, GRN 22288 Lot 298,
use GRN 22291 Lot 691, GRN 19853 Lot 302, GRN 17008 Lot 97 and GRN 24549 Lot 1541, which are categorised as "Nil" under the respective land titles

Tenure : Freehold

Restriction in : There are no restriction in interest for Lepan Kabu Estate Land save for
interest the following lot nos.:

GRN 22288 Lot 298, GRN 22291 Lot 691 and GRN 19853 Lot 302

These lands shall not be transferred, leased or charged to any person without prior written approval from the state authority

Other endorsement : There are no other endorsements on the land titles of Lepan Kabu Estate Land, save for the following lot nos.:

GRN 17008 Lot 97, GRN 17721 Lot 735, GRN 24755 Lot 1483, GRN 24756 Lot 1484 and GRN 24549 Lot 1541 which were gazetted as Malay reserved land⁽⁷⁾

Age profile of the oil palm	:	Age profile	Ha	%
		Immature (0 to 3 years)	195.1	9.9
		Young mature (4 to 9 years)	247.2	12.5
		Prime mature (10 to 20 years)	984.8	49.8
		Past prime (21 to 25 years)	548.7	27.8
		Replanting (> 25 years)	-	-
		Total planted area	1,975.8	100.0

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Estate land area	:	Estate land area	Ha	%
		Planted area	1,975.8	97.1
		Planting reserve	-	-
		Unplantable area	-	-
		Building, sites and roads	26.0	1.3
		Others (buffer zones, nursery, rentice, etc.)	32.8	1.6
		Total estate land area	2,034.6	100.0

Audited NBV as at : RM97,616,000
31 December 2013

(6) Batu Pekaka Estate

Registered owner : CIMB Trustee⁽⁶⁾

Description : An oil palm plantation known as Batu Pekaka Estate sited on nine parcels of lands in Bandar Kuala Ketil and Mukim Tawar, which are all located within Daerah Baling, Kedah ("Batu Pekaka Estate Land")

Location : Batu Pekaka Estate comprises two divisions namely Home division and Lubok Anak Batu division

(i) Home division

Located along the Sungai Petani/Kuala Ketil main road and fronts onto Kuala Ketil/Merbau Pulas main road. The Sungai Petani town is located approximately 18 km to the west of the western boundary of the home division whilst the Kuala Ketil town is located to the north-east of the eastern boundary

(ii) Lubok Anak Batu division

Located along the Sungai Petani/Baling main road about 3 km to the east of home division. The Kuala Ketil town is located approximately 1.3 km to the west of the western boundary of the division

Existing use : Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities

Total land area as per the land title : 968.7 Ha

Encumbrances on property : Lienholder's caveat on the Batu Pekaka Estate Land lodged by AFFIN Islamic Bank Berhad ("AFFIN Islamic") registered on 29 April 2009

Category of land use : Agriculture, save for GM 373 Lot 1617 and GM 512 Lot 2568, which are categorised as "Nil" under the respective land titles

Tenure : Freehold

Restriction in interest : Nil

Other endorsement : There are no other endorsements on the land titles of Batu Pekaka Estate Land, save for the following lot nos.:

(i) Part of GRN 55604 Lot 7372 measuring 0.696 Ha has been involved for 'Hak Laluan Elektrik' registered on 14 June 2007

(ii) Part of GRN 35375 Lot 246 measuring 4.754 Ha and 4.750 Ha has been involved for 'Hak Laluan Talian Elektrik' registered on 26 October 2009 and 7 June 2010, respectively

(iii) Part of GRN 55605 Lot 7373 measuring 1.208 Ha and 4.184 Ha has been involved for 'Hak Laluan Elektrik' registered on 7 June 2010 and 14 June 2010, respectively

(iv) GM 1974 Lot 242 was gazetted as Malay reserved land⁽⁵⁾

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Age profile of the oil palm	: Age profile	Ha	%
	Immature (0 to 3 years)	132.2	14.7
	Young mature (4 to 9 years)	133.8	15.0
	Prime mature (10 to 20 years)	410.6	45.9
	Past prime (21 to 25 years)	218.0	24.4
	Replanting (> 25 years)	-	-
	Total planted area	894.6	100.0

Estate land area	: Estate land area	Ha	%
	Planted area	894.6	92.4
	Planting reserve	-	-
	Unplantable area	-	-
	Building, sites and roads	20.5	2.1
	Others (buffer zones, nursery, rentice, etc.)	53.6	5.5
	Total estate land area	968.7	100.0

Audited NBV as at 31 December 2013 : RM55,838,000

(7) Bekoh Estate

Registered owner : CIMB Trustee^(B)

Description : An oil palm plantation known as Bekoh Estate sited on one parcel of land in Mukim Tangkak within Daerah Ledang, Johor ("Bekoh Estate Land")

Location : Access to Bekoh Estate from Tangkak town is via Jalan Tangkak – Segamat for about 2 km, and then via turning left to Jalan Bekoh for another 11 km and finally turning right onto unnamed metalled road to reach Bekoh Estate

Existing use : Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities

Total land area as per the land title : 1,226.1 Ha

Encumbrances on property : (i) Lease of Bekoh Estate Land measuring 400 sq feet to TNB for a period of 30 years commencing from 1 November 1986
(ii) Lienholder's caveat lodged by AFFIN Islamic registered on 27 April 2009

Category of land use : Agriculture

Tenure : Freehold

Restriction in interest : Nil

Other endorsement : Nil

Age profile of the oil palm	: Age profile	Ha	%
	Immature (0 to 3 years)	145.8	12.3
	Young mature (4 to 9 years)	73.4	6.2
	Prime mature (10 to 20 years)	636.1	53.5
	Past prime (21 to 25 years)	195.7	16.4
	Replanting (> 25 years)	137.4	11.6
	Total planted area	1,188.4	100.0

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Estate land area	:	Estate land area	Ha	%
		Planted area	1,188.4	96.9
		Planting reserve	-	-
		Unplantable area	9.9	0.8
		Building, sites and roads	11.9	1.0
		Others (buffer zones, nursery, rentice, etc.)	15.9	1.3
		Total estate land area	1,226.1	100.0

Audited NBV as at : RM71,409,000
31 December 2013

(8) Chamek Estate

Registered owner : CIMB Trustee⁽⁶⁾

Description : An oil palm plantation known as Chamek Estate sited on five parcels of lands in Mukim Paloh and Mukim Nyior, which are all within Daerah Kluang, Johor ("Chamek Estate Land")

Location : Located along the eastern side of the train tracks next to Kampung Chamek and accessible from Johor Bahru city via the north-south highway exiting at the Air Hitam Interchange, continuing on the main road into Kluang town, turning left onto the road leading to Nyior-Chamek and thereafter through Chamek town into Chamek Estate. Chamek Estate lies about 8 km south-east of the Paloh town

Existing use : Cultivated with oil palm plantations and includes buildings roads facilities and other amenities

Total land area as : 816.9 Ha
per the land title

Encumbrances on : Lienholder's caveat on the Chamek Estate Land lodged by AFFIN
property Islamic registered on 27 April 2009 and 6 July 2009

Category of land : Agriculture, save for GRN 96683 Lot 72, which is categorised as "Nil"
use under the respective land title⁽²⁾

Tenure : Freehold

Restriction in : Nil
interest

Other endorsement : Nil

Age profile of the oil palm	:	Age profile	Ha	%
		Immature (0 to 3 years)	17.5	2.2
		Young mature (4 to 9 years)	72.8	9.1
		Prime mature (10 to 20 years)	588.1	73.7
		Past prime (21 to 25 years)	119.9	15.0
		Replanting (> 25 years)	-	-
		Total planted area	798.3	100.0

Estate land area	:	Estate land area	Ha	%
		Planted area	798.3	97.7
		Planting reserve	-	-
		Unplantable area	4.5	0.6
		Building, sites and roads	14.0	1.7
		Others (buffer zones, nursery, rentice, etc.)	0.1	0.0
		Total estate land area	816.9	100.0

Audited NBV as at : RM58,079,000
31 December 2013

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)(9) Bukit Mertajam Estate

- Registered owner : CIMB Trustee⁽⁶⁾
- Description : An oil palm plantation known as Bukit Mertajam Estate sited on 46 parcels of lands in Pekan Karangan, Bandar Kulim, Pekan Sungai Kob, Mukim Karangan and Mukim Padang China, which are all located within Daerah Kulim, Kedah ("Bukit Mertajam Estate Land")
- Location : Bukit Mertajam Estate comprises two divisions namely Kelang Baru division and Batu Puteh division
- (i) Kelang Baru division
Located along Kulim – Mahang main road and accessible from the Kulim town centre via Jalan Kelang Lama and thence onto Kulim - Mahang main road. Kulim town is located approximately 14 km due south-west of the western most boundary whilst the Mahang town is approximately 22 km due south-east of the easternmost boundary.
- (ii) Batu Puteh division
Located within the locality of Kampung Batu Puteh, along Batu Puteh – Labu Besar/Karangan main road whilst the Kulim town is located approximately 17 km due south-west of Bukit Mertajam Estate and the Labu Besar town is approximately 4 km due east of the eastern most boundary
- Existing use : Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities
- Total land area as per the land title : 2,165.0 Ha
- Encumbrances on property : (i) The charges created on Bukit Mertajam Estate Land which were registered on 11 April 2011 and 19 April 2011 in favour of CIMB Islamic Bank Berhad to secure a principal sum
- (ii) Lease of GRN 39040 Lot 1316 to TNB for a period of 30 years commencing from 15 March 2011 to 14 March 2041 registered on 27 April 2011
- Category of land use : Agriculture
- Tenure : Freehold
- Restriction in interest : There is no restriction in interest for Bukit Mertajam Estate Land, save for the following lot nos.:
- (i) GM 802 Lot 143, GM 919 Lot 476, GM 921 Lot 478, GM 922 Lot 479, GM 923 Lot 481, GM 924 Lot 482.
If at any time to the satisfaction of the State Council where any person who is not a Malay has a right over the lands save for the lease or charge which is in accordance with the laws, thus, the landlord's rights may be revoked by the State Council
- (ii) GRN 39036 Lot 1311
The landlord is prohibited from dealing with the land which is to be developed as a housing area unless the landlord build and keep a road reserve and drains in accordance to the standard of the Jabatan Kerja Raya and as satisfied by the local authority together with the Jabatan Kerja Raya that the construction of roads and drains can be completed
- Other endorsement : There are no other endorsements on the land titles of Bukit Mertajam Estate Land save for the following:

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

- (i) HSD 1/1980 PT A measuring 4.326 Ha has been involved for 'Hak Laluan Elektrik' registered on 23 May 2007
- (ii) GRN 32397 Lot 277 measuring 4.287 Ha has been involved for 'Hak Laluan Elektrik' registered on 30 May 2007
- (iii) GM 187 Lot 1241, GM 103 Lot 71, GM 834 Lot 60, GM 802 Lot 143, GM 919 Lot 476, GM 921 Lot 478, GM 922 Lot 479, GM 923 Lot 481, GM 924 Lot 482, GM 738 Lot 621, GRN 109455 Lot 1244, HSD 47425 Lot 3, HSD 47426 Lot 4, GRN 96865 Lot 55, HSD 26/1972 Lot 6, HSD 27/1972 Lot 7, HSD 47426 Lot 4, HSD 28/1972 Lot 8 and GRN 96862 Lot 3 were gazetted as Malay reserved land⁽⁵⁾

Age profile of the oil palm	Age profile	Ha	%
	Immature (0 to 3 years)	30.9	1.5
	Young mature (4 to 9 years)	29.7	1.5
	Prime mature (10 to 20 years)	1,004.1	48.8
	Past prime (21 to 25 years)	992.7	48.2
	Replanting (> 25 years)	-	-
	Total planted area	2,057.4	100.0

Estate land area	Estate land area	Ha	%
	Planted area	2,057.4	95.0
	Planting reserve	-	-
	Unplantable area	-	-
	Building, sites and roads	18.5	0.9
	Others (buffer zones, nursery, rentice, etc.)	88.9	4.1
	Total estate land area	2,164.8	100.0

Audited NBV as at : RM140,452,000
31 December 2013

(10) Taiping Rubber Plantation Estate

Registered owner	: CIMB Trustee ⁽⁶⁾
Description	: An oil palm plantation known as Taiping Rubber Plantation Estate sited on 19 parcels of lands in Mukim Bukit Gantang and Mukim Terung, which are all located within Daerah Larut and Matang, Perak ("TRP Estate Land")
Location	: Located along Changkat Jering – Beruas main road, Trong Perak and Pekan Trong is located about 2 km to the north whilst Taiping town is located about 25 km to the north-east and the Changkat Jering north-south highway interchange is located approximately 11 km to the north
Existing use	: Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities
Total land area as per the land title	: 1,379.3 Ha (inclusive the Trong Palm Oil Mill site of 24.7 Ha)
Encumbrances on property	: Lease of part of GRN 64026 Lot 570 to TNB for a period of 30 years commencing from 1 September 1980 to 31 August 2010, registered on 2 January 1981
Category of land use	: Agriculture
Tenure	: Freehold
Restriction in interest	: Nil

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

- Other endorsement : There are no other endorsements on the land titles of TRP Estate Land, save for the following lot nos.:
- (i) GRN 54567 Lot 3973 measuring 5.1525 Ha and 5.153Ha has been involved for 'Hak Laluan Talian Elektrik' registered on 7 April 2009 and 19 January 2011, respectively
 - (ii) GRN 64510 Lot 568 measuring 2.6438 Ha has been involved for 'Hak Laluan Elektrik' registered on 7 April 2009
 - (iii) GRN 64026 Lot nos. 570 and 1306 measuring 3.2646 Ha and 3.2646 has been involved for 'Hak Laluan Talian Elektrik' registered on 7 April 2009 and 19 January 2011, respectively

Age profile of the oil palm	Age profile	
	Ha	%
	Immature (0 to 3 years)	50.7 4.0
	Young mature (4 to 9 years)	41.8 3.3
	Prime mature (10 to 20 years)	759.7 60.0
	Past prime (21 to 25 years)	360.2 28.4
	Replanting (> 25 years)	54.2 4.3
	Total planted area	1,266.6 100.0

Estate land area	Estate land area	
	Ha	%
	Planted area	1,266.6 91.8
	Planting reserve	- -
	Unplantable area	53.9 3.9
	Building, sites and roads	42.8 3.1
	Others (buffer zones, nursery, rentice, etc.)	16.0 1.2
	Total estate land area	1,379.3 100.0

Audited NBV as at 31 December 2013 : RM75,593,000

(11) Kulai Young Estate

- Registered owner : CIMB Trustee⁽⁶⁾
- Description : An oil palm plantation known as Kulai Young Estate sited on four parcels of lands in Mukim Kulai, which are all located within Daerah Kulaijaya, Johor
- Location : Located along both sides of Jalan Alor Bukit which serves as a linkage road connecting Kulai due north-east of Kulai Young Estate and Pekan Nenas due south. Kulai Young Estate is located approximately 43 km north-west of the Johor Bahru city and 15 km north of the Pekan Nenas town
- Existing use : Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities
- Total land area as per the land title : 868.6 Ha
- Encumbrances on property : Lease of part of GRN 368030 Lot 44930 to Seng Hong Quarry Sdn Bhd for a period of five years commencing from 1 April 2010 to 31 March 2015
- Category of land use : Agriculture⁽⁹⁾
- Tenure : Freehold
- Restriction in interest : Nil

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Other endorsement : Nil

Age profile of the oil palm	Age profile	Ha	%
	Immature (0 to 3 years)	248.3	32.6
	Young mature (4 to 9 years)	36.3	4.8
	Prime mature (10 to 20 years)	255.8	33.6
	Past prime (21 to 25 years)	220.5	29.0
	Replanting (> 25 years)	-	-
	Total planted area	760.9	100.0

Estate land area	Estate land area	Ha	%
	Planted area	760.9	74.4
	Planting reserve	-	-
	Unplantable area	250.0	24.5
	Building, sites and roads	5.0	0.5
	Others (buffer zones, nursery, rentice, etc.)	6.3	0.6
	Total estate land area	1,022.2⁽¹⁰⁾	100.0

Audited NBV as at 31 December 2013 : RM68,742,000

(12) Telok Sengat EstateRegistered owner : CIMB Trustee⁽⁶⁾

Description : An oil palm plantation known as Telok Sengat Estate sited on 66 parcels of lands in Mukim Johor Lama, which are all located within Daerah Kota Tinggi, Johor ("Telok Sengat Estate Land")

Location : Located about 800 metres to the south of the 28th km post Kota Tinggi – Pengerang main road along the metalled road leading to Telok Sengat village and Kota Tinggi town is located approximately 28 km due north-west of Telok Sengat Estate

Existing use : Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities

Total land area as per the land title : 3,698.6 Ha (inclusive the Telok Sengat Palm Oil Mill site of 19.2 Ha)

Encumbrances on property : Nil

Category of land use : Agriculture

Tenure : Freehold

Restriction in interest : Nil

Other endorsement : There are no other endorsements on the land titles of Telok Sengat Estate Land, save for the following lot no.:

- (i) Part of the GRN 83578 Lot 1357 measuring 8.3123 Ha has been involved for 'Hak Laluan Talian Elektrik' registered on 29 June 2006

Age profile of oil palm	Age profile	Ha	%
	Immature (0 to 3 years)	402.9	11.4
	Young mature (4 to 9 years)	582.0	16.5
	Prime mature (10 to 20 years)	1,764.8	50.0
	Past prime (21 to 25 years)	561.3	15.9
	Replanting (> 25 years)	218.1	6.2
	Total planted area	3,529.1	100.0

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Estate land area	:	Estate land area	Ha	%
		Planted area	3,529.1	95.4
		Planting reserve	-	-
		Unplantable area	-	-
		Building, sites and roads	102.0	2.8
		Others (buffer zones, nursery, rentice, etc.)	67.5	1.8
		Total estate land area	3,698.6	100.0
Audited NBV as at 31 December 2013	:	RM277,280,000		
(13)		<u>Malaya Estate</u>		
Registered owner	:	CIMB Trustee ⁽⁶⁾		
Description	:	An oil palm plantation known as Malaya Estate sited on 64 parcels of lands in Mukim Hulu Ijok and Mukim Selama, which are all located within Daerah Selama, Perak ("Malaya Estate Land")		
Location	:	Malaya Estate comprises two divisions namely Home (Malaya) division and Lumboh Kluang Division		
		(i) <u>Home (Malaya) division</u> Located along Jalan Selama/Kubu Gajah – Bukit Merah/Taiping approximately 5 km to the south-east of Kubu Gajah village or approximately 17 km to the south of Selama town		
		(ii) <u>Lumboh Kluang division</u> Located within the locality of Kampung Lembah Keluang and situated off Jalan Selama / Kubu Gajah – Bagan Serai approximately 1.5 km to the south-west of Kubu Gajah village or approximately 13 km to the south of Selama town		
Existing use	:	Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities		
Total land area as per the land title	:	922.2 Ha ⁽¹¹⁾		
Encumbrances on property	:	(i) The charges created on Malaya Estate Land which were registered on 12 April 2011 in favour of CIMB Islamic Bank Berhad to secure a principal sum		
		(ii) Lease on part of GRN 34608 Lot 710 to TNB for a period of 30 years commencing from 15 November 1993 to 14 November 2023		
Category of land use	:	Agriculture		
Tenure	:	Freehold		
Restriction in interest	:	Nil		
Other endorsement	:	Nil		
Age profile of the oil palm	:	Age profile	Ha	%
		Immature (0 to 3 years)	189.9	22.8
		Young mature (4 to 9 years)	366.4	44.1
		Prime mature (10 to 20 years)	31.6	3.8
		Past prime (21 to 25 years)	243.8	29.3
		Replanting (> 25 years)	-	-
		Total planted area	831.7	100.0

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Estate land area	:	Estate land area	Ha	%
		Planted area	831.7	91.7
		Planting reserve	-	-
		Unplantable area	43.3	4.8
		Building, sites and roads	9.3	1.0
		Others (buffer zones, nursery, rentice, etc.)	22.2	2.5
		Total estate land area	906.5	100.0

Audited NBV as at : RM49,498,000
31 December 2013

(14) Sutera Estate

Registered owner : CIMB Trustee⁽⁶⁾

Description : An oil palm plantation known as Sutera Estate sited on two parcels of lands in Locality of Segaliud, which are all located within District of Sandakan, Sabah

Location : Located in the locality of Segaliud which is about 38 km due south-west of Sandawan Municipal Centre. It is also 62 km by road therefrom via Jalan Labuk and then Sandakan - Lahad Datu highway which, between km 62 and km 66, passes through the eastern part of the land severing it into two portions, a small portion and a large western portion

Existing use : Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities

Total land area as : 2,200.7 Ha
per the land title

Encumbrances on : Nil
property

Category of land : N/A
use

Tenure : (i) CL 075109465
Leasehold for a period of 999 years commencing from 10 July 1888
(ii) CL 075112720
Leasehold for a period of 999 years commencing from 8 February 1889

Restriction in : N/A
interest

Other endorsement : Nil

Age profile of the oil palm	:	Age profile	Ha	%
		Immature (0 to 3 years)	375.8	17.9
		Young mature (4 to 9 years)	707.1	33.6
		Prime mature (10 to 20 years)	724.3	34.4
		Past prime (21 to 25 years)	295.6	14.1
		Replanting (> 25 years)	-	-
		Total planted area	2,102.8	100.0

Estate land area	:	Estate land area	Ha	%
		Planted area	2,102.8	95.5
		Planting reserve	-	-
		Unplantable area	15.1	0.7
		Building, sites and roads	26.4	1.2
		Others (buffer zones, nursery, rentice, etc.)	56.4	2.6
		Total estate land area	2,200.7	100.0

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Audited NBV as at : RM144,660,000
31 December 2013

B Eldred**(1) Eldred Estate**

Registered owner	:	B Eldred		
Description	:	An oil palm plantation known as Eldred Estate sited on seven parcels of lands in Mukim Bekok, which are all located within Daerah Segamat, Johor		
Location	:	Located off the 28 th km post of the Yong Peng – Segamat main road, and situated approximately 31 km due north east of Yong Peng town and approximately 41 km to the south east of Segamat town centre, respectively		
Existing use	:	Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities		
Total land area as per the land title	:	1,799.7 Ha		
Encumbrances on property	on	:	Nil	
Category of land use	:	Nil ⁽²⁾		
Tenure	:	Freehold		
Restriction in interest	in	:	Nil	
Other endorsement	:	Nil		
Age profile of oil palm	:	Age profile	Ha	%
		Immature (0 to 3 years)	197.5	11.0
		Young mature (4 to 9 years)	224.0	12.5
		Prime mature (10 to 20 years)	1,017.1	56.6
		Past prime (21 to 25 years)	312.1	17.4
		Replanting (> 25 years)	44.9	2.5
		Total planted area	1,795.6	100.0
Estate land area	:	Estate land area	Ha	%
		Planted area	1,795.6	99.7
		Planting reserve	-	-
		Unplantable area	-	-
		Building, sites and roads	3.0	0.2
		Others	1.1	0.1
		Total estate land area	1,799.7	100.0

Audited NBV as at : RM39,003,000
31 December 2013

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**B Gradient****(1) Nak Estate**

Registered owner	:	B Gradient
Description	:	An oil palm plantation known as Nak Estate sited on 11 parcels of lands in Locality of Samawang, Block 30A, SPS, and Sg Tendok, which are all located within District of Sandakan, Sabah ("Nak Estate Land")
Location	:	Located fronting onto Jalan SPS III which is off the 31 st km post of Jalan Sandakan – Kota Kinabalu and situated approximately 35 km to the north west of Sandakan town centre
Existing use	:	Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities
Total land area as per the land title	:	1,348.9 Ha (inclusive the Nak Palm Oil Mill site of 14.3 Ha)
Encumbrances on property	:	Nil
Category of land use	:	N/A

Express conditions:

PL 076222627, PL 076220829 and CL 075212225

The land is expressly alienated for the cultivation of rubber or such other crops as may be approved by the Director of Agriculture

The special terms in the land titles of Nak Estate Land includes:**(i) PL 076290143**

(a) The land is demised herein expressly and only for the purpose of the cultivation of oil palm

(b) Subdivision of this title is prohibited. Transfer and sub-lease of this title is prohibited until such time as this land has been fully developed in accordance with the terms and conditions herein

(ii) CL 075333792, CL 075333783, CL 075333827, CL 075333818 and CL 075333809

The land is demised herein expressly and only for the purpose of the cultivation of oil palm and agricultural crops of economic value

(iii) CL 075365212 and CL 075365203

(a) The land demised herein expressly and only for the purpose of the cultivation of trees bearing edible fruit

(b) Subdivision of this title is prohibited. Transfer and sub-lease of this title is prohibited until such time as this land has been fully developed in accordance with the terms and conditions herein

See Note (2)

Tenure : Leasehold for a period of 99 years, expiring the earliest on 31 December 2061 and the latest on 31 December 2075

Restriction in interest : N/A

Other endorsement : Nil

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Age profile of the oil palm	: Age profile		Ha	%
		Immature (0 to 3 years)	-	-
		Young mature (4 to 9 years)	320.5	24.4
		Prime mature (10 to 20 years)	839.6	64.0
		Past prime (21 to 25 years)	147.0	11.2
		Replanting (> 25 years)	5.5	0.4
	Total planted area	1,312.6	100.0	
Estate land area	: Estate land area		Ha	%
		Planted area	1,312.6	97.3
		Planting reserve	-	-
		Unplantable area	1.6	0.1
		Building, sites and roads	25.4	1.9
		Others (buffer zones, nursery, rentice, etc.)	9.3	0.7
	Total estate land area	1,348.9	100.0	
Audited NBV as at 31 December 2013	: RM30,844,000			

B Solandra**(1) Solandra Estate**

Registered owner	: B Solandra
Description	: An oil palm plantation known as Solandra Estate sited on six parcels of lands in Mukim Jerangau, which are all located within Daerah Dungun, Terengganu ("Solandra Estate Land")
Location	: Located approximately 14 km due north of Pekan Bukit Besi town and about 45 km to the north-west of Dungun town centre. It is sited within locality known as Jerangau, Kampung Jerangau Sungai, Off Jalan Bukit Besi – Kuala Berang
Existing use	: Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities
Total land area as per the land title	: 395.9 Ha
Encumbrances on property	: Nil
Category of land use	: Agriculture ⁽²⁾
Tenure	: (i) <u>HSD 336 PT1980 and HSD 337 PT1981</u> , Leasehold for a period of 60 years expiring on 24 February 2044 (ii) <u>HSD 353 PT1982</u> Leasehold for a period of 60 years expiring on 13 October 2046 (iii) <u>HSD 462 PT2434 and HSD 463 PT2435</u> Leasehold for a period of 60 years expiring on 25 December 2053 (iv) <u>PN 3876 Lot 6152</u> Leasehold for a period of 60 years expiring on 2 March 2054
Restriction in interest	: Solandra Estate Land shall not be transferred, charged or rented to any person without prior to a written approval from the state authority
Other endorsement	: Nil

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Age profile of the oil palm	Age profile	Ha	%
	Immature (0 to 3 years)	-	-
	Young mature (4 to 9 years)	78.5	43.3
	Prime mature (10 to 20 years)	103.0	56.7
	Past prime (21 to 25 years)	-	-
	Replanting (> 25 years)	-	-
	Total planted area	181.5	100.0

Estate land area	Estate land area	Ha	%
	Planted area	181.5	45.8
	Planting reserve	-	-
	Unplantable area	-	-
	Building, sites and roads	-	-
	Others (buffer zones, nursery, rentice, etc.)	214.4	54.2
	Total estate land area	395.9	100.0

Audited NBV as at 31 December 2013 : RM3,885,000

(2) Stothard Estate

Registered owner : B Solandra

Description : An oil palm plantation known as Stothard Estate sited on six parcels of lands in Mukim Tawar, which are all located within Daerah Baling, Kedah

Location : Located at the 8th to 10th km post and within the locality of Bukit Kukus, Baling, Kedah. Kuala Ketil town and Baling town are situated about 8 km due north-west and 25 km due north-east of Stothard Estate whilst Sungai Petani town centre is located about 28 km to the north-west

Existing use : Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities

Total land area as per the land title : 983.1 Ha

Encumbrances on property : Lease of GRN 32480 Lot 243 to TNB for a period of 30 years commencing from 15 June 1992

Category of land use : Agriculture, save for GRN 32480 Lot 243 which is categorised as "Nil" under the respective land titles⁽²⁾

Tenure : (i) GRN 33890 Lot 78 and GRN 33889 Lot 88
Not stated
(ii) GRN 33236 Lot Lain – lain 82, GRN 36285 Lot 244 and GRN 32704 Lot 245
Freehold
(iii) GRN 32480 Lot 243
Leasehold for a period of 30 years expiring on 14 June 2022

Restriction in interest : Nil

Other endorsement : Nil

Age profile of the oil palm	Age profile	Ha	%
	Immature (0 to 3 years)	163.1	17.3
	Young mature (4 to 9 years)	136.3	14.5
	Prime mature (10 to 20 years)	587.8	62.3
	Past prime (21 to 25 years)	55.7	5.9
	Replanting (> 25 years)	-	-
	Total planted area	942.9	100.0

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Estate land area	:	<u>Estate land area</u>	<u>Ha</u>	<u>%</u>
		Planted area	942.9	95.9
		Planting reserve	-	-
		Unplantable area	3.2	0.3
		Building, sites and roads	5.3	0.6
		Others (buffer zones, nursery, rentice, etc.)	31.7	3.2
		Total estate land area	983.1	100.0

Audited NBV as at : RM23,326,000
31 December 2013

(3) Kedah Oil Palm Estate

Registered owner : B Solandra

Description : An oil palm plantation known as Kedah Oil Palm Estate sited on 17 parcels of lands in Mukim Karangan, Pekan Karangan, Mukim Padang China and Bandar Kulim, which are all located within Daerah Kulim, Kedah ("**Kedah Oil Palm Estate Land**")

Location : Located at the 13th – 17th km post and within the locality of Sungai Kob, Kulim. Kulim town is situated about 12 km due south-west of Kedah Oil Palm Estate whilst Pekan Sungai Kob is lies adjacent to the east of Kedah Oil Palm Estate

Existing use : Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities

Total land area as : 243.0 Ha
per the land title

Encumbrances on : Nil
property

Category of land : Agriculture⁽²⁾
use

Tenure : Freehold

Restriction in interest : There is no restriction in interest for Kedah Oil Palm Estate Land, save for the following lot nos.:

GM 681 Lot 242, GM 184 Lot 144 and GM 920 Lot 477

If at any time to the satisfaction of the State Council where any person who is not a Malay has a right over the lands save for the lease or charge which is in accordance with the laws, thus, the landlord's rights may be revoked by the State Council

Other endorsement : There are no other endorsements on the title of Kedah Oil Palm Estate save GRN 96871 Lot 58, GM 681 Lot 242, GM 184 Lot 144 and GM 920 Lot 477, which were gazetted as Malay reserved land⁽⁵⁾

Age profile of the oil palm	:	<u>Age profile</u>	<u>Ha</u>	<u>%</u>
		Immature (0 to 3 years)	-	-
		Young mature (4 to 9 years)	-	-
		Prime mature (10 to 20 years)	125.1	51.5
		Past prime (21 to 25 years)	117.9	48.5
		Replanting (> 25 years)	-	-
		Total planted area	243.0	100.0

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Estate land area	<u>Estate land area</u>	<u>Ha</u>	<u>%</u>
	Planted area	243.0	100.0
	Planting reserve	-	-
	Unplantable area	-	-
	Building, sites and roads	-	-
	Others (buffer zones, nursery, rentice, etc.)	-	-
	Total estate land area	243.0	100.0

Audited NBV as at : RM7,444,000
31 December 2013

B Tinjar**(1) Loagan Bunut Estate**

Registered Owner	:	B Tinjar ⁽⁶⁾
Description	:	An oil palm plantation known as Loagan Bunut Estate sited on six parcels of lands in Locality of Long Tuyot, Batang Tinjar, Tinjar, Baram, which are all located within District of Tinjar Land, Sarawak ("Loagan Bunut Estate Land")
Location	:	Located on the southern side off the Lapok – Long Lama main road and small portion of the northern side of Loagan Bunut Estate is located on the northern of the Lapok – Long Lama main road. Miri town is located about 130 km due north-west of the Loagan Bunut Estate whilst Lapok village is located approximately 5 km due west of the Loagan Bunut Estate
Existing use	:	Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities
Total land area as per the land title	:	3,982.9 Ha (inclusive the Loagan Bunut Palm Oil Mill site of 28.3 Ha)
Encumbrances on property	:	Nil
Category of land use	:	Country land
Tenure	:	B Tinjar, being the holder of the provisional leases pending completion of a proper survey on Loagan Bunut Estate Land shall enter into possession of the lands and holding it from 28 November 1991 for Lot Nos. 2, 4, 8 and 9 Block 22, and from 15 September 2000 for Lot no. 20 and Lot no. 21. Loagan Bunut Estate Land is a leasehold for a period of 99 years commencing from 28 November 1991
Restriction interest	in	<p>Subject to the completion of a proper survey of the land, the holder of the provisional leases will be given a lease in accordance with the provision of the Sarawak Land Code (Chapter 81) and subject to the following express conditions and restrictions, amongst others:</p> <p>(i) Loagan Bunut Estate Land shall be used only for agricultural purposes and purposes incidental to the production and processing of crops grown thereon and such other purposes as may be from time to time approved by the Director of Land and Surveys; and</p> <p>(ii) The term of years for which any such lease shall be granted shall be the balance then remaining of the term of 99 years commencing from 28 November 1991</p>
Other endorsement	:	Nil

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Age profile of the oil palm	Age profile	Ha	%
	Immature (0 to 3 years)	-	-
	Young mature (4 to 9 years)	-	-
	Prime mature (10 to 20 years)	1,126.7	56.1
	Past prime (21 to 25 years)	883.2	43.9
	Replanting (> 25 years)	-	-
	Total planted area	2,009.9	100.0

Estate land area	Estate land area	Ha	%
	Planted area	2,009.9	50.5
	Planting reserve	-	-
	Unplantable area	642.3	16.1
	Building, sites and roads	249.0	6.2
	Others (buffer zones, nursery, rentice, etc.)	1,081.7	27.2
	Total estate land area	3,982.9	100.0

Audited NBV as at : RM36,366,000
31 December 2013

(2) Sungai Lelak Estate

Registered Owner	:	B Tinjar ⁽⁶⁾
Description	:	An oil palm plantation known as Sungai Lelak Estate sited on one parcel of land in Locality of Long Teru, Sungai Teru, Tinjar, Baram, which within District of Tinjar Land, Sarawak (" Sungai Lelak Estate Land ")
Location	:	Located on the northern side off the Lapok – Long Lama main road and Miri town is located about 150 km due north-west of the Sungai Lelak Estate whilst Lapok village is located approximately 15 km due west of the Sungai Lelak Estate
Existing use	:	Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities
Total land area as per the land title	:	3,718.0 Ha
Encumbrances on property	:	Nil
Category of land use	:	Country land
Tenure	:	B Tinjar, being the holder of the provisional leases pending completion of a proper survey on Sungai Lelak Estate Land shall enter into possession of the lands and holding it from 5 April 1988. Sungai Lelak Estate Land is a leasehold for a period of 99 years commencing from 5 April 1988
Restriction interest	in	Subject to the completion of a proper survey of the land, the holder of the provisional leases will be given a lease in accordance with the provision of the Sarawak Land Code (Chapter 81) and subject to the following express conditions and restrictions, amongst others: <ul style="list-style-type: none"> (i) Sungai Lelak Estate Land shall be used only for agricultural purposes and purposes incidental to the production and processing of crops grown thereon and such other purposes as may be from time to time approved by the Director of Lands and Surveys; and (ii) The term of years for which any such lease shall be granted shall be the balance then remaining of the term of 99 years commencing from 5 April 1988
Other endorsement	:	Nil

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Age profile of the oil palm	Age profile	Ha	%
	Immature (0 to 3 years)	-	-
	Young mature (4 to 9 years)	-	-
	Prime mature (10 to 20 years)	1,665.6	100.0
	Past prime (21 to 25 years)	-	-
	Replanting (> 25 years)	-	-
	Total planted area	1,665.6	100.0

Estate land area	Estate land area	Ha	%
	Planted area	1,665.6	44.8
	Planting reserve	-	-
	Unplantable area	663.4	17.8
	Building, sites and roads	17.1	0.5
	Others (buffer zones, nursery, rentice, etc.)	1,371.9	36.9
	Total estate land area	3,718.0	100.0

Audited NBV as at 31 December 2013 : RM39,480,000

(3) Bukit Limau Estate

Registered Owner : B Tinjar^(B)

Description : An oil palm plantation known as Bukit Limau Estate sited on six parcels of lands in Locality of Long Teru, Sungai Teru, Tinjar, Baram and Locality of Batang Tinjar, Baram, which are all located within District of Tinjar Land, Sarawak ("Bukit Limau Estate Land")

Location : Located on the southern side off the Lapok – Long Lama main road and small portion of the northern site of Bukit Limau Estate located on the northern side of the Lapok – Long Lama main road. Miri town is located about 132 km due north-west of the Bukit Limau Estate whilst Lapok village is located approximately 26 km due south-west of the Bukit Limau Estate

Existing use : Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities

Total land area as per the land title : 4,814.4 Ha

Encumbrances on property : Nil

Category of land use : Country land

Tenure : B Tinjar, being the holder of the provisional leases pending completion of a proper survey on Bukit Limau Estate Land shall enter into possession of the lands and holding it from 1 April 1996 for Lot Nos. 2, 6, 9 and 22 Block 32, and from 5 April 1988 for Lot no. 32 and Lot no. 33. Bukit Limau Estate Land is a leasehold for a period of 99 years commencing from 5 April 1988 and 1 April 1996, respectively

Restriction in interest : Subject to the completion of a proper survey of the land, the holder of the provisional leases will be given a lease in accordance with the provision of the Sarawak Land Code (Chapter 81) and subject to the following express conditions and restrictions, amongst others:

- (i) Bukit Limau Estate Land shall be used only for agricultural purposes and purposes incidental to the production and processing of crops grown thereon and such other purposes as may be from time to time approved by the Director of Lands and Surveys; and
- (ii) The term of years for which any such lease shall be granted shall be the balance then remaining of the term of 99 years commencing from 1 April 1996 and 5 April 1988, respectively

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Other Endorsement : Nil

Age profile of the oil palm	Age Profile	Ha	%
	Immature (0 to 3 years)	-	-
	Young mature (4 to 9 years)	-	-
	Prime mature (10 to 20 years)	1,865.5	100.0
	Past prime (21 to 25 years)	-	-
	Replanting (> 25 years)	-	-
	Total planted area	1,865.5	100.0

Estate land area	Estate land area	Ha	%
	Planted area	1,865.5	38.7
	Planting reserve	-	-
	Unplantable area	2,768.8	57.5
	Building, sites and roads	38.2	0.8
	Others (buffer zones, nursery, rentice, etc.)	141.9	3.0
	Total estate land area	4,814.4	100.0

Audited NBV as at 31 December 2013 : RM37,260,000

B Emastulin**(1) Segaria Estate**

Registered owner : B Emastulin

Description : An oil palm plantation known as Segaria Estate sited on three parcels of lands in Locality of Kalumpang, which are all located within District of Sempoma, Sabah ("**Segaria Estate Land**")

Location : Segaria Estate comprises Main division and Sipit division and is located approximately 20 km due north-west of Sempoma town. Segaria Estate is also located approximately 1.3 km off the main road of Jalan Sempoma – Kunak, accessible via a gravelled road through neighbouring Sing Sing estate which is owned by KLK Plantation Berhad

Existing use : Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities

Total land area as per the land title : 4,746.2 Ha (inclusive the Segaria Palm Oil Mill site of 12.8 Ha)

Encumbrances on property : Nil

Category of land use : N/A

The special terms in the land titles of Segaria Estate Land includes:**(i) PL 126290060 and PL 126290122**

(a) The land is demised herein expressly and only for the purpose of the cultivation of oil palm

(b) Subdivision of this title is prohibited. Transfer and sub-lease of this title is prohibited until such time as this land has been fully developed in accordance with the terms and conditions herein and Section 53 of the Sabah Land Ordinance (Chapter 68)

(ii) CL 125311284

(a) The land is demised herein expressly and only for the purpose of the cultivation of coconuts

(b) Transfer and sub-lease of this title is prohibited until such time as this land has been fully developed in accordance with the terms and conditions herein

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Tenure : Leasehold for a period of 99 years, expiring the earliest on 31 December 2063, and the latest on 31 December 2072

Restriction in interest : N/A

Other endorsement : Nil

Age profile of the oil palm	: Age profile	Ha	%
	Immature (0 to 3 years)	288.5	6.4
	Young mature (4 to 9 years)	1,587.9	35.5
	Prime mature (10 to 20 years)	2,598.2	58.1
	Past prime (21 to 25 years)	-	-
	Replanting (> 25 years)	-	-
	Total planted area	4,474.6	100.0

Estate land area	: Estate land area	Ha	%
	Planted area	4,474.6	94.3
	Planting reserve	-	-
	Unplantable area	38.7	0.8
	Building, sites and roads	205.0	4.3
	Others (buffer zones, nursery, rentice, etc.)	27.9	0.6
	Total estate land area	4,746.2	100.0

Audited NBV as at 31 December 2013 : RM90,612,000

(2) Tabung Tentera Sabah Estate

Registered owner : B Emastulin

Description : An oil palm plantation known as Tabung Tentera Sabah Estate sited on one parcel of land in Locality of Sungai Pin within District of Kinabatangan, Sabah ("TTS Estate Land")

Location : Located approximately 75th km post of Jalan Lahad Datu – Sandakan and situated approximately 75 km by road to the east of Lahad Datu town centre

Existing use : Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities

Total land area as per the land title : 2,023.0 Ha

Encumbrances on property : Nil

Category of land use : N/A

The special terms in the land titles of Tabung Tentera Sabah Estate Land includes:

- The land is demised herein expressly and only for the purpose of the cultivation of cocoa and agricultural crops of economic value
- Subdivision of this title is prohibited. Transfer and sub-lease of this title is prohibited until such time as this land has been fully developed in accordance with the terms and conditions herein

Tenure : Leasehold for a period of 99 years commencing from 1 January 1979 to 31 December 2077

Restriction in interest : N/A

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Other endorsement : Nil

Age profile of the oil palm	Age profile	Ha	%
	Immature (0 to 3 years)	-	-
	Young mature (4 to 9 years)	290.2	14.8
	Prime mature (10 to 20 years)	806.2	41.2
	Past prime (21 to 25 years)	860.2	44.0
	Replanting (> 25 years)	-	-
	Total planted area	1,956.6	100.0

Estate land area	Estate land area	Ha	%
	Planted area	1,956.6	96.72
	Planting reserve	-	-
	Unplantable area	-	-
	Building, sites and roads	21.1	1.1
	Others (buffer zones, nursery, rentice, etc.)	45.3	2.2
	Total estate land area	2,023.0	100.0

Audited NBV as at : RM38,052,000
31 December 2013**B Rimba Nilai****(1) Sungai Jernih Estate**

Registered owner	:	B Rimba Nilai
Description	:	An oil palm plantation known as Sungai Jernih Estate sited on two parcels of lands in Mukim Bebar, which are all located within Daerah Pekan, Pahang
Location	:	Located within the immediate vicinity of the intersection of Jalan Bandar Chini and Jalan Segamat-Kuantan at the 64 th – 67 th km post travelling from Bandar Muadzam Shah town to Gambang. Sungai Jernih Estate is located approximately 37 km due north east of Pekan town and approximately 32 km to the north east of Bandar Muadzam Shah, respectively. The Kuantan town centre is located approximately 56 km due south west
Existing use	:	Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities
Total land area as per the land title	:	2,695.7 Ha (inclusive the Sungai Jernih Palm Oil Mill site of 11.5 Ha)
Encumbrances on property	:	Nil
Category of land use	:	Agriculture
Tenure	:	(i) <u>HSD 2044 PT4532</u> Leasehold for a period of 99 years expiring on 13 May 2091 (ii) <u>HSD 438 PT882</u> Leasehold for a period of 99 years expiring on 25 June 2080
Restriction in interest	:	The lands shall not be transferred, leased or charged to any person without prior written approval from the state authority
Other endorsement	:	Nil

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Age profile of the oil palm	Age profile	Ha	%
	Immature (0 to 3 years)	1,187.4	46.3
	Young mature (4 to 9 years)	1,378.8	53.7
	Prime mature (10 to 20 years)	-	-
	Past prime (21 to 25 years)	-	-
	Replanting (> 25 years)	-	-
	Total planted area	2,566.2	100.0

Estate land area	Estate land area	Ha	%
	Planted area	2,566.2	95.2
	Planting reserve	-	-
	Unplantable area	-	-
	Building, sites and roads	36.6	1.4
	Others (buffer zones, nursery, rentice, etc.)	92.9	3.4
	Total estate land area	2,695.7	100.0

Audited NBV as at : RM64,113,000
31 December 2013

(2) Tabung Tentera Terengganu Estate

Registered owner	:	B Rimba Nilai	
Description	:	An oil palm plantation known as Tabung Tentera Terengganu Estate sited on four parcels of lands in Mukim Tebak and Mukim Bandi, which are all located within Daerah Kemaman, Terengganu	
Location	:	Located about 32 km due west of Kemaman town and about 58 km due north of Kuantan town centre. It is also sited along the 57 th – 59 th km post of the Kuantan – Bukit Besi – Kuala Berang main road	
Existing use	:	Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities	
Total land area as per the land title	:	1,810.7 Ha	
Encumbrances on property	:	Nil	
Category of land use	:	Agriculture	
Tenure	:	(i) <u>HSD 821 PT843(P) and PN 7824 Lot 2441</u> Leasehold for a period of 60 years expiring on 21 September 2042 (ii) <u>PN 7334 Lot 2270</u> Leasehold for a period of 60 years expiring on 13 February 2054 (iii) <u>HSD 1273 PT1018 P</u> Leasehold for a period of 60 years expiring on 1 December 2047	
Restriction in interest	:	The lands shall not be transferred, charged or rented to any person without prior to a written approval from the state authority	
Other endorsement	:	Nil	
Age profile of the oil palm	:	Age profile	
		Ha	
		%	
	Immature (0 to 3 years)	-	-
	Young mature (4 to 9 years)	303.7	18.0
	Prime mature (10 to 20 years)	1,380.3	82.0
	Past prime (21 to 25 years)	-	-
	Replanting (> 25 years)	-	-
	Total planted area	1,684.0	100.0

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Estate land area	: Estate land area	Ha	%
	Planted area	1,684.0	93.0
	Planting reserve	-	-
	Unplantable area	112.9	6.2
	Building, sites and roads	11.1	0.6
	Others (buffer zones, nursery, rentice, etc.)	2.7	0.2
	Total estate land area	1,810.7	100.0

Audited NBV as at : RM23,017,000
31 December 2013

(3) Bukit Segamaha Estate and Sungai Segamaha Estate

Registered owner : B Rimba Nilai

Description : Oil palm plantations known as Bukit Segamaha Estate and Sungai Segamaha Estate sited on one parcel of land in Locality of Tenagang-Koyah, District of Lahad Datu, Sabah ("Bukit Segamaha/Sungai Segamaha Estate Land")

Location : Bukit Segamaha Estate
Located approximately 99th km post of Jalan Lahad Datu – Sandakan and situated approximately 99 km by road to the east of Lahad Datu town centre

Sungai Segamaha Estate

Located off the 89th km post of Jalan Lahad Datu – Sandakan and situated approximately 89 km by road to the north of Lahad Datu town centre

Existing use : Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities

Total land area as : 5,659.6 Ha (inclusive the Segamaha Palm Oil Mill site of 23.2 Ha)
per the land title

Encumbrances on : Nil
property

Category of land : N/A
use

The special terms in the land titles of Bukit Segamaha/Sungai Segamaha Estate Land includes:

- (a) The land is demised herein expressly and only for the purpose of the cultivation of an agricultural crop of an economic value
- (b) Subdivision, transfer and sub-lease of this title is prohibited until such time as this land has been fully developed in accordance with the terms and conditions herein

Tenure : Leasehold for a period of 99 years commencing from 1 January 1979 to 31 December 2077

Restriction in : N/A
interest

Other endorsement : Nil

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Age profile of the oil palm : Bukit Segamaha Estate

<u>Age profile</u>	<u>Ha</u>	<u>%</u>
Immature (0 to 3 years)	247.6	10.8
Young mature (4 to 9 years)	-	-
Prime mature (10 to 20 years)	-	-
Past prime (21 to 25 years)	2,039.2	89.2
Replanting (> 25 years)	-	-
Total planted area	2,286.8	100.0

Sungai Segamaha Estate

<u>Age profile</u>	<u>Ha</u>	<u>%</u>
Immature (0 to 3 years)	436.7	15.1
Young mature (4 to 9 years)	651.5	22.6
Prime mature (10 to 20 years)	21.0	0.7
Past prime (21 to 25 years)	1,779.3	61.6
Replanting (> 25 years)	-	-
Total planted area	2,888.5	100.0

Estate land area : Bukit Segamaha Estate

<u>Estate land area</u>	<u>Ha</u>	<u>%</u>
Planted area	2,286.8	94.7
Planting reserve	-	-
Unplantable area	67.2	2.8
Building, sites and roads	24.1	1.0
Others (buffer zones, nursery, rentice, etc.)	37.0	1.5
Total estate land area	2,415.1	100.0

Sungai Segamaha Estate

<u>Estate land area</u>	<u>Ha</u>	<u>%</u>
Planted area	2,888.5	89.0
Planting reserve	-	-
Unplantable area	135.5	4.2
Building, sites and roads	61.6	1.9
Others (buffer zones, nursery, rentice, etc.)	158.9	4.9
Total estate land area	3,244.5	100.0

Audited NBV as at 31 December 2013 : RM110,338,000

(4) G&G Estate

Registered owner : B Rimba Nilai

Description : An oil palm plantation known as G&G Estate sited on two parcels of land in Locality of Tenegang-Koyah and Locality of Ulu Segama, which both located within District of Lahad Datu, Sabah ("G&G Estate Land")

Location : Located to the immediate south of Bukit Segamaha and Sungai Segamaha Estate and located about 67 km due west north-west of Lahad Datu and about 87 km due south-west Sandakan. G&G Estate is also situated in the area between Sungai Segamaha and Sungai Kinabatangan

Existing use : Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities

Total land area as per the land title : 2,409.8 Ha

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Encumbrances on : Nil
property

Category of land : N/A
use

The special terms in the land titles of G&G Estate Land includes:

- (a) The said land is demised herein expressly and only for the purpose of the cultivation of cocoa and/or an agricultural crop of economic value
- (b) Transfer and sub-lease of this title is prohibited until such time as the said land has been fully developed in accordance with the terms and conditions in this title

Tenure : CL 115345401
Leasehold for a period of 99 years expiring on 31 December 2077

CL115378115
Leasehold for a period of 99 years expiring on 31 December 2084

Restriction in : N/A
interest

Other endorsement : Nil

Age profile of the oil palm	Age profile	Ha	%
	Immature (0 to 3 years)	-	-
	Young mature (4 to 9 years)	-	-
	Prime mature (10 to 20 years)	2,274.6	100.0
	Past prime (21 to 25 years)	-	-
	Replanting (> 25 years)	-	-
	Total planted area	2,274.6	100.0

Estate land area	Estate land area	Ha	%
	Planted area	2,274.6	94.4
	Planting reserve	-	-
	Unplantable area	-	-
	Building, sites and roads	-	-
	Others (buffer zones, nursery, rentice, etc.)	135.2	5.6
	Total estate land area	2,409.8	100.0

Audited NBV as at : RM 190,373,000
31 December 2013

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ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**Notes:**

- (1) The total land area of the Balau Estate as per the land title prior to the subdivision and the issuance of new individual title which are affected pursuant to the Partial Disposal of Balau Estate is 426.5 Ha.
- (2) BPB Group is in the midst of applying to vary the category of land use and/or the express condition on the relevant land titles to reflect the existing use of the respective estates i.e. cultivation of oil palm ("Applications"). Further details and the application status are as follows:

No	Estate	No. of relevant title	Relevant land area Ha	Category of land use	Express condition	Application status
i.	Kuala Muda Estate	10	1,397.8	Nil/ Agriculture	Rubber Plantations (Kebun Getah)	BPB had on 26 December 2013 submitted an application to the Pejabat Tanah Kuala Muda, Kedah for change of the category of land use and the express conditions of the relevant land titles, decision of which is still pending as at the LPD.
ii.	Solandra Estate	6	395.9	Agriculture	This land shall be cultivated with rubber crops or other plantations approved by the Lembaga Kemajuan Terengganu Tengah ("KETENGAH")	KETENGAH had issued a letter of no objection dated 6 March 2013 to B Solandra to change the express condition of the respective titles. Subsequent to the said letter, B Solandra had on 17 November 2013 submitted an application to the Pejabat Daerah dan Tanah Dungun, Terengganu for change of the category of land use and the express conditions of the relevant land titles, decision of which is still pending as at the LPD.
iii.	Stothard Estate	5	959.7	Agriculture / Nil	Rubber Plantations (Kebun Getah)/ Nil	B Solandra had on 23 March 2014 submitted an application to the Pejabat Tanah Daerah Baling, Kedah for change of the category of land use and the express condition of the relevant land titles, decision of which is still pending as at the LPD.
iv.	Kedah Oil Palm Estate	16	160.2	Agriculture	Rubber	B Solandra had on 23 February 2014 submitted an application to the Pejabat Tanah Daerah Kulim, Kedah for change of the category of land use and the express condition of the relevant land titles, decision of which is still pending as at the LPD.

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

No	Estate	No. of relevant title	Relevant land area Ha	Category of land use	Express condition	Application status
v.	Eldred Estate	5	1,352.5	Nil	Nil	B Eldred had on 6 April 2014 submitted an application to the Pejabat Tanah Daerah Segamat, Johor for change of the category of land use and the express condition of the relevant land titles, decision of which is still pending as at the LPD.
vi.	Nak Estate	5	1,195.6	Not specified	The said land is demised herein expressly and only for the purpose of the cultivation of trees bearing edible fruit / The land herein described is expressly alienated for the cultivation of rubber or such other crops as may be approved by the Director of Agriculture	B Gradient had on 23 April 2014 submitted an application to the Pejabat Tanah Daerah Sandakan, Sabah for change of the category of land use and the express condition of the relevant land titles, decision of which is still pending as at the LPD.
vii.	Balau Estate	24	223.8	Agriculture / Nil	Village/Paddy Field (Sawah)/ Nil	BPB Group is in the midst of applying for change of the category of land use and the express conditions of the relevant land titles.
viii.	Chamek Estate	1	598.4	Nil	Nil	BPB Group is in the midst of applying for change of the category of land use and the express condition of the relevant land titles.

Further to the above, vide its letter dated 5 March 2014, BPB undertook to do all acts necessary and use its best efforts to obtain the approval of the relevant authorities for the Applications, subject always, to the discretion of the authorities in granting its approval for the Applications.

- (3) The Molecular Lab and the Research/Teaching Lab erected on HSD 135813 PT 30707 measuring 2.2 Ha are tenanted by AAR and The University of Nottingham in Malaysia Sdn Bhd, respectively.
- (4) The audited NBV as at 31 December 2013 of Balau Estate after the Partial Disposal of Balau Estate.
- (5) Pejabat Pengarah Tanah dan Galian Negeri Kedah vide its letters dated 7 November 2013, 24 December 2013 and 4 March 2014 acknowledged and confirmed that BPB is not required to be recognised as a "Malay" company for the purpose of owning the lands as the previous owners of the lands were not "Malay" companies and accordingly, the lands can be sold to other non-Malay companies or individuals.
- (6) CIMB Trustee holds the land(s) in trust for BPB.

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

- (7) Messrs Murad Yee Partnership had, vide its letter dated 5 May 2014, opined that CIMB Trustee's present registered ownership of the Malay reserved land is valid and BPB's current beneficial interest of the Malay reserved land is not subject to any invalidity arising from the IPO in the context of the Malay Reservation Enactment 1930 of Kelantan.
- (8) B Tinjar is the holder of the provisional lease of the land(s) pending completion of a proper survey prior to the grant of lease in accordance with the provisions of Sarawak Land Code (Chapter 81).
- (9) As part of GRN 368030 Lot 44930 is currently used for quarry activities, CIMB Trustee had submitted an application to the Pejabat Pengarah Tanah dan Galian Johor ("PTG Johor") on 13 October 2010 for the subdivision of the said land by way of surrender and re-alienation ("said application"). PTG Johor vide its letters dated 5 September 2013 and 17 October 2013, respectively, had approved the said application pending issuance of the new title. The said land is to be subdivided as follows:

<u>New category of land use</u>	<u>Total unit</u>	<u>Land area</u> <u>Ha</u>
Industrial land for quarry site	1	15.0
Agriculture land for plantation	1	117.0

- (10) Includes Kulai Young Quarry Areas of 154.1 Ha. For further details of Kulai Young Quarry Areas, see Annexure B.1.3 of this Prospectus.
- (11) By virtue of the Government of Perak Gazette Notification No. 1096, Volume 66 No. 13, dated 24 June 2013, a portion of lands held under land title nos. GM 2856 Lot 751, GM 2808 Lot 521, GM 3536 Lot 474, GM 3529 Lot 542, GM 2708 Lot 594, GM 2300 Lot 595, GM 2713 Lot 596, GM 2318 Lot 875, GM 2315 Lot 876, GM 2319 Lot 877, GRN 58736 Lot 1830, GRN 50972 Lot 1245 and GRN 53068 Lot 1267, with a combined land area of 15.8 Ha are subjected to the compulsory land acquisition pursuant to Section 3(1)(a) of the Land Acquisition Act, 1960, for the purpose of 'Projek Rancangan Tebatan Banjir Lembangan Sungai Ijok Fasa 1'.

Save as disclosed above, none of the properties disclosed are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties.

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ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT**B.1.2 Estates owned by our Group (for lands without titles)**

Pursuant to a joint venture agreement dated 6 May 1998 between BPB and Pelita Holdings Sdn Bhd ("PHSB"), the parties have agreed to develop all parcels of land known as Block B1 and Block D in the vicinity of Sibul and Kanowit Districts of the Sibul Division, Sarawak containing approximately a total area of 24,000 Ha, into an oil palm plantation for the benefit of the NCR Owners (as defined herein). These lands are occupied by the natives ("NCR Owners") who also have the native customary rights over the lands ("said Lands").

PHSB, being the trustee of the NCR Owners are collaborating with BPB for the purpose of developing the said Lands into an oil palm plantation together with such other ancillary facilities and services ("Project") but excluding the construction of a palm oil mill. The implementation of the Project was undertaken by a joint venture company incorporated by BPB and PHSB i.e. B Kanowit. PHSB is in the process of procuring the alienation of the said Lands by the Sarawak Government to B Kanowit for the purpose of the Project for a term of 60 years commencing from 19 August 1996, subject to the terms imposed by the Sarawak Government under the Sarawak Land Code (Chapter 81).

Pursuant to the Land (Dealing in Native Area Land)(Authorisation)(No. 21) Direction, 2007, B Kanowit was declared to be deemed a native company with effect from 6 May 1998, for all purposes pertaining to the acquisition, holding or dealing in any interest, right or estate in the said Lands or any part thereof. The said Lands was subdivided into the following six estates whereby the individual subdivided title in respect of each of the estate has not been issued:

No.	Estate	Land area Ha	Age profile of the oil palm			Estate land area			Audited NBV as at 31 December 2013 RM'000
			Ha	%	Ha	Ha	%	Ha	
1.	Jih Estate	2,936.4 ⁽¹⁾			88.1	3.4		2,594.9	50,276
			Immature (0 to 3 years)				Planted area		
			Young mature (4 to 9 years)				Planting reserve		
			Prime mature (10 to 20 years)				Unplantable area		
			Past prime (21 to 25 years)		2,506.8	96.6	Building, sites and roads	64.1	2.2
			Replanting (> 25 years)				Others (buffer zones, nursery, rentice, etc.)	277.4	9.4
			Total planted area		2,594.9	100.0	Total estate land area	2,936.4	100.0

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

No.	Estate	Land area Ha	Age profile of the oil palm			Estate land area			Audited NBV as at 31 December 2013 RM'000
			Age profile	Ha	%	Estate land area	Ha	%	
2.	Kelimut Estate	2,169.9 ⁽¹⁾	Immature (0 to 3 years)	-	-	Planted area	1,890.8	87.1	38,412
			Young mature (4 to 9 years)	-	-	Planting reserve	-	-	
			Prime mature (10 to 20 years)	1,890.8	100.0	Unplantable area	-	-	
			Past prime (21 to 25 years)	-	-	Building, sites and roads	13.0	0.6	
			Replanting (> 25 years)	-	-	Others (buffer zones, nursery, rentice, etc.)	266.1	12.3	
			Total planted area	1,890.8	100.0	Total estate land area	2,169.9	100.0	
3.	Pedai Estate	3,421.6 ⁽¹⁾	Immature (0 to 3 years)	-	-	Planted area	3,043.7	88.9	59,605
			Young mature (4 to 9 years)	-	-	Planting reserve	-	-	
			Prime mature (10 to 20 years)	3,043.7	100.0	Unplantable area	-	-	
			Past prime (21 to 25 years)	-	-	Building, sites and roads	12.9	0.4	
			Replanting (> 25 years)	-	-	Others (buffer zones, nursery, rentice, etc.)	365.0	10.7	
			Total planted area	3,043.7	100.0	Total estate land area	3,421.6	100.0	
4.	Maong Estate	1,274.6 ⁽¹⁾	Immature (0 to 3 years)	-	-	Planted area	1,181.7	92.7	9,881
			Young mature (4 to 9 years)	-	-	Planting reserve	-	-	
			Prime mature (10 to 20 years)	1,181.7	100.0	Unplantable area	28.9	2.3	
			Past prime (21 to 25 years)	-	-	Building, sites and roads	1.1	0.1	
			Replanting (> 25 years)	-	-	Others (buffer zones, nursery, rentice, etc.)	62.9	4.9	
			Total planted area	1,181.7	100.0	Total estate land area	1,274.6	100.0	

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

No.	Estate	Land area Ha	Age profile of the oil palm			Estate land area			Audited NBV as at 31 December 2013 RM'000
			Age profile	Ha	%	Estate land area	Ha	%	
5.	Mapai Estate	2,467.1 ⁽¹⁾	Immature (0 to 3 years) Young mature (4 to 9 years) Prime mature (10 to 20 years) Past prime (21 to 25 years) Replanting (> 25 years) Total planted area	- - 2,047.8 - - 2,047.8	- - 100.0 - - 100.0	Planted area Planting reserve Unplantable area Building, sites and roads Others (buffer zones, nursery, rentice, etc.) Total estate land area	2,047.8 - 183.7 - 235.6 2,467.1	83.0 - 7.4 - 9.6 100.0	25,069
6.	Bawan Estate	1,794.4 ⁽¹⁾	Immature (0 to 3 years) Young mature (4 to 9 years) Prime mature (10 to 20 years) Past prime (21 to 25 years) Replanting (> 25 years) Total planted area	- - 1,772.5 - - 1,772.5	- - 100.0 - - 100.0	Planted area Planting reserve Unplantable area Building, sites and roads Others (buffer zones, nursery, rentice, etc.) Total estate land area	1,772.5 - - 8.6 13.3 1,794.4	98.8 - - 0.5 0.7 100.0	33,995
	Total	14,064.0							217,238

Note:

(1) Subject to change upon completion of the proper survey and issuance of the provisional lease to B Kanowit.

None of the properties disclosed above are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties.

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT

B.1.3 Quarry area owned by our Group

B Sungai Manar owns eight parcels of lands in Mukim Kulai, Daerah Kulaijaya, Johor which is also known as Kulai Young Quarry and located within the Kulai Young Estate. The details of the Kulai Young Quarry are as follows:

Registered owner	:	B Sungai Manar
Description	:	A quarry known as Kulai Young Quarry sited on eight parcels of lands in Mukim Kulai all within Daerah Kulaijaya, Johor (" Kulai Young Quarry Areas ")
Location	:	Located along both sides of Jalan Alor Bukit which serves as a linkage road connecting Kulai due north-east of Kulai Young Quarry and Pekan Nenas due south. Kulai Young Quarry is located approximately 43 km north-west of the Johor Bahru city and 15 km north of the Pekan Nenas town
Existing use	:	Forms part of the Kulai Young Estate and used as quarry areas
Total land area as per the land title	:	154.1 Ha
Encumbrances on property	:	Lease of GRN 353777 Lot 44924 to Sun Quarry Sdn Bhd (formerly known as Harta Reduan Premix Sdn Bhd) for a period of five years three months and 22 days from 9 January 2008 to 30 April 2013 ⁽¹⁾
Category of land use	:	Industrial save for the following lot nos.: <ul style="list-style-type: none"> (i) GRN 353777 Lot 44924 and HSD 353738 PTD 71230 which are categorised as "Agriculture" under the respective land titles⁽²⁾ (ii) GRN 405930 Lot 44928 and GRN 405928 Lot 44926, which are categorised as "Building" under the respective land titles
Tenure	:	Freehold
Restriction in interest	:	There is no restriction in interest for the Kulai Young Quarry Areas save for the following lot nos.: <ul style="list-style-type: none"> (i) <u>GRN 353782 Lot 44925, GRN 405931 Lot 44929, GRN 400949 Lot 44931</u> This land shall not be sold or transferred in any way to a non-citizen of Malaysia or a foreign company without prior approval from the state authority (ii) <u>GRN 405929 Lot 44927</u> This land shall not be transferred unless and until the factory as per the express conditions has been built in accordance to the plan approved by the state authority
Other Endorsement	:	Nil
Audited NBV as at 31 December 2013	:	RM3,663,000

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Notes:

- (1) *B Sungai Manar has extended the lease period with Sun Quarry Sdn Bhd for another three years, expiring on 30 April 2016.*
- (2) *B Sungai Manar and Sun Quarry Sdn Bhd had submitted an application to Kulaijaya District Land Office on 7 March 2011 for subdivision of the land and change of the existing category of land use from "Agriculture" to "Industrial" of GRN 353777 Lot 44924 ("Application"), decision of which is still pending as at the LPD. Further to the above, vide its letter dated 14 February 2014, BPB undertook to do all acts necessary and use its best efforts to obtain the approval of the relevant authorities for the Application, subject always, to the discretion of the authorities in granting its approval for the Application.*

Save as disclosed above, the Kulai Young Quarry is not in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said property.

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ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**B.1.4 Palm oil mills owned and co-owned by our Group**

In addition to the material lands disclosed above, our Group also owns ten palm oil mills and related assets. As at the LPD, none of our palm oil mills are located within the jurisdiction of local authority. The details of our palm oil mills as at the LPD are set out below:

No.	Name of registered owner/ (Beneficial owner, if applicable)/ Location	Description of property/ Existing use	Built-up area/ Land area	Productive capacity	Audited NBV as at
					31 December 2013
					RM'000
1.	Lepan Kabu Palm Oil Mill CIMB Trustee/(BPB)				
	Part of GRN 22288 Lot 298 and GRN 22291 Lot 691, Mukim Kuala Pahi, Daerah Kuala Krai, Kelantan	Description of property: Palm oil mill Existing use: The palm oil mill is used to process the FFB into crude palm oil and palm kernel. The property comprises lands which is used for palm oil mill site, includes office cum laboratory building, a single storey steriliser station building, main process building, boiler and power house building, clarification station building, kernel store building, workshop building, raw water treatment plant, effluent treatment plant site, raw water pond, staff quarters and workers' quarters site.	Built-up area: 69,427 sq ft Land area: 8.6 Ha	20.0	4,430

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

No.	Name of registered owner/ (Beneficial owner, if applicable)/ Location	Description of property/ Existing use	Built-up area/ Land area	Productive capacity MT per hour	Audited NBV as at 31 December 2013 RM'000
2.	Telok Sengat Palm Oil Mill CIMB Trustee/(BPB) Part of GRN 25899 Lot 1292 and GRN 25741 Lot 1291, Mukim Johor Lama, Daerah Kota Tinggi, Johor	Description of property: Palm oil mill Existing use: The palm oil mill is used to process the FFB into crude palm oil and palm kernel. The property comprises lands which is used for palm oil mill site includes office cum laboratory building, a single storey steriliser station building, boiler and power house building, clarification station building, kernel store building, workshop building, raw water treatment plant, effluent treatment plant site, raw water pond, staff quarters and workers' quarters site.	Built-up area: 132,267 sq ft Land area: 19.2 Ha	30.0	5,692
3.	Trong Palm Oil Mill CIMB Trustee/(BPB) Part of GRN 64510 Lot 568 and GRN 64026 Lot nos. 570 and 1306, Mukim Terung, Daerah Larut Matang, Perak	Description of property: Palm oil mill Existing use: The palm oil mill is used to process the FFB into crude palm oil and palm kernel. The property comprises lands which is used for palm oil mill site includes office cum laboratory building, a single storey steriliser station building, main process building, boiler and power house building, clarification station building, kernel store building, workshop building, raw water treatment plant, effluent treatment plant site, raw water pond, staff quarters and workers' quarters site.	Built-up area: 123,925 sq ft Land area: 24.7 Ha	60.0	6,673

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

No.	Name of registered owner/ (Beneficial owner, if applicable)/ Location	Description of property/ Existing use	Built-up area/ Land area	Productive capacity MT per hour	Audited NBV as at 31 December 2013 RM'000
4.	Sungai Jernih Palm Oil Mill B Rimba Nilai	Description of property: Palm oil mill Existing use: The palm oil mill is used to process the FFB into crude palm oil and palm kernel. The property comprises lands which is used for palm oil mill site includes office cum laboratory building, a single storey steriliser station building, main process building, boiler and power house building, clarification station building, kernel store building, workshop building, raw water treatment plant, effluent treatment plant site, raw water pond, staff quarters and workers' quarters site.	Built-up area: 89,093 sq ft Land area: 11.5 Ha	30.0	1,055
5.	Kanowit Palm Oil Mill B Kanowit Oil Mill	Description of property: Palm oil mill Existing use: The palm oil mill is used to process the FFB into crude palm oil and palm kernel. The property comprises lands which is used for palm oil mill site includes office cum laboratory building, a single storey steriliser station building, main process building, boiler and power house building, clarification station building, kernel store building, workshop building, raw water treatment plant, effluent treatment plant site, raw water pond, staff quarters and workers' quarters site.	Built-up area: 117,402 sq ft Land area: 45.3 Ha	60.0	5,671

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

No.	Name of registered owner/ (Beneficial owner, if applicable)/ Location	Description of property/ Existing use	Built-up area/ Land area	Productive capacity MT per hour	Audited NBV as at 31 December 2013 RM'000
6.	Nak Palm Oil Mill B Gradient Part of PL 076222627, Mukim Samawang, District of Sandakan, Sabah	Description of property: Palm oil mill Existing use: The palm oil mill is used to process the FFB into crude palm oil and palm kernel. The property comprises lands which is used for palm oil mill site includes office cum laboratory building, a single storey steriliser station building, main process building, boiler and power house building, clarification station building kernel store building, workshop building, raw water treatment plant, effluent treatment plant site, raw water pond, staff quarters and workers' quarters site.	Built-up area: 92,315 sq ft Land area: 14.3 Ha	40.0	803
7.	Segamaha Palm Oil Mill B Rimba Nilai Part of CL 115343336, Locality of Tenagang-Koyah, District of Lahad Datu, Sabah	Description of property: Palm oil mill Existing use: The palm oil mill is used to process the FFB into crude palm oil and palm kernel. The property comprises lands which is used for palm oil mill site includes office cum laboratory building, a single storey steriliser station building, main process building, boiler and power house building, clarification station building, kernel store building, workshop building, raw water treatment plant, effluent treatment plant site, raw water pond, staff quarters and workers' quarters site.	Built-up area: 109,017 sq ft Land area: 23.1 Ha	60.0	1,905

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

No.	Name of registered owner/ (Beneficial owner, if applicable)/ Location	Description of property/ Existing use	Built-up area/ Land area	Productive capacity MT per hour	Audited NBV as at 31 December 2013 RM'000
8.	Segaria Palm Oil Mill B Emastuilin Part of PL 126290060, Locality of Kalumpang, District of Semporna, Sabah	Description of property: Palm oil mill Existing use: The palm oil mill is used to process the FFB into crude palm oil and palm kernel. The property comprises lands which is used for palm oil mill site includes office cum laboratory building, a single storey steriliser station building, main process building, boiler and power house building, clarification station building, kernel store building, workshop building, raw water treatment plant, effluent treatment plant site, raw water pond, staff quarters and workers' quarters site.	Built-up area: 67,915 sq ft Land area: 12.8 Ha	30.0	1,219
9.	Loagan Bunut Palm Oil Mill B Tinjar Part of TRN. 04-CCPLS-016-022- 00009 Block 22, Lot No.9 Locality of Long Tuyot, Batang Tinjar, Tinjar Baram, Miri Division, Sarawak	Description of property: Palm oil mill Existing use: The palm oil mill is used to process the FFB into crude palm oil and palm kernel. The property comprises lands which is used for palm oil mill site includes office cum laboratory building, a single storey steriliser station building, main process building, boiler and power house building, clarification station building, kernel store building, workshop building, raw water treatment plant, effluent treatment plant site, raw water pond, staff quarters and workers' quarters site.	Built-up area: 80,256 sq ft Land area: 28.3 Ha	45.0	8,001

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

No.	Name of registered owner/ (Beneficial owner, if applicable)/ Location	Description of property/ Existing use	Built-up area/ Land area	Productive capacity MT per hour	Audited NBV as at 31 December 2013 RM'000
10.	Rimba Nilai Palm Oil Mill B Rimba Nilai	Description of property: Palm oil mill Existing use: The palm oil mill is used to process the FFB into crude palm oil and palm kernel. The property comprises lands which is used for palm oil mill site includes office cum laboratory building, a single storey steriliser station building, main process building, boiler and power house building, clarification station building, kernel store building, workshop building, raw water treatment plant, effluent treatment plant site, raw water pond, staff quarters and workers' quarters site	Built-up area: 89,943 sq ft Land area: 21.1 Ha	40.0	7,188
	Part of the following titles No. 083071701, 083071694, 083071738, 083071747, 083071774, 083071783, 083071792, 083071809, 083071836, 083071845 Locality of Sungai Sugut, District of Labuk and Sugut, Sabah				

None of the properties disclosed above are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties. We have obtained the MPOB licences necessary for our business and are in compliance with, and expect to continue to comply with, their terms and conditions. For further details on the approvals, major licences and certification obtained by our Group, see Annexure A of this Prospectus.

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ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**B.2 PROPERTIES LEASED/TENANTED BY OUR GROUP**

The details of material land leased/tenanted by us are set out below:

B.2.1 Estates leased by our Group**B Sedili****(1) Boustead Sedili Estate**

Registered owner/Lessor	:	Permodalan Darul Ta'zim Sdn Bhd		
Lessee	:	B Sedili		
Description	:	An oil palm plantation known as Boustead Sedili Estate sited on one parcel of land in Mukim Ulu Sungei Sedeli Besar within Daerah Kota Tinggi, Johor (" Boustead Sedili Estate Land ")		
Location	:	Located at the side of Jalan Jemaluang, at the 36 th km post travelling from Kota Tinggi town towards Mersing town. Boustead Sedili Estate is located approximately 32 km and 75 km due north east of Kota Tinggi town centre and Johor Bahru city centre, respectively		
Existing use	:	Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities		
Total land area as per the land title	:	995.5 Ha		
Encumbrances on property	:	Nil		
Category of land use	:	Agriculture		
Lease period	:	Lease of the Boustead Sedili Estate Land for a period of 90 years commencing from 7 January 2004 to 6 January 2094		
Restriction in interest	:	This land shall not be sold, charged, mortgaged, leased or transferred in any way including by way of an agreement with intention of letting go or selling this land without prior written approval of the state authority		
Age profile of the oil palm	:	Age profile	Ha	%
		Immature (0 to 3 years)	-	-
		Young mature (4 to 9 years)	933.5	100.0
		Prime mature (10 to 20 years)	-	-
		Past prime (21 to 25 years)	-	-
		Replanting (> 25 years)	-	-
		Total planted area	933.5	100.0
Estate land area	:	Estate land area	Ha	%
		Planted area	933.5	93.8
		Planting reserve	-	-
		Unplantable area	48.5	4.9
		Building, sites and roads	13.5	1.3
		Others (buffer zones, nursery, rentice, etc.)	-	-
		Total estate land area	995.5	100.0

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Rental per annum/ Consideration of the lease (if applicable)	: RM6,150,000 ⁽¹⁾
Audited NBV as at 31 December 2013	: RM27,909,000

B Rimba Nilai**(1) Resort Estate**

Registered owner/ Lessor	: Thai Hong Hang (Sabah) Sdn Bhd
Lessee	: B Rimba Nilai ⁽²⁾
Description	: An oil palm plantation known as Resort Estate sited on one parcel of land in Mukim Ulu Sapa Paya, within Daerah Labuk/Sugut, Sabah ("Resort Estate Land")
Location	: Located off the 10 th km post along the Jalan Beluran – Sandakan. Resort Estate is also located approximately 58 th km post due east from Sandakan town and 85 th km post due west of Telupid town
Existing use	: Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities
Total land area as per the land title	: 1,145.7 Ha ⁽³⁾
Encumbrances on property	: Nil
Category of land use	: N/A

The special terms in the land titles of Resort Estate Land includes:

- (i) Permission is hereby given for the cultivation of 1.831 acres of the said land with cocoa and other agricultural crops of economic value
- (ii) Transfer and sub-lease of this title is prohibited until such time as the said land has been fully developed in accordance with the terms and conditions herein

Lease period	: Sub-lease of the Resort Estate Land for a period of 93 years 5 months and 20 days commencing from 11 July 1978 to 30 December 2071
Restriction in interest	: N/A
Rental per annum/ Consideration of the Sub-Lease (if applicable)	: The rental shall be made once in every three months payable at the end or every 3 rd month by way of supplying seven and half tonnes of cocoa beans (irrespective of the price of cocoa) ex-estate Godown in lieu of the quarterly payment of rentals ⁽⁴⁾

Age profile of the oil palm	: Age profile	Ha	%
	Immature (0 to 3 years)	-	-
	Young mature (4 to 9 years)	-	-
	Prime mature (10 to 20 years)	212.5	19.4
	Past prime (21 to 25 years)	884.8	80.6
	Replanting (> 25 years)	-	-
	Total planted area	1,097.3	100.0

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Estate land area	: Estate land area	Ha	%
	Planted area	1,097.3	97.2
	Planting reserve	-	-
	Unplantable area	-	-
	Building, sites and roads	-	-
	Others (buffer zones, nursery, rentice, etc.)	31.1	2.8
	Total estate land area	1,128.4	100.0

Audited NBV as at : RM16,610,000
31 December 2013

The details of the Sugut Estates, comprising the Lembah Paitan Estate, Kawananan Estate, Sungai-Sungai 1 Estate and Sungai-Sungai 2 Estate, are as follows:

B Rimba Nilai**(1) Lembah Paitan Estate**

Registered owner/ Sub-lessor	: Zulkiffli bin Wan Ibrahim
Sub-lessee	: B Rimba Nilai
Description	: An oil palm plantation known as Lembah Paitan Estate sited on 292 parcels of lands in Locality of Sungai Paitan, Labuk and Sugut and Beluran, which are all located within District of Sungai Paitan and Lubang Buaya, Sabah (" Lembah Paitan Estate Land ") ⁽⁶⁾
Location	: Located at the western site off the 120 th km post along the Jalan Beluran – Pitas and approximately 105 km to the northern-west of Beluran town
Existing use	: Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities
Total land area as per the land title	: 1,305.0 Ha
Encumbrances on property	: Nil
Category of land use	: N/A
	<u>The special terms in the land titles of Lembah Paitan Estate Land includes:</u>
	(i) The land is demised herein expressly and only for the purpose of the cultivation of oil palm and agricultural crops of economic value
	(ii) The said land is demised herein expressly and only for the purpose of the cultivation of coconuts
	(iii) Transfer or sub-lease of this title is prohibited unless the written permission of the Director of Lands and Surveys is first obtained
	See Note (6)
Lease period	: The existing sub-lease of the Lembah Paitan Estate Land between the registered owner and the sub-lessee is for a period of 30 years, expiring the earliest on 12 October 2027 and the latest on 23 August 2032 ⁽⁷⁾
Restriction in interest	: N/A

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Rental per annum/ Consideration of the Sub-Lease (if applicable)	:	The consideration of the sub-lease is RM1.00
Audited NBV as at 31 December 2013	:	RM33,986,000
(2) <u>Kawananan Estate</u>		
Registered owner/ Sub-lessor	:	Zulkiffli bin Wan Ibrahim
Sub-lessee	:	B Rimba Nilai
Description	:	An oil palm plantation known as Kawananan Estate sited on 599 parcels of lands in Locality of Sungai Kawananan, Sungai Sugut, and Sungai Paitan, which are all located within District of Labuk and Sugut and Beluran, Sabah (" Kawananan Estate Land ") ⁽⁵⁾
Location	:	Located at the western site off the 120 th km post along the Jalan Beluran – Pitas and approximately 100 km to the northern-west of Beluran town
Existing use	:	Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities
Total land area as per the land title	:	2,585.1 Ha
Encumbrances on property	:	Nil
Category of land use	:	N/A
		<u>The special terms in the land titles of Kawananan Estate Land includes:</u>
		(i) The land is demised herein expressly and only for the purpose of the cultivation of oil palm and agricultural crops of economic value.
		(ii) The said land is demised herein expressly and only for the purpose of livestock farming that is to say cattle farming.
		(iii) The said land is demised herein expressly and only for the purpose of livestock farming that is to say chicken and duck farming.
		(iv) The said land is demised herein expressly and only for the purpose of the cultivation of rice (Wet Padi).
		(v) The said land is demised herein expressly and only for the purpose of the cultivation of Rubber.
		(vi) Transfer and sub-lease of this title is prohibited unless the written permission of the Director is first obtained.
		See Note (6)
Lease period	:	The existing sub-lease of the Kawananan Estate Land between the registered owner and sub-lessee is for a period of 30 years, expiring the earliest on 21 January 2027 and the latest on 19 August 2032 ⁽⁷⁾
Restriction in interest	:	N/A

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Rental per annum/
Consideration of
the Sub-Lease (if
applicable) : The consideration of the sub-lease is RM1.00

Audited NBV as at
31 December 2013 : RM58,419,000

B Rimba Nilai and B Trunkline**(1) Sungai – Sungai 1 Estate**

Registered owner/
Sub-lessor : (i) 142 land titles are registered in Zulkiffli bin Wan Ibrahim's name;
(ii) 384 land titles are registered in Jamil bin Laiman's name; and
(iii) One land title owned by B Trunkline

Sub-lessee : (i) 142 land titles are sub-leased to B Rimba Nilai
(ii) 384 land titles are sub-leased to B Trunkline

Description : An oil palm plantation known as Sungai – Sungai 1 Estate sited on 526 parcels of lands held under native titles⁽⁵⁾ and one land held under country lease in Kampung Timbulus Sugut, Kampung Sukang and Sungai Sugut, which are all located within District of Beluran and Labuk and Sugut ("**Sungai - Sungai 1 Estate Land**")

Location : Located off the 103th km post along the Jalan Beluran – Pitas and Beluran town is located approximately 65 km to the south-west of Sungai – Sungai 1 Estate

Existing use : Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities

Total land area as
per the land title : 2,653.5 Ha (inclusive the Rimba Nilai Palm Oil Mill site of 21.11 Ha)

Encumbrances on
property : Nil

Category of land
use : N/A

The special terms in the land titles of Sungai - Sungai 1 Estate Land includes:

- (i) The land is demised herein expressly and only for the purpose of the cultivation of oil palm and agricultural crops of economic value
- (ii) The said land is demised herein expressly and only for the purpose of the cultivation of coconuts
- (iii) The said land is demised herein expressly and only for the purpose of livestock farming that is to say chicken and duck farming
- (iv) Transfer or sub-lease of this title is prohibited unless the written permission of the Director is first obtained
- (v) Transfer, subdivision, charge or sub-lease of this title is prohibited without the written permission from the Director of Lands and Surveys who shall impose processing fees and any other conditions thereon while granting such permission

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

(vi) Transfer, subdivision, sub-lease and charge of this is prohibited without the written permission of the Director

See Note (6)

Lease period : The existing sub-lease of the native lands in Sungai – Sungai 1 Estate between the respective registered owners and the sub-lessees are for a period of 30 years, expiring the earliest on 16 January 2027 and the latest on 6 April 2034⁽⁷⁾

Restriction in interest : N/A

Rental per annum/
Consideration of
the Sub-Lease (if
applicable) : The consideration of the sub-lease is RM1.00

Audited NBV as at
31 December 2013 : RM44,391,000

(2) Sungai - Sungai 2 Estate

Registered owner/
Sub-lessor : (i) 311 land titles are registered in Zulkifli bin Wan Ibrahim name;
(ii) 83 land titles are registered in Jamil bin Laiman's name; and
(iii) Two land titles owned by B Trunkline

Sub-lessee : (i) 311 land titles are sub-leased to B Rimba Nilai
(ii) 83 land titles are sub-leased to B Trunkline

Description : An oil palm plantation known as Sungai – Sungai 2 Estate sited on 394 parcels of lands held under native titles⁽⁵⁾ and two lands held under country lease, in locality of Sungai Sugut, Kg Talidusan and Sungai – Sungai Sugut located within District of Beluran and Labuk and Sugut, Sabah ("**Sungai - Sungai 2 Estate Land**")

Location : Located off the 100th km post along the Jalan Beluran – Pitas and Beluran town is located approximately 63 km to the south-west of Sungai – Sungai 1 Estate

Existing use : Cultivated with oil palm plantations and includes buildings, roads facilities and other amenities

Total land area as
per the land title : 2,397.2 Ha⁽⁸⁾

Encumbrances on
property : Nil

Category of land
use : N/A

The special terms in the land titles of Sungai-Sungai 2 Estate Land includes:

(i) The land is demised herein expressly and only for the purpose of the cultivation of oil palm and agricultural crops of economic value

(ii) The said land is demised herein expressly and only for the purpose of the cultivation of rice (wet padi)

(iii) Transfer or sub-lease of this title is prohibited unless the written permission of the Director is first obtained

See Note (6)

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

Lease period	:	The existing sub-lease of the native lands in Sungai – Sungai 2 Estate between the respective registered owners and the sub-lessee are for a period of 30 years, expiring the earliest on 7 December 2027 and the latest on 3 July 2032 ⁽⁷⁾
Restriction in interest	:	N/A
Rental per annum/ Consideration of the Sub-Lease (if applicable)	:	The consideration of the sub-lease is RM1.00
Audited NBV as at 31 December 2013	:	RM46,132,000

The details of the age profile of the oil palm and the total estate land area for the Sugut Estates are as follows:

Age profile of the oil palm	:	Age profile	Ha	%
		Immature (0 to 3 years)	301.0	3.9
		Young mature (4 to 9 years)	1,407.0	18.3
		Prime mature (10 to 20 years)	5,978.2	77.8
		Past prime (21 to 25 years)	-	-
		Replanting (> 25 years)	-	-
		Total planted area	7,686.2	100.0
Estate land area	:	Estate land area	Ha	%
		Planted area	7,686.2	86.0
		Planting reserve	353.2	3.9
		Unplantable area	382.0	4.3
		Building, sites and roads	75.7	0.8
		Others (buffer zones, nursery, rentice, etc.)	443.7	5.0
		Total estate land area	8,940.8	100.0

Notes:

- (1) *The lease rental is to be paid by B Sedili in a manner prescribed in the Joint Venture Agreement dated 11 August 2003 between BPB, B Sedili and Permodalan Darul Ta'zim and Lease Agreement dated 7 January 2004 between B Sedili and Permodalan Darul Ta'zim.*
- (2) *B Segaria had novated the sub-lease of Resort Estate Land to B Rimba Nilai by way of Novation Agreement dated 6 August 2013. Our Company are in the midst of procuring the endorsement on the land title to reflect that B Rimba Nilai is the sub-Lessee of the said lands.*
- (3) *By virtue of the Government of Sabah Gazette, Volume LXVIII, No. 16, 266/2013, CL 085310176 with an area of 42.7 acres, is subjected to the acquisition pursuant to Sections 4 and 5 of the Land Acquisition Ordinance (Cap 69), for the purpose of the construction of the 132KV Transmission Line from PMU Segaliud to Sapi Nangoh (BELB), Beluran and Sandakan.*
- (4) *The current rental payment is made by cash in lieu of supplying cocoa beans.*
- (5) *The lands are classified as native lands. Our solicitors for land matters had, vide its letter dated 21 January 2014, opined that the Sabah Land Ordinance does not prevent any sub-lease to a non-native company provided that the terms of the sublease shall be for a period of not exceeding 30 years.*
- (6) *The Lands and Surveys Department of Pejabat Daerah Beluran, Sabah had, vide its letter dated 12 November 2013 given its approval in principle, to vary the relevant special terms to reflect the existing use of the respective estates i.e. cultivation of oil palm, subject to the survey report and comments by the Agricultural Department of Beluran, Sabah which is still pending as at the LPD. Further relevant details are as follows:*

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)

No.	Estate	No. of relevant title	Relevant land area Ha	Special terms
i.	Sungai-Sungai 1 Estate	76	365.0	The said land is demised herein expressly and only for the purpose of the cultivation of coconuts
		49	248.6	The said land is demised herein expressly and only for the purpose of livestock farming that is to say chicken and duck farming
ii.	Sungai-Sungai 2 Estate	50	234.1	The said land is demised herein expressly and only for the purpose of the cultivation of coconuts
		20	119.1	The said land is demised herein expressly and only for the purpose of the cultivation of rice (Wet Padi)
iii.	Kawananan Estate	52	212.7	The said land is demised herein expressly and only for the purpose of livestock farming that is to say cattle farming
		36	161.9	The said land is demised herein expressly and only for the purpose of livestock farming that is to say chicken and duck farming
		1	4.4	The said land is demised herein expressly and only for the purpose of the cultivation of rice (Wet Padi)
		50	257.5	The said land is demised herein expressly and only for the purpose of the cultivation of rubber
		33	129.7	The said land is demised herein expressly and only for the purpose of the cultivation of rice and/or an agricultural crop of economic value
		1	1.6	The said land is demised herein expressly and only for the purpose of open space
iv.	Lembah Paitan Estate	19	101.8	The said land is demised herein expressly and only for the purpose of the cultivation of coconuts
		149	627.9	The said land is demised herein expressly for the purpose of coconut and/or agricultural crop of economic value

Further to the above, vide its letter dated 5 March 2014, BPB undertook to do all acts necessary and use its best efforts to procure the approval from relevant authorities for the abovementioned applications within the stipulated timeframe, subject always, to the discretion of the authorities in granting its approval for the applications.

- (7) Sub-lease of the land with an option to renew for a further two terms of 30 years each.
- (8) Part of CL 085330463 and CL 085330454 with an area of 123.77 acres and 14.8 acres, respectively, are currently sub-leased to IJM Plantations Berhad for a period of 10 years commencing from 1 January 2012.

Save as disclosed above, none of the properties disclosed are in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said properties.

ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**B.2.2 Office spaces tenanted by our Group****BEA**

- (1) BEA has entered into a tenancy agreement with Boustead Realty Sdn Bhd in respect of office spaces at Menara Boustead which is situated at 69 Jalan Raja Chulan, 50200 Kuala Lumpur. The details of the tenancy are as follows:

Registered owner/ Lessor	:	Boustead Realty Sdn Bhd
Lessee	:	BEA
Description	:	10 th , 11 th and 14 th floors which are currently use as office spaces for general, corporate and administrative purposes
Tenanted area	:	The total tenanted area of the subject property is 18,368 sq feet, comprising the following: <ul style="list-style-type: none"> (i) 10th floor measuring 8,209 sq ft; (ii) 11th floor measuring 8,209 sq ft; and (iii) 14th floor measuring 1,950 sq ft
Tenancy period	:	A tenancy for a period of 3 years commencing from 1 March 2014
Rental per month	:	The monthly rental is RM5.20 per sq ft

The property disclosed above is not in breach of any land use conditions and/or are in non-compliance with current statutory requirements, land rules or building regulations which will have a material adverse impact on our operations or the utilisation of our assets on the said property.

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ANNEXURE B: OUR MATERIAL PROPERTIES AND MATERIAL EQUIPMENT (Cont'd)**B.3 MATERIAL EQUIPMENT**

As at LPD, the material plants and equipments as set out below are used by our palm oil mills as part of our business operations. For further details on the location and production capacity of our palm oil mills, see Annexure B.1.2 of this Prospectus:

No.	Equipment and machinery	Description of use	Audited NBV as at
			31 December 2013 RM'000
1.	Boiler and steam power plant	Steam and electric power generation and distribution	27,540
2.	Diesel power plant	Diesel power generation and distribution for process backup electric power	2,450
3.	Water supply	Treatment of raw water for boiler and processing	4,125
4.	FFB reception and sterilising	FFB receipt, storage, handling and cooking	22,918
5.	Stripping	Splitting the fruitlets from bunches	5,161
6.	Empty bunch / effluent disposal	EFB handling, effluent treatment and waste disposal	9,632
7.	Extraction	Press out oil and nut from fruits	6,685
8.	Clarification	Oil recovery and purification	5,496
9.	Storage of CPO	Handling and storage of CPO	4,700
10.	Kernel recovery	Separation of nut from mesocarp fibre, kernel and shell separation and removing of impurities from kernel	5,920
11.	Plant and machineries in estates	Loading and weighing of FFB ⁽¹⁾ and supply of water ⁽²⁾ and electricity ⁽³⁾	11,158
Total			105,785

Notes:

- (1) *Excluding Balau Estate, Lepad Kabu Estate, Taiping Rubber Plantation Estate, Telok Sengat Estate, Solandra Estate, Kedah Oil Palm Estate, Nak Estate, Segaria Estate, Loagan Bunut Estate, Sungai Lelak Estate, Jih Estate, Maong Estate, Sungai Jemih Estate, Resort Estate, Sungai – Sungai 1 Estate, Sungai – Sungai 2 Estate, Kawananan Estate, Bukit Segamaha/Sungai Segamaha Estate, Lembah Paitan Estate and Sutera Estate.*
- (2) *Excluding Malakoff Estate, Bebar Estate, Taiping Rubber Plantation Estate, Bekoh Estate, Chamek Estate, Kulai Young Estate, Stothard Estate, Kedah Oil Palm Estate, Sedili Estate, Bukit Limau Estate, Sungai Lelak Estate, Mapai Estate, Resort Estate, Kawananan Estate and Sutera Estate.*
- (3) *Excluding Taiping Rubber Plantation Estate, Malaya Estate, Kedah Oil Palm Estate and Sutera Estate.*

B.4 REGULATORY REQUIREMENT AND ENVIRONMENTAL ISSUES

Save as disclosed in Annexure B.1.1, Annexure B.1.3 and Annexure B.2.1, none of our properties owned, co-owned, leased, and/or tenanted are in breach of any regulatory requirements and/or environmental issues which may materially affect our operations and utilisation of our assets.



Plantations

BOUSTEAD PLANTATIONS BERHAD

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