

# BOUSTEAD PLANTATIONS BERHAD (1245-M)

## UNAUDITED CONDENSED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

For the quarter ended 31 March 2018 (All figures are stated in RM'000)	Current Period		Cumulative Period	
	2018	2017	2018	2017
<b>Revenue</b>	<b>154,604</b>	<b>189,020</b>	<b>154,604</b>	<b>189,020</b>
Operating cost	(145,804)	(141,627)	(145,804)	(141,627)
<b>Profit from operations</b>	<b>8,800</b>	<b>47,393</b>	<b>8,800</b>	<b>47,393</b>
Interest income	259	3,182	259	3,182
Finance cost	(1,804)	(8,989)	(1,804)	(8,989)
Share of results of Associate	561	850	561	850
<b>Profit before taxation</b>	<b>7,816</b>	<b>42,436</b>	<b>7,816</b>	<b>42,436</b>
Taxation	(5,470)	(13,355)	(5,470)	(13,355)
<b>Profit for the period</b>	<b>2,346</b>	<b>29,081</b>	<b>2,346</b>	<b>29,081</b>
<b>Profit/(loss) attributable to:</b>				
Shareholders of the Company	5,259	29,560	5,259	29,560
Non-controlling interests	(2,913)	(479)	(2,913)	(479)
<b>Profit for the period</b>	<b>2,346</b>	<b>29,081</b>	<b>2,346</b>	<b>29,081</b>
<b>Total comprehensive income/ (expense) attributable to:</b>				
Shareholders of the Company	5,259	29,560	5,259	29,560
Non-controlling interests	(2,913)	(479)	(2,913)	(479)
<b>Total comprehensive income for the period</b>	<b>2,346</b>	<b>29,081</b>	<b>2,346</b>	<b>29,081</b>
<b>Earnings per share - sen</b>				
Basic	0.23	1.32	0.23	1.32

The Unaudited Condensed Statement of Consolidated Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017.

**BOUSTEAD PLANTATIONS BERHAD (1245-M)****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>As at 31 March 2018</b>	<b>As at 31 March 2018</b>	<b>As at 31 December 2017</b>	<b>As at 1 January 2017</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3,104,793	3,120,060	3,188,988
Prepaid land lease payments	47,307	47,796	49,754
Investment in Associate	24,924	28,363	30,323
Goodwill on consolidation	2,281	2,281	2,281
Deferred tax assets	2,990	2,990	2,517
	<b>3,182,295</b>	<b>3,201,490</b>	<b>3,273,863</b>
<b>Current assets</b>			
Inventories	35,141	26,085	24,462
Biological assets	20,166	22,951	30,342
Receivables	145,239	169,540	88,027
Tax recoverable	2,277	2,394	2,438
Cash and bank balances	179,414	15,818	424,570
	<b>382,237</b>	<b>236,788</b>	<b>569,839</b>
Asset held for sale	14,008	14,008	60,085
	<b>396,245</b>	<b>250,796</b>	<b>629,924</b>
<b>TOTAL ASSETS</b>	<b>3,578,540</b>	<b>3,452,286</b>	<b>3,903,787</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	1,422,344	1,422,344	800,000
Reserves	1,538,394	1,597,135	1,903,610
<b>Shareholders' equity</b>	<b>2,960,738</b>	<b>3,019,479</b>	<b>2,703,610</b>
<b>Non-controlling interests</b>	<b>(77,485)</b>	<b>(74,572)</b>	<b>(68,082)</b>
<b>Total equity</b>	<b>2,883,253</b>	<b>2,944,907</b>	<b>2,635,528</b>
<b>Non-current liabilities</b>			
Borrowings	-	-	100,000
Deferred tax liabilities	256,157	256,167	249,636
Payables	5,966	5,966	5,372
	<b>262,123</b>	<b>262,133</b>	<b>355,008</b>
<b>Current liabilities</b>			
Borrowings	334,027	140,016	801,152
Payables	94,216	96,140	105,362
Taxation	4,921	9,090	6,737
	<b>433,164</b>	<b>245,246</b>	<b>913,251</b>
<b>Total liabilities</b>	<b>695,287</b>	<b>507,379</b>	<b>1,268,259</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,578,540</b>	<b>3,452,286</b>	<b>3,903,787</b>

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017.

# BOUSTEAD PLANTATIONS BERHAD (1245-M)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 31 March 2018	← Attributable to Shareholders of the Company →						Non- controlling interests	Total Equity
	Non-distributable			Distributable		Total		
	Share Capital	Share Premium	Other Capital Reserve	Retained Profits				
<b>2018</b>								
Balance at 1 January 2018	1,422,344	-	222	1,596,913	3,019,479	(74,572)	2,944,907	
Total comprehensive income for the period	-	-	-	5,259	5,259	(2,913)	2,346	
Transactions with owners:								
Dividends	-	-	-	(64,000)	(64,000)	-	(64,000)	
Balance at 31 March 2018	1,422,344	-	222	1,538,172	2,960,738	(77,485)	2,883,253	
<b>2017</b>								
Balance at 1 January 2017	800,000	622,344	-	1,281,266	2,703,610	(68,082)	2,635,528	
Total comprehensive income for the period	-	-	-	29,560	29,560	(479)	29,081	
Transactions with owners:								
Dividends	-	-	-	(56,000)	(56,000)	-	(56,000)	
Transition in accordance with section 618(2) of the Companies Act 2016 (Note)								
	622,344	(622,344)	-	-	-	-	-	
Balance at 31 March 2017	1,422,344	-	-	1,254,826	2,677,170	(68,561)	2,608,609	

**Note:**

(i) The Companies Act 2016 ('the Act') which came into effect on 31 January 2017 abolished the concept of authorised share capital and par value for shares. Consequently, the amount standing to the credit of the share premium account of RM622,344,000 has become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act.

(ii) Notwithstanding the above provision and Section 618(3) of the Act, the Company has utilised part of the share premium account amounting to RM319,999,948 for the purpose of issuing bonus shares as explained in Note 21(ii).

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017.

**BOUSTEAD PLANTATIONS BERHAD (1245-M)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the period ended 31 March 2018

(All figures are stated in RM'000)	2018	2017
<b>Operating Activities</b>		
Receipts from customers	179,585	213,173
Cash paid to suppliers and employees	(125,927)	(113,415)
Cash generated from operations	53,658	99,758
Tax paid	(19,262)	(5,837)
Net cash generated from operating activities	34,396	93,921
<b>Investing Activities</b>		
Purchase of property, plant and equipment	(12,406)	(13,913)
Proceeds from disposal of property, plant and equipment and biological assets	26	-
Deposits received on proposed disposal of land	9,523	43,409
Interest received	179	3,230
Dividend received	4,000	6,750
Net cash generated from investing activities	1,322	39,476
<b>Financing Activities</b>		
Increase/(decrease) in revolving credits	194,000	(80,000)
Repayment of term loan	-	(6,250)
Interest paid	(1,671)	(9,136)
Dividend paid	(64,000)	(56,000)
Dividends paid to non-controlling interest	(462)	-
Net cash generated from/ (used in) financing activities	127,867	(151,386)
Net increase/ (decrease) in cash and cash equivalents	163,585	(17,989)
Cash and cash equivalents at beginning of year	15,802	420,441
<b>Cash and cash equivalents at end of year</b>	<b>179,387</b>	<b>402,452</b>
Comprising:		
Cash and bank balances	179,414	402,549
Bank overdrafts	(27)	(97)
	179,387	402,452

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017.

# BOUSTEAD PLANTATIONS BERHAD (1245-M)

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

### Part A - Explanatory Notes Pursuant to MFRS 134

#### 1. Basis of Preparation

The interim financial statements is prepared in accordance with International Financial Reporting Standards compliant framework, Malaysian Financial Reporting Standards ("MFRS") applicable to the preparation of interim financial statements including MFRS 134 - Interim Financial Reporting and paragraph 9.22 Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements. The interim financial statements is unaudited and should be read in conjunction with the Group's audited financial statements for the year ended 31

All figures are stated in RM'000, unless otherwise stated.

#### 2. Accounting Policies

- 2.1 The Group adopted all MFRS including MFRS 141 (revised) Agriculture and the adoption was carried out in accordance with MFRS1 "First-time adoption of Malaysian Financial Reporting Standards", using 1 January 2017 as the Transition Date.
- 2.2 The accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2017 except as discussed below:

##### a) Business Combinations

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

##### Acquisition before date of transition

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

- (i) The classification of former business combinations under FRS is maintained;
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (iii) The carrying amount of goodwill recognised under FRS is not adjusted.

##### b) Property, Plant & Equipment (including Bearer Plants)

At Transition Date, the Group elected to record certain freehold and leasehold land and bearer plants at fair value as their deemed costs. The effects of the election are as follows:

As at the date, the carrying amount of property, plant and equipment (including bearer plants) increased by RM615,959,000 (31 March 2017: RM602,873,000; 31 December 2017: RM579,093,000) with corresponding increase in deferred tax liabilities of RM219,373,000 (31 March 2017: RM219,907,000; 31 December 2017: RM224,683,000) and corresponding decrease in non-controlling interests of RM99,018,000 (31 March 2017: RM99,488,000; 31 December 2017: RM100,852,000). The resulting adjustments were recognised against retained earnings. Accordingly, depreciation net of replanting expenditure increased by RM13,086,000 (Q1 2017) and RM36,866,000 (FYE 2017) and income tax expense increased by RM534,000 (Q1 2017) and RM5,310,000 (FYE 2017).

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

##### c) Biological assets

Prior to the adoption of the Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture, biological assets which form part of the bearer plants were not recognised separately. With the adoption of the Amendments to MFRS 116 and MFRS 141, biological assets fall within the scope of MFRS 141 and are measured at fair value less costs to sell. Changes in fair value less costs to sell are recognised in profit or loss.

As at Transition Date, a sum of RM30,342,000 (31 March 2017: RM28,778,000; 31 December 2017: RM22,951,000) was recognised in biological assets with corresponding increase in deferred tax liabilities of RM6,150,000 (31 March 2017: RM6,110,000; 31 December 2017: RM4,928,000) and corresponding increase in non-controlling interests of RM1,887,000 (31 March 2017: RM1,329,000; 31 December 2017: RM967,000). The resulting adjustments were recognised against retained earnings. Accordingly, changes in fair value of RM1,564,000 (Q1 2017) and RM7,391,000 (FYE 2017) were recognised within operating cost and income tax expense decreased by RM40,000 (Q1 2017) and RM1,222,000 (FYE 2017).

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

### d) Foreign exchange reserves

Cumulative foreign currency translation differences for all foreign operations are deemed to be zero at Transition Date. Accordingly, as at the date, the cumulative foreign currency translation differences of RM151,000 were adjusted to retained earnings.

The reconciliations of equity and total comprehensive income for comparative periods/year from the previous Financial Reporting Standards to MFRS are provided on pages 7 & 8.

## 2.3 Standards Issued but not yet Effective

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

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

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

### MFRS 16 Leases

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

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

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

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

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

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

- 2.4 Except for the transition elections as disclosed in 2.2(b) and 2.2(d), the Group has consistently applied the same accounting policies and estimates in its opening MFRS statement of financial position at Transition Date and throughout all financial periods presented, as if these policies and estimates have always been in effect.

2.5 (i) Reconciliations of financial position and equity:

Condensed Consolidated Statement of Financial Position

	As at 1 January 2017		As at 31 March 2017		As at 31 December 2017	
	FRS RM'000	Effects of MFRS RM'000	FRS RM'000	Effects of MFRS RM'000	FRS RM'000	Effects of MFRS RM'000
<b>Non-current assets</b>						
Property, plant and equipment	1,324,444	1,864,544 (i)	1,321,978	1,851,458 (i)	1,306,040	1,814,020 (i)
Biological assets	1,248,585	(1,248,585)	1,248,585	(1,248,585)	1,234,927	(1,234,927)
Other non-current assets	84,875	-	78,486	-	81,430	-
	2,657,904	615,959	2,649,049	602,873	2,622,397	579,093
<b>Current assets</b>						
Inventories	24,462	-	30,058	-	26,085	-
Biological assets	-	30,342	-	28,778	-	22,951
Other current assets	515,035	-	459,328	-	187,752	-
	539,497	30,342	489,386	28,778	213,837	22,951
<b>Asset held for sale</b>	60,085	-	60,085	-	14,008	-
<b>Total assets</b>	3,257,486	646,301	3,198,520	631,651	2,850,242	602,044
<b>Equity attributable to equity holders of the Company</b>						
Share capital	800,000	-	1,422,344	-	1,422,344	-
Reserves	1,385,701	517,909	751,033	503,793	1,124,817	472,318
	2,185,701	517,909	2,173,377	503,793	2,547,161	472,318
Non-controlling interests	29,049	(97,131)	29,598	(98,159)	25,313	(99,885)
	2,214,750	420,778	2,202,975	405,634	2,572,474	372,433
<b>Non-current liabilities</b>						
Deferred tax liabilities	24,113	225,523	24,197	226,017	26,556	229,611
Other non-current liabilities	105,372	-	99,122	-	5,966	-
	129,485	225,523	123,319	226,017	32,522	229,611
<b>Total current liabilities</b>	913,251	-	872,226	-	245,246	-
<b>Total equity and liabilities</b>	3,257,486	646,301	3,198,520	631,651	2,850,242	602,044

Note:

(i) This is inclusive of effects of fair value as deemed cost for freehold and leasehold lands and selected bearer plants of RM743,277,000.

2.5 (ii) Reconciliations of profit or loss, comprehensive income and cashflows:

Condensed Statement of Consolidated Comprehensive Income

	Period ended 31 March 2017		Year ended 31 December 2017	
	FRS RM'000	Effects of MFRS RM'000	FRS RM'000	Effects of MFRS RM'000
Revenue	189,020	-	760,097	-
Operating cost	(126,977)	(14,650)	(570,594)	(44,257)
Other gains less finance cost	(4,957)	(4,957)	543,167	-
Profit before taxation	57,086	(14,650)	732,670	(44,257)
Taxation	(12,861)	(494)	(70,706)	(4,088)
Profit for the financial period/year	44,225	(15,144)	661,964	(48,345)
Other comprehensive income:				
Share of exchange fluctuation of Associate	-	-	222	-
	44,225	(15,144)	662,186	(48,345)
Profit/(loss) attributable to:				
Shareholders of the Company	43,676	(14,116)	665,238	(45,591)
Non-controlling interests	549	(1,028)	(3,274)	(2,754)
Profit for the period/year	44,225	(15,144)	661,964	(48,345)
Total comprehensive income/ (expense) attributable to:				
Shareholders of the Company	43,676	(14,116)	665,460	(45,591)
Non-controlling interests	549	(1,028)	(3,274)	(2,754)
Total comprehensive income for the period/year	44,225	(15,144)	662,186	(48,345)

Condensed Consolidated Statement of Cashflows

	Period ended 31 March 2017	
	FRS RM'000	Effects of MFRS RM'000
Cash flows from operating activities	(119,384)	5,969
Cash paid to suppliers and employees		(113,415)
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,944)	(5,969)
		(13,913)



### 3. Auditor's Report on Preceding Annual Financial Statements

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

### 4. Comments about Seasonal or Cyclical Factors

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

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

There were no unusual items affecting assets, liabilities, equity, net income and cash flows for the quarter under review.

### 6. Change in Estimates

There were no material changes in estimates of amounts reported in previous financial year.

### 7. Dividends

On 27 March 2018, the Company paid 4th interim single tier dividend of 4.0 sen per share in respect of the financial year ended 31 December 2017 amounting to RM64.0 million.

For the current quarter, the Directors have declared a single tier interim dividend of 2.5 sen per share in respect of the year ending 31 December 2018. The dividends will be paid on 27 June 2018 to shareholders registered in the Register of Members at the close of business on 8 June 2018.

### 8. Segmental Information

Segment information for the cumulative period in respect of the Group's operations by geographical location is set out as follows:

RM'000	Peninsular Malaysia	Sabah	Sarawak	Total
<b>2018</b>				
Revenue	68,357	66,861	19,386	154,604
Reportable segment operating profit	10,690	3,358	(5,248)	8,800
Interest income				259
Finance cost				(1,804)
Share of results of Associate				561
Profit before taxation				7,816
Taxation				(5,470)
Profit for the year				2,346
RM'000	Peninsular Malaysia	Sabah	Sarawak	Total
<b>2017</b>				
Revenue	79,898	77,269	31,853	189,020
Reportable segment operating profit	22,931	18,614	5,038	46,583
Unrealised gain on foreign exchange				810
Interest income				3,182
Finance cost				(8,989)
Share of results of Associate				850
Profit before taxation				42,436
Taxation				(13,355)
Profit for the year				29,081

### 9. Debt and Equity Securities

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

### 10. Carrying Amount of Revalued Assets

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

## 11. Subsequent Events

There were no subsequent events as at 23 May 2018 that will materially affect the financial statements for the financial period under review.

## 12. Changes in Group Composition

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

## 13. Changes in Contingent Liabilities and Contingent Assets

No contingent liability has arisen since the previous financial year end.

## 14. Capital Commitments

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

	Cumulative period	
	2018	2017
	RM'000	RM'000
Capital expenditure		
- Authorised and contracted for	675,000	-
- Authorised but not contracted for	118,780	86,917
	<u>793,780</u>	<u>86,917</u>

## 15. Financial Risk Management

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

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

### 16. Performance Review

	Current Period		Decrease		Cumulative Period		Decrease	
	2018	2017	(RM)	(%)	2018	2017	(RM)	(%)
	RM'000	RM'000			RM'000	RM'000		
Revenue	154,604	189,020	(34,416)	(18%)	154,604	189,020	(34,416)	(18%)
Profit from operations	8,800	47,393	(38,593)	(81%)	8,800	47,393	(38,593)	(81%)
Profit before taxation	7,816	42,436	(34,620)	(82%)	7,816	42,436	(34,620)	(82%)
Profit for the period	2,346	29,081	(26,735)	(92%)	2,346	29,081	(26,735)	(92%)
Profit attributable to Shareholders of the Company	5,259	29,560	(24,301)	(82%)	5,259	29,560	(24,301)	(82%)

For the first quarter of 2018, the Group achieved an unaudited pre-tax profit of RM7.8 million as compared with RM42.4 million for the corresponding quarter last year. The profit was lower by 82% mainly due to lower prices of palm products.

FFB production for the quarter increased by 8% to 226,323 MT. The increase in crop was largely attributed to recovery in yields post El-Nino. OER averaged at 20.5% as compared with 20.7% for the corresponding quarter last year. The average KER of 4.5% was marginally higher than the rate for corresponding quarter in 2017.

CPO achieved an average selling price of RM2,491 per MT, down by RM675 per MT or 21% from RM3,166 per MT from corresponding quarter last year whilst PK's average price of RM2,188 per MT, was down by RM1,016 per MT or 32%.

## 16. Performance Review (cont.)

### Peninsular Malaysia region

Peninsular Malaysia region achieved a segment profit of RM10.7 million as compared with RM22.9 million for the three-month period ended 31 March 2017. The decline in profit of RM12.2 million or 53% was mainly attributed to significantly lower selling prices of palm products. The region's FFB crop of 92,906 MT was up from 2017 by 3%.

### Sabah region

Sabah region achieved a segment profit of RM3.3 million, down by 82% from RM18.6 million for the corresponding quarter last year. Although FFB production of 104,652 MT reflected a quarter-on-quarter surplus of 24%, the adverse impact of lower selling prices and higher operating expenditure led to the decline in profit.

### Sarawak region

Sarawak region incurred a segment loss of RM5.2 million as compared with profit of RM5.0 million quarter-on-quarter. The loss was attributed to lower palm product prices and crop. The region produced 28,765 MT of FFB, down 17% from the corresponding quarter last year.

## 17. Material Changes in Quarterly Results Compared to the Results of the Immediate Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Decrease	
	RM'000	RM'000	RM'000	(%)
Revenue	154,604	218,163	(63,559)	(29%)
Profit from operations	8,800	30,006	(21,206)	(71%)
Profit before taxation	7,816	31,998	(24,182)	(76%)
Profit for the period	2,346	20,176	(17,830)	(88%)
Profit attributable to Shareholders of the Company	5,259	21,648	(16,389)	(76%)

For the current quarter, the unaudited profit before tax of RM7.8 million was down by 76% from the immediate preceding quarter of RM32.0 million. The current quarter's profit was in line with the lower FFB crop, the decline in OER to 20.5% from 21.2% in the last quarter of 2017 and lower selling prices.

The Group's revenue of RM154.6 million was lower than the immediate preceding quarter of RM218.2 million by 29%. CPO realised an average price of RM2,491 per MT, which was a decline of RM175 from the immediate preceding quarter while PK price of RM2,188 per MT declined by RM383 per MT. FFB production declined by 18% to 226,323 MT from the immediate preceding quarter.

## 18. Prospects for Rest of the Year

The Group's profitability is influenced by crop production and CPO prices. For the current financial year, the proposed sale of 138.89 hectares of Malakoff Estate, upon completion in the third quarter of 2018, will contribute positively to the Group's earnings.

FFB yields are improving in Peninsular Malaysia and Sabah regions while labour shortage coupled with the difficult ground conditions is hampering operations in Sarawak. The recent acquisition of approximately 11,579 hectares of plantation land in the district of Labuk and Sugut, Sabah is expected to boost the Group's production.

The global vegetable oil production for 2018 is forecast to exceed consumption and this is likely to suppress demand for palm oil and in turn, push up inventory levels. Although the price outlook for CPO is not encouraging, European Union's removal of anti-dumping duty for biodiesel from Indonesia is positive news for the sector coupled with the likelihood of higher tariffs on US soyabean by China may lend support to palm oil as a potential edible oil substitute. In addition, the possibility of crude mineral oil prices remaining above USD70 per barrel could encourage more biodiesel production in Indonesia using palm oil as feedstock.

## 19. Notes on Variance in Actual Profit and Shortfall in Profit Guarantee

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

## 20. Taxation

	Current Period	Cumulative Period
	2018	2018
	RM'000	RM'000
Malaysian taxation based on profit for the period:		
- Current	5,480	5,480
- Deferred	(10)	(10)
	<u>5,470</u>	<u>5,470</u>

The Group's effective tax rate for the quarter is higher than the statutory tax rate due mainly to non-deductibility of expenses and non-availability of group relief for losses of subsidiaries.

## 21. Status of Corporate Proposals

### (i) Land Acquisition

On 30 October 2017, Boustead Rimba Nilai Sdn Bhd ("BRNSB"), a wholly owned subsidiary of the Company and Pertama Land & Development Sdn Bhd ("PLDSB") entered into a sale and purchase agreement ("SPA") for the acquisition of 42 parcels of plantation land located in the District of Labuk and Sugut, Sabah measuring about 11,579.31 hectares inclusive of all buildings, plant & machinery, vehicles and equipment located at the property ("Plantation Asset") for a total cash consideration of RM750 million. The land acquisition was completed on 16 May 2018.

### (ii) Bonus Issue

On 21 November 2017, the Company ("BPB") announced its proposal to issue 640,000,000 Bonus Shares to be credited as fully paid on the basis of 2 bonus shares for every 5 existing BPB shares held by entitled shareholders of the Company ("Proposed Bonus Issue"). On 9 March 2018, Bursa Securities Malaysia Berhad ("Bursa Securities") approved the listing of and quotation of up to 640,000,000 bonus shares pursuant to the Proposed Bonus Issue.

Upon approval by the shareholders at the Company's Extraordinary General Meeting held on 12 April 2018, 639,999,895 Bonus Shares were listed and quoted on the Main Market of Bursa Securities on 2 May 2018. The bonus issue was effected by capitalising RM319,999,948 from the Company's share premium account.

### (iii) Proposed Land Disposal

On 24 January 2018, CIMB Islamic Trustee Berhad ("CITB"), acting solely as trustee for the Company entered into separate sale and purchase agreements for the disposal of 138.89 hectares of freehold land situated in Mukim 12, Daerah Seberang Perai Utara, Pulau Pinang for a total cash consideration of approximately RM136 million. The details are as follows:

- (a) Disposal of 82.84 hectares to Sunrich Conquest Sdn. Bhd. for a sale consideration of RM81 million.
- (b) Disposal of 56.05 hectares to Titanium Greenview Sdn. Bhd. for a sale consideration of RM55 million.

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

There were no other corporate proposals announced or pending completion as at 23 May 2018.

## 22. Changes in Material Litigations

As at 23 May 2018, there was no material litigation involving the Group or the Company.

### 23. Statement of Financial Position

As at 31 March 2018, cash and bank balance increased significantly as revolving credits were drawdown for payment of the purchase consideration for acquisition of oil palm plantations in Sabah and also for working capital.

### 24. Statement of Cash Flows

For the three-month period ended 31 March 2018, the lower cash generated from operating and investing activities was compensated by proceeds from the drawdown of revolving credits thus resulting in a high bank balance.

### 25. Earnings Per Share - Basic

	Current period		Cumulative period	
	2018	2017	2018	2017
Net profit for the period (RM'000)	5,259	29,560	5,259	29,560
Weighted average number of ordinary shares in issue ('000) (Note)	2,240,000	2,240,000	2,240,000	2,240,000
Basic earnings per ordinary share (Sen)	0.23	1.32	0.23	1.32

Note: Inclusive of bonus shares as explained in Note 21(ii)

### 26. Group Borrowings

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

	At 31 March	At 31 December
	2018	2017
	RM'000	RM'000
<b>Current:</b>		
<b>Unsecured</b>		
Bank overdrafts	27	16
Revolving credits	334,000	140,000
	<u>334,027</u>	<u>140,016</u>
<b>Total borrowings</b>	<u>334,027</u>	<u>140,016</u>

- (i) The bank overdrafts bear interest at a weighted average of 7.60% (31.12.2017: 7.56%) per annum.  
(ii) The revolving credits bear interest at a weighted average of 4.49% (31.12.2017: 4.35%) per annum.

The debt for the current period and last year comprised wholly of floating interest rate debt.

### 27. Additional Disclosures

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

	Current Quarter		Cumulative Quarter	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	(28,162)	(29,954)	(28,162)	(29,954)
Foreign exchange gain/ (loss)	-	822	-	822

28. Plantation Statistics

		Cumulative Period	
		2018	2017
(a)	<b>Production and yield</b>		
	FFB (MT)	226,323	209,526
	FFB (MT/ha)	3.9	3.6
	Crude palm oil production (MT)	51,365	47,286
(b)	<b>Oil extraction rate (%)</b>		
	Crude palm oil	20.5	20.7
	Palm kernel	4.5	4.3
(c)	<b>Average Selling Prices (RM per MT)</b>		
	FFB	508	712
	CPO	2,491	3,166
	PK	2,188	3,204
(d)	<b>Planted areas (hectares)</b>		
		At	At
		31 March	31 December
		2018	2017
	Oil palm - past prime	18,816	14,569
	- prime mature	27,652	32,363
	- young mature	12,068	12,179
	- immature	6,274	5,876
		64,810	64,987