Sustainability Report

Chairman's Statement

In today's globalised world, more and more companies are realising the importance of embracing sustainable development principles. This is all the more pertinent for businesses that have operations which are directly related to the environment, such as ours.

Today, Malaysia is the second largest palm oil producer in the world. As one of the nation's leading oil palm plantation companies, Boustead Plantations Berhad (BPB) has a significant role to play towards the development of sustainable practices in the industry.

We are proud of the fact that sustainability is deeply-rooted in all aspects of our business and operations. We firmly believe that sustainable business practices will ultimately ensure the long-term success of the Group.

Over the years, BPB has certainly made great strides in our commitment to sustainability. This is clearly demonstrated through our Sustainability Report, which showcases BPB's sustainable policies and measures, our achievements to date as well as our future plans to further improve our efforts.

Although we have indeed come far, we will not rest on our laurels as we strive to realise our Sustainability Vision: Achieving Strategic Growth, Safeguarding the Environment. We will accomplish this by continuously undertaking measures to strengthen and enhance our sustainability performance.

Given the fast-paced and ever-changing business environment in which we operate, we remain focused on our goal of achieving sustainable growth to provide greater value to all our stakeholders.

Ultimately, we aim to contribute towards a sustainable future for the Group, the plantation industry, and generations to come.

Dr. Raja Abdul Malek Raja Jallaludin
Chairman
Sustainability Committee







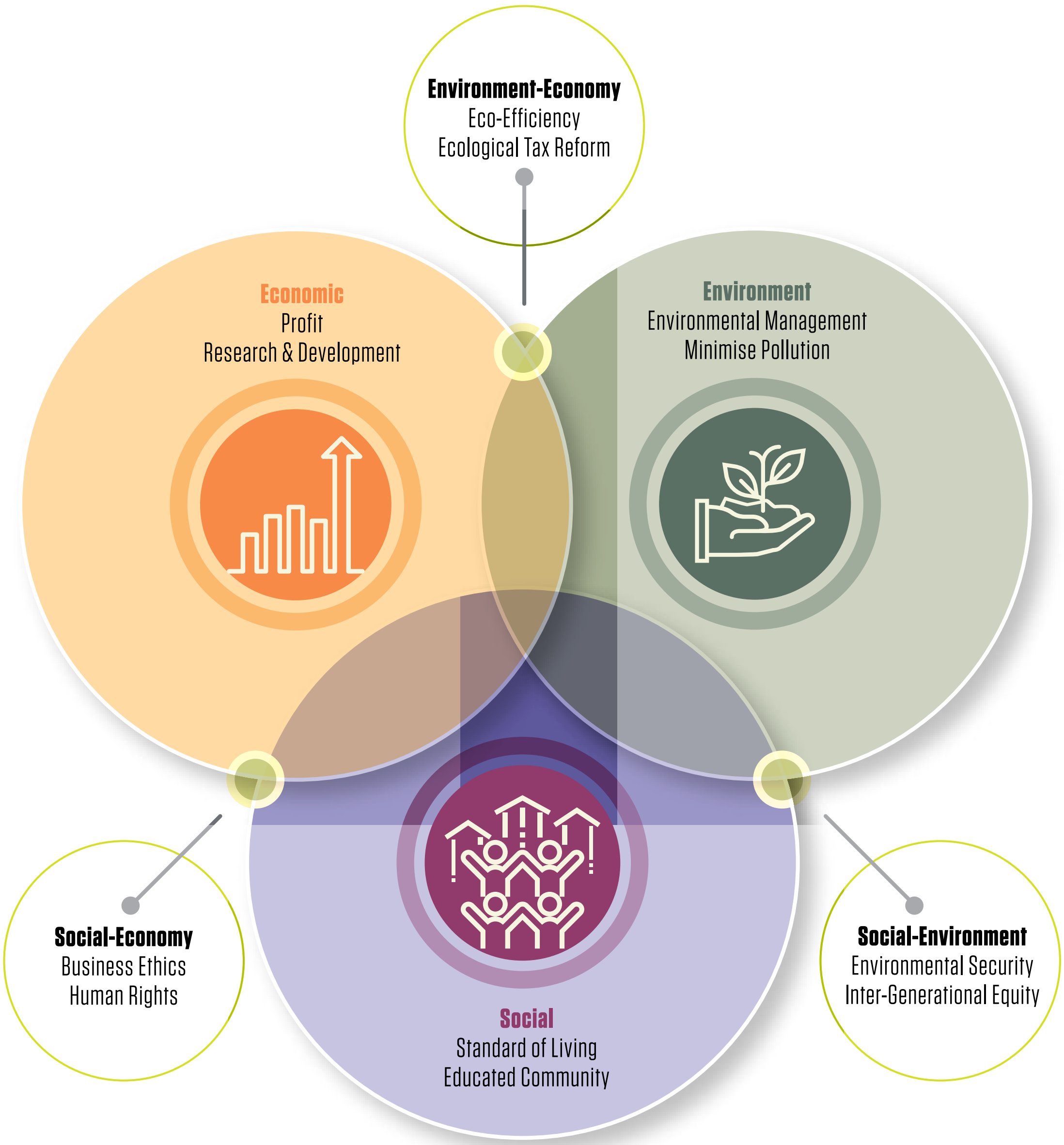

Sustainability Vision & Mission Statement

With over 100 years of experience in plantation management, BPB has always been a strong proponent of sustainable practices. Our position as an established upstream oil palm plantation company in Malaysia is premised on creating sustainable long-term value through a balanced amalgamation of environmental, social and economic considerations within our businesses in accordance with our **Sustainability Vision: Achieving Strategic Growth, Safeguarding the Environment**.

We are focused on driving sustained and robust growth through our efforts in the following Sustainability Mission Statement.

- To remain committed in our focus on R&D and implement breakthrough solutions at all levels and processes to maintain our technological edge.
- To achieve greater economies of scale by seizing opportunities to expand our landbank in Malaysia.
- To implement sustainability standards as per BPB Sustainability Policy for Economic Prosperity, Environmental Management, Community Development and Social Impact.
- To cultivate a capable talent pool and provide employees with opportunities for personal and professional development to enable them to fulfill their potential.
- To explore business opportunities that yield strong returns.

Our sustainability approach is in line with the concept of Sustainability Development which involves three core areas of impact:



Source: https://css.umich.edu/sites/default/css_doc/CSS02-04.pdf
Title: Sustainability Assessment and Reporting for the University of Michigan's Ann Arbor Campus by Sandra et al.

Governance Structure

In pursuit of our commitment to promote and enhance the integrated management of sustainability as part of our business, we have established a governance structure to supervise and manage sustainability issues.

Sustainability Governance	Roles	Key Responsibilities
Board of Directors	Setting the tone	Full and effective control over the management of sustainability matters.
Sustainability Committee	Strategy and stewardship	Review and approval of the Group's sustainability policies and framework.
Sustainability Management Committee	Management and monitoring Accountability and performance	Recommends sustainability policies and framework to the Sustainability Committee. Implementation of the Group's sustainability initiatives followed by close monitoring upon approval from the Sustainability Committee.

Sustainability Committee – Members and Meetings

The Sustainability Committee held a total of three meetings during the financial year. Details of the composition of the Committee and the attendance by each member at the Committee meetings are set out as follows:

Name of Director	Meeting Attendance
Dr. Raja Abdul Malek Raja Jallaludin (Chairman)	3/3
Datuk Zakaria Sharif	3/3
Dato' Mohzani Abdul Wahab	3/3

BPB recognises the importance of the support and co-operation of all stakeholders to meet the objectives of our sustainability commitments. Throughout our operations, we have adopted an open and transparent approach as demonstrated by our proactive engagement with stakeholders.

Designated representatives spearhead our engagement initiatives. These representatives keep internal and external stakeholder groups updated on the latest developments within the Group as well as on key material issues.

Stakeholder engagements are conducted via multiple platforms, such as:

Key Stakeholder Group	Engagement Type
Regulatory Bodies	Periodic meetings, on-site inspections, correspondence on regulations
Board of Directors	Meetings and correspondences
Shareholders & Investors	General meetings, quarterly reporting and annual report
Employees	Employee surveys, internal communications, engagement sessions and sports & recreational activities
Customers	Regular meetings and discussions
Suppliers & Business Partners	Periodic meetings and dialogue sessions
Local Communities	Regular on-site meetings, RSPO complaints & grievances, community outreach programmes

Based on feedback garnered as a result of our stakeholder engagement initiatives, we have determined the following key material issues of great impact for our internal and external stakeholders:

Economic
- Creating business opportunity
- Research and development (R&D) and yield improvement
- Sustainability certification scheme
- Traceability and supply chain

Environment
- High Conservation Value (HCV) areas and biodiversity
- Greenhouse Gas (GHG) emissions
- Waste and effluent management

Social
- Occupational safety and health (OSH)
- Workforce management

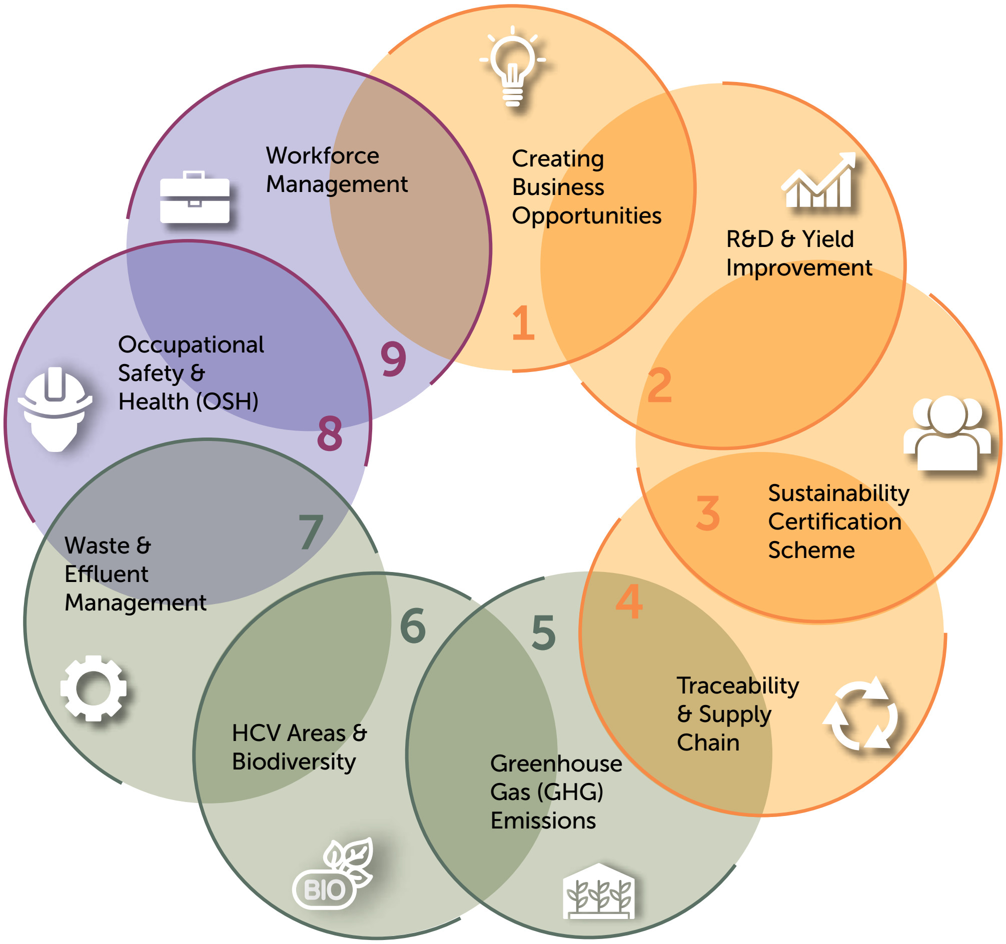
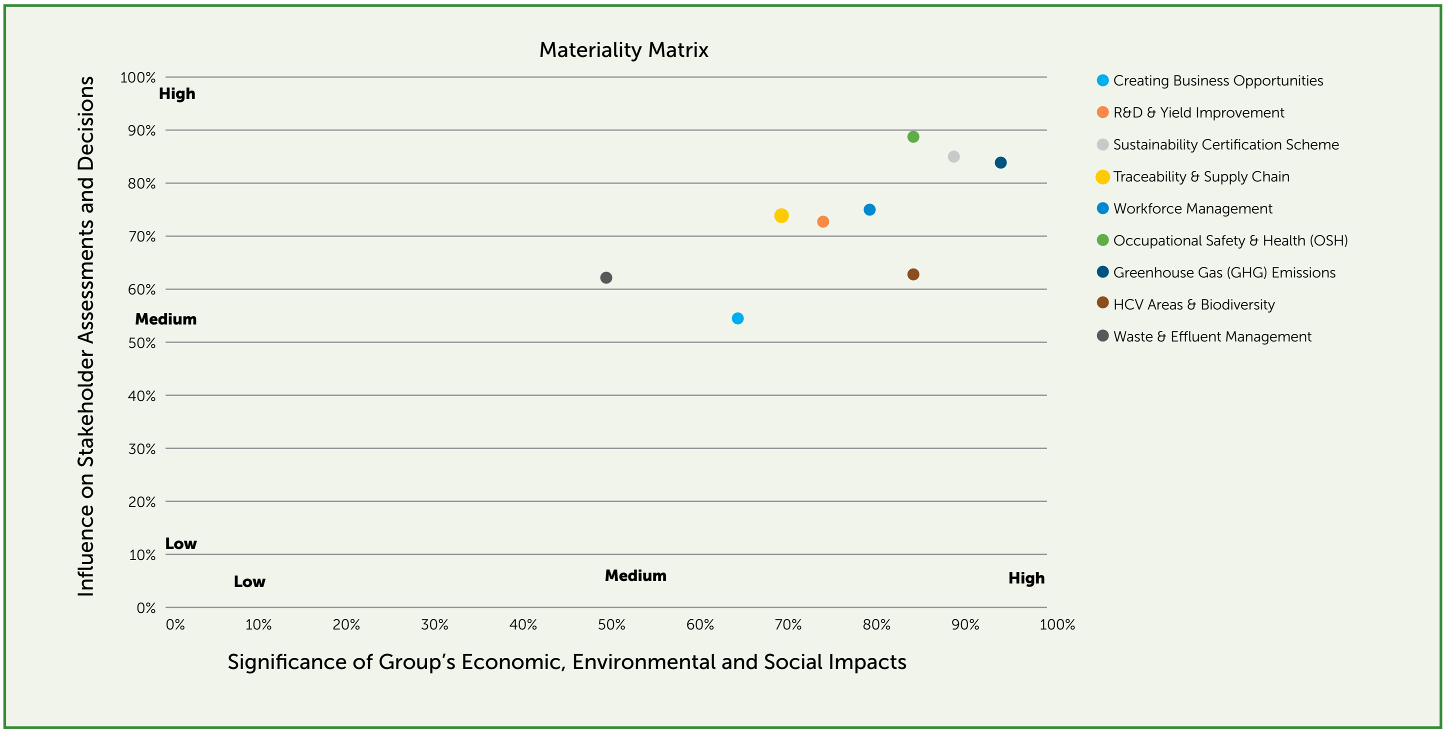


Chart –Materiality Matrix



ECONOMIC

The Group strives to ensure the sustainability of our business practices, which enables us to propel economic growth while positively impacting the livelihoods of those in the community.

Creating Business Opportunity

Driving growth has allowed the Group to share economic prosperity and create opportunities for the communities we operate within. Over the years, we have made it a point to prioritise our surrounding communities in terms of both employment and business opportunities.

Over 200 landowners have been awarded a variety of contract work over the years as part of our Kanowit project. This involves all six of our estates in Kanowit.

In line with our efforts to encourage entrepreneurship, BPB contributed to the growth of sundry shops, farmers' markets as well as canteens at our estates in Sabah and Sarawak.

We also play a part in boosting smallholder development by purchasing crops from smallholders. Over 13% of our total external crop comes from smallholders surrounding our mills.

The Group is conscious of the important role modern infrastructure plays in economic growth as well as poverty alleviation, particularly in rural areas. We finance and provide infrastructure support to improve access to facilities and increase employment opportunities in nearby towns.

Our initiatives include the construction, maintenance and upgrade of roads totalling 193 km in rural areas, comprising 100 km in Sabah, 57 km in Sarawak and 36 km in Peninsular Malaysia.

Improved road accessibility at Malaya Estate for smallholders

R&D and Yield Improvement

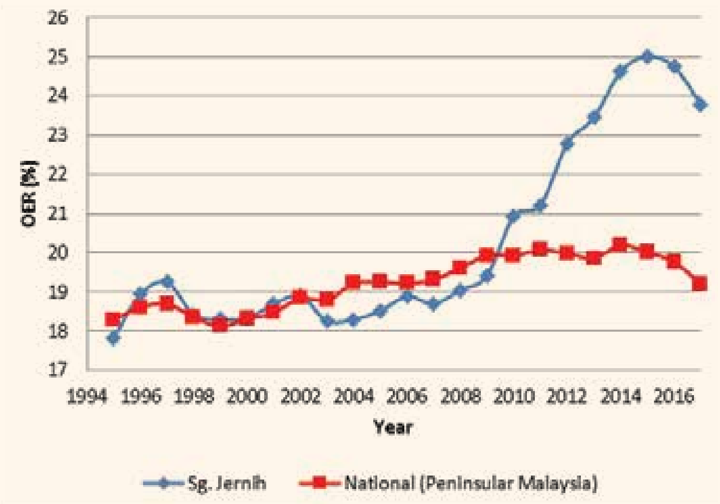
One of our key sustainability commitments is to 'produce more with less'. This not only contributes to our profitability, but more importantly, enables us to leave a smaller footprint on the environment, as higher productivity can be achieved on a per unit land area. We are able to achieve this via continued investment in research and development (R&D) and transfer of technology to our plantations.

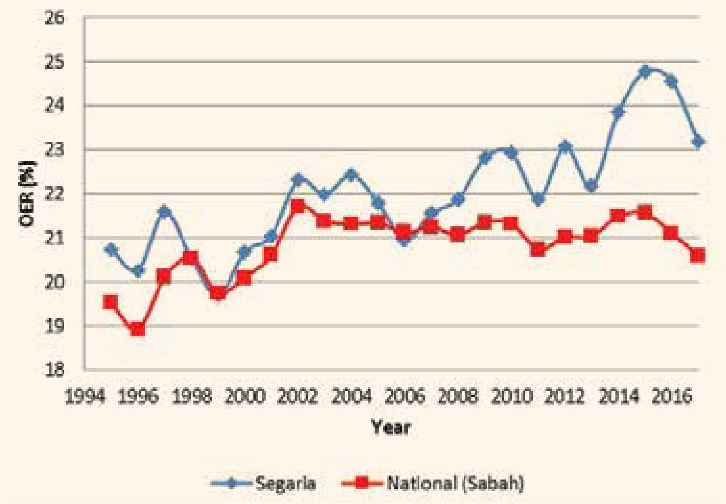
Our in-house R&D on plant breeding and seed production ensures that we utilise the latest planting materials in our estates. With our extensive and long-term breeding trials, candidate palms with good oil yield potentials and other desirable characteristics are cloned using tissue culture to produce ramets with high oil content and FFB yield, without having to wait for these materials to be available via conventional seed production. Some of our clonal palms boast of high oil to bunch ratios of up to 34%.

All the ramets are produced in our tissue culture laboratory which is ISO certified, adhering to superior quality standards. As of 2017, the Group has planted more than 21,000 hectares of clonal oil palms, amounting to approximately 30% of our area under cultivation. We plan to expand this further as we continue our replanting efforts.

Our ability to 'produce more with less' is clearly demonstrated by the high oil extraction rate (OER) of two of our most productive palm oil mills, Segaria and Sungai Jernih. From 2009 onwards, both mills have consistently surpassed the national average of their respective regions.

Our achievements in 'producing more with less' is in fact the culmination of our holistic efforts as a Group, from all aspects of management to milling technology, agronomy and breeding. Along with this, due to our successful yield intensification programme, we have been able to restore previously planted areas to its natural condition as part of our conservation initiatives. A successful reflection of this has taken place in our Bebar and Sungai Jernih estates.





Establishment of buffer zone at natural waterways

Sustainability Certification Scheme

As part of BPB's commitment to comply with all relevant laws and regulations, including the National Interpretation of the Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria, we aim to obtain RSPO certification for all our existing business units by 2022. As of 2017, three of our business units comprising 3 mills and 14 estates have been RSPO certified. Another business unit is on track to obtain certification by first half of 2018.

In line with Malaysian Sustainable Palm Oil (MSPO) standards, we successfully obtained MSPO certification for one of our mills. We target full certification for all our mills by 2019.

As a reflection of our strong focus on sustainability, in 2017 we produced over 57,000 metric tonnes of certified sustainable palm oil, up by 36% compared with the previous year.

BPB
SUSTAINABILITY CERTIFICATION SCHEME

Total Land Area: **81,838 Ha**

36% Increase in CSPO Produced

54% Increase in CSPK Produced

88% Increase in RSPO Certified Areas

RSPO CERTIFIED AREA

2014	6,847 Ha
2015	11,525 Ha
2016	11,503 Ha
2017	21,633 Ha

MSPO CERTIFIED

1 ESTATE	MS2530:2013-3
1 MILL	MS2530:2013-4

BPB is fully supportive of the decision by the government to make MSPO a mandatory certification and RSPO vision to produce Sustainable Palm Oil a standard practice for the industry. In 2017, we have re-strategised our plan to embark on this journey. Imparting knowledge on sustainability to all levels of workforce in BPB is the essential recipe for us to achieve 100% MSPO certification by 2019 and 100% RSPO certification by 2022.

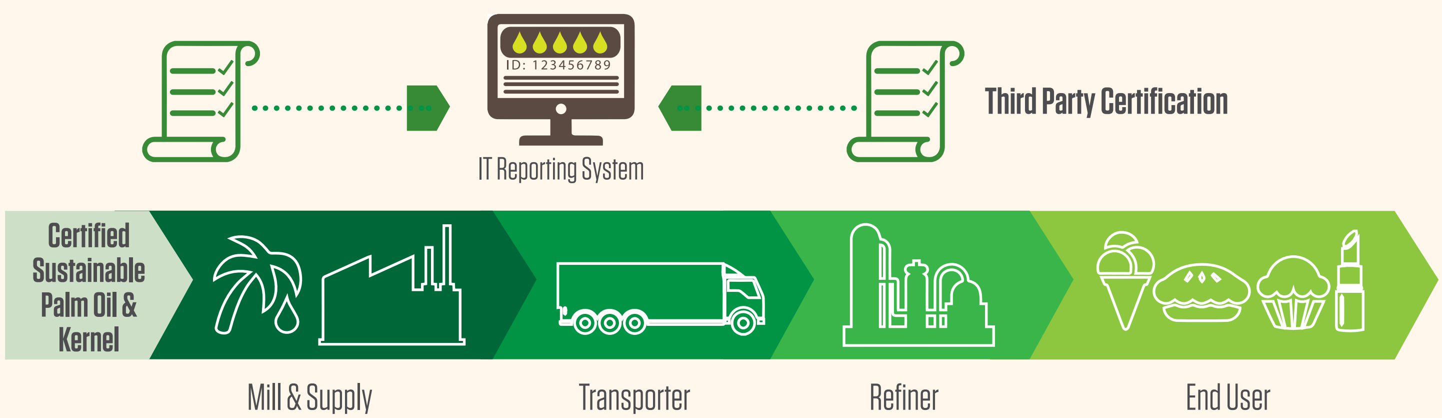
Total Certified Sustainable Palm Oil (2016)	42,089 MT
Total Certified Sustainable Palm Kernel (2016)	6,623 MT
Total Certified Sustainable Palm Oil (2017)	57,292 MT
Total Certified Sustainable Palm Kernel (2017)	10,221 MT

As of 2017, we have three business units that comprise 3 mills and 14 estates (21,633 Ha) certified with RSPO, producing 57,292 MT of Certified Sustainable Palm Oil (CSPO) and 10,221 MT of Certified Sustainable Palm Kernel (CSPK). Two operating units have been certified with MSPO and one business unit is on track to be certified with both RSPO and MSPO in the first half of 2018.

Traceability & Supply Chain

BPB is dedicated to building a traceable and sustainable palm oil supply chain. Traceability is defined as traceable to a defined list of mills and plantations. We plan to increase the production of RSPO-certified oils, particularly identity preserved and mass balance (crude palm oil and palm kernel) products.

We are developing a traceability programme to ensure adherence to our stated sustainability commitments. Our phased supply chain traceability targets will be communicated in a timebound implementation plan and progress will be reported accordingly.



Biodiversity conservation area at Bebar estate

ENVIRONMENT

As one of the leading oil palm plantations company in Malaysia, our business operations are closely intertwined with nature. As such, we are conscious of the need to safeguard natural resources while ensuring that our agricultural practices are sustainable.

HCV & Biodiversity

Malaysia ranks as one of the world's most biodiverse countries, taking the 12th position on the National Biodiversity Index. This would not be possible without a steadfast commitment to conserve our rich natural resources.

The Group is committed to play our role in safeguarding Malaysia's flora and fauna. BPB's land development takes into account the preservation of biodiversity, as well as the capacity of the land to sustain proposed agricultural activities. As part of the Group's efforts to protect High Conservation Value (HCV) areas, which consist of wildlife habitats and rare ecosystems including riparian reserves along rivers, streams, ponds and natural hot springs, we completed HCV assessment for 40% of our land in 2017. We target to complete HCV assessment for the remainder of our plantation land by 2019.

In line with our HCV assessment, which is benchmarked against best practices, we set aside 364 hectares of land for conservation. This HCV land has been rehabilitated and is now home to an array of timber species to reduce land degradation while the rest have been left uncleared to encourage natural forest regeneration.

Zero burning replanting technique

As part of our commitment to sustainable palm oil production, BPB recognises the importance of conserving rare and endangered species. Threatened species under the Malaysian Wildlife Conservation Act 2010 and on the International Union for Conservation of Nature's Red List have been identified for our conservation efforts.

The Group has undertaken various efforts to educate employees, contractors, local communities and related stakeholders on the importance of conserving these rare and endangered species. We have also collaborated with relevant government organisations and non-governmental organisations to assist and guide us in this undertaking.

Waste and effluent management

Environmental conservation is deep-rooted in all aspects of our operations. We are committed to the responsible usage of our natural resources in a balanced manner that will not result in irreversible negative impact to the ecosystem.

The adoption of Best Environmental Management Practices complements our Good Agricultural Practices and Good Milling Practices to continuously pursue opportunities to promote sustainable agriculture.

We are conscious of the fact that the two most important natural resources that need to be managed in sustainable palm oil production are soil and water. Through our water and soil conservation efforts, we are able to conserve our natural resources as well as prevent soil degradation and environmental pollution.

Given that the core reasons for soil and nutrient loss in oil palm plantations are erosion, runoff and leaching, our estates utilise conservation terraces at 30-meter intervals along the contour of slopes between 6° and 10°. As for slopes above 10°, terrace planting diminishes the length of the slope which then captures surface runoff and curtails soil erosion. These efforts also aid in improving field accessibility for the movement of our workforce.

By spreading or stacking pruned fronds in an L-shaped pattern along contours, we are able to reduce surface runoff and soil erosion at our plantations. With this method of frond placement, we protect wide soil surfaces from heavy rain, which acts to significantly reduce soil losses via erosion by more than 40%. This also acts to protect our natural waterways.

Legume cover crop

Through effective drainage management, BPB is able to ensure root zones are well aerated for effective root function while minimising the potential effects of floods. This is particularly important for oil palm planting on riverine flats and floodplains as well as on peat soils where the natural water table is high.

The location of weirs and water-gates and drains in our plantations are planned utilising geospatial data. We are then able to control the water-table in planting blocks. During the monsoon season, weirs and water-gates flush out acidity while in areas with distinct dry seasons, this helps to retain water in the fields and reduce the impact of moisture stress.

Rainwater harvesting is undertaken to economise water, particularly in low rainfall areas. This includes diverting runoff water from roads to fields as well as through the construction of roadside silt pits and sumps.

Reducing our impact on the environment

BPB is conscious of the need to balance growth with minimum impact on the environment. To this end, our replanting programme is detailed and takes into account managerial, agronomic and climatic factors that may affect the success of the planting, in order to ensure sustainability.

The Group undertook the development of the Telok Sengat Zero-Burning Technique, which involves mechanical pulverisation of oil palm biomass. We also utilise a chipping knife that can efficiently slice palm trunks into smaller pieces to expedite the decay process. This environmentally-friendly technique produces zero waste and contributes to sustainable palm oil production by recycling palm biomass nutrients when the pulverised biomass is spread evenly over a field.

In line with our zero burning policy for all our replants, we are committed to fully utilising all mill by-products. We repurpose by-products such as empty fruit bunches, decanter cakes and sludge cakes as organic mulch or fertiliser in the fields, further reducing the use of mineral fertilisers.

The cultivation of vigorous leguminous cover-crop at the time of replanting minimises top soil loss. It also enriches soil with biological nitrogen fixation and microbial diversity, as well as reducing soil temperature and improving soil structures with better organic matter. With quantified biological nitrogen-fixation by a legume system of up to 250 kg of N/ha, legumes are also able to immobilise nutrients released by decaying palm biomass during replanting. These efforts result in cost savings by minimising the use of inorganic fertilisers, reducing soil and nutrient losses and most importantly improving soil fertility and minimising soil degradation.

Through effective fertiliser application, we are able to reduce pollution to our waterways, which directly benefits the communities that utilise the waterways for their everyday needs as well as their livelihoods. Our series of Nutrient Cycling and Balance experiments quantify nutrients that can be lost. Through this data on where and how losses can occur, we are able to formulate strategies to minimise these losses, resulting in our ability to curtail fertiliser use, thereby reducing our impact on the environment.

Developed and introduced to the industry by BPB, the use of AA+Mulch™ not only effectively reduces the need for frequent circle spraying and labour for circle upkeep for the newly planted palm, it effectively reduces weed competition, moisture loss through surface evaporation and minimises herbicide usage in our replants. As herbicides are applied just outside the mulch area away from the newly planted palm, risks of herbicide spray drift are minimised.

Through research, we are able to differentiate potential beneficial insects from pests that can damage our crops. BPB carries out assessments of insect and pest outbreaks to determine the level of damage and to better comprehend the biological diversity that exists within our oil palms. Any damage below the threshold level will be left to recover naturally. Our goal is to provide the right balance to ensure that the environment is tipped in favour of beneficial insects. In line with this, cultural, physical and biological pest control measures take precedence over pesticides.

Biogas plant at Telok Sengat Palm Oil Mill

AA+ Mulch

Anaerobic ponding digestion and facultative degradation is utilised to treat mill effluents at all our mills. Desludging allows us to remove effluent solids from effluent ponds regularly, which aids in maintaining a healthy and stable biological oxygen demand (BOD) degradation process. Recovered effluent solids through dewatering machines are utilised as fertiliser supplement for the palms.

GHG Emissions

As part of our efforts to minimise our carbon footprint, our biogas plant at our Telok Sengat Mill in Kota Tinggi, Johor, captures 460,952 m^3 of biogas per annum, enabling us to reduce GHG emissions by 20%. Most of the captured biogas is earmarked to power a gas engine generating around 300kW electrical power. The electricity is then utilised for milling and domestic consumption. Biogas is also utilised in our boilers to reduce burning of palm kernel shells. Excess biogas is safely flared into the atmosphere. Plans are underway to construct biogas plants at our other mills in stages.

To further minimise dust particulate emissions released in the air as per the requirements of the Department of Environment, in 2017 we installed wet scrubbers at our Segamaha Palm Oil Mill, Sabah. We aim to install dust particulate reduction devices at our other mills, to be completed in stages from 2018 to 2019.

Brainstorming session attended by Senior Managers/Managers

SOCIAL

As a responsible corporate company, BPB is dedicated to preserving a legacy centred on improving the lives of those who depend on us. As part of the Group's social commitments during the year, we made a positive difference in the lives of many within our society, including employees as well as the communities we operate within.

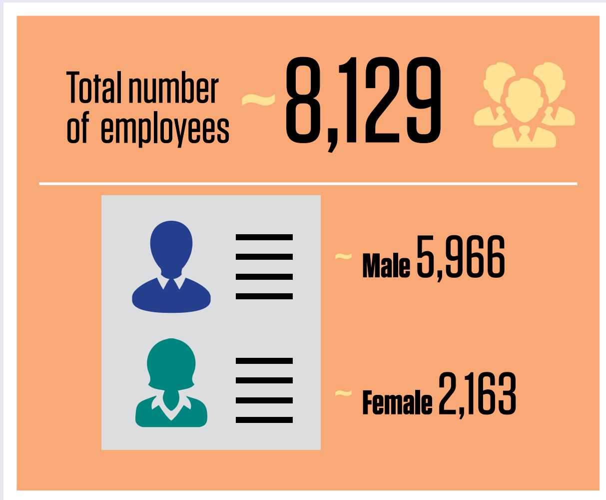
Workforce Management

As the Group pushes forward to grow in a highly competitive sector that is facing an acute shortage of skilled workforce, our employees are the driving force of our business.

We strive to retain our position as an employer of choice. In line with this, BPB is conscious of the need to ensure that our human capital approach is one that is founded on respect and a strong drive to empower our employees while prioritising their wellbeing.

With over 8,000 employees, we are committed to ensuring that their rights are respected through workplace policies that are anchored in Malaysia's labour legislation and cover core labour standards. This includes a Sexual Harassment Policy, Equal Opportunities of Employment Policy, Child Employment Policy as well as Whistleblowing Policy.

Training conducted for sprayers



As one of the leading plantation companies in the country, we recognise our role in addressing the need for more skilled workforce in the sector. To this end, we have put in place talent development and training programmes for our employees to help them upskill and increase opportunities for career advancement within the Group. Programmes conducted during the year covered technical skills, business and human resources, personal development and leadership excellence.

In addition to in-house training, our employees were exposed to seminars, conventions and workshops which provided them with the opportunity to improve their knowledge base. Key areas covered included sustainability certification, environmental protection awareness, safety enhancement and good agricultural practices.

We are encouraged by the response from our employees to our training and development initiatives, with many surpassing the minimum 40 hours of training per year for management staff and 20 hours of training for supervisory staff.

Along with our focus on talent development to empower our staff to develop their capabilities, the Group is conscious of the importance of prioritising the welfare of our people. To this end, we are committed to provide a conducive working and living environment for the holistic wellbeing of our staff and their families.

Employees in our estates and mills across the nation are provided with modern housing facilities that are part of integrated housing complexes. These are fully equipped with social, spiritual and recreational facilities including community halls, canteens, schools, playing fields, clinics, dispensaries, day care centres as well as mosques, churches and temples. We also invest in sporting and recreational activities in addition to festivities to strengthen relationships within the Group and encourage work-life balance.

Personal protective equipment for fertiliser application

Occupational Safety & Health

The Occupational Safety and Health Committees (SHC) oversee our safety and health policies and programmes at our estates and mills. Each estate or mill is responsible for its own safety and health performance through its respective SHC. Demonstrating our commitment to ensure the wellbeing of our workers, we have dedicated Safety and Health Officers for the Peninsular Malaysia, Sabah and Sarawak regions. These officers oversee overall health and safety provisions in their respective regions.

We aim to raise awareness among all our workers on the importance of safety and health practices in the workplace and cultivate an organisational culture which prioritises this. To this end, annual training programmes are organised across all our estates and mills.

We are encouraged by the low occurrence of incidents in 2017, with no fatalities reported across our operations.

Corporate Social Responsibilities

Empowering Young Malaysians

Access to quality education not only creates a sustainable future for the individual, it has a positive long-term impact on the community as well as the nation. In the light of this, the Group undertakes various efforts focused on supporting the development of young Malaysians.

As part of our long-term commitment to deserving children of Armed Forces personnel who have excelled in major examinations, we contributed to Yayasan LTAT for their scholarship funds.

We also provided financial aid and donations in-kind to various rural schools across the nation for the purpose of improving infrastructure and administration.

In addition, all school-going children from certain estates and mills as well as neighbouring villages are provided with free school bus services for their daily trips to school.

BPB sponsored Back to School programmes that positively impact schools, needy families and communities. Along with funds, we also provided essential school items and supported school activities for 600 primary school students in Kanowit, Sarawak, and Sugut, Sabah.

We continued to participate in the Government's Skim Latihan 1Malaysia initiative, which is aimed at enhancing graduate employability. During the year, 17 graduates had the opportunity to improve their knowledge and competencies through soft skills training and hands-on experience.

Fostering Community Relations

BPB is committed to sustainable community development and we strive for a mutually beneficial relationship with the communities in which we operate. The Group firmly believes that our growth and success can only be attainable if our local communities are cared for.


Workers housing complex at Bebar Estate


Sport facilities at Segaria Palm Oil Mill

The Group enjoys a close link with the areas where many of our employees live, and we have a positive relationship with the local communities. BPB recognises the importance of maintaining and strengthening these ties.

To this end, we often engage with community leaders to address any concerns they have regarding our operations and determine how else we can play our part in the development of these communities.

We provided financial aid for a variety of initiatives that had a direct impact on the welfare of the community. This included sports activities, donations for underprivileged members of society, upgrading places of worship, as well as religious and cultural festivals.

Local communities are offered access to a number of our services, particularly free medical care in areas where the closest alternative is hours away. As part of our Hospital Assistance programme, BPB also organised safety, health and environmental workshops.

In support of our national heroes, the Group provided contributions for local community celebrations for Hari Polis and Hari Pahlawan.

Going forward

We have set up a baseline in many areas of sustainability for action. These will be our reference points to monitor our progress going forward.

The Board has set the tone, strategy and management team to lead us forward on this journey. Our team is competent and well informed to execute and monitor these efforts.

With these fundamentals in place, we hope to report improvements in the three core areas of Economic, Environment and Social.

Audit Committee Report

MEMBERS AND MEETINGS

A total of four meetings were held during the financial year. Details of the composition of the Committee and the attendance by each member at the Committee meetings are set as follows:

Name of Director	Status of Directorship	Independent	Attendance of Meetings
Dato' Mohzani Abdul Wahab[1]	Senior Independent Non-Executive Director (Chairman of the Committee)	Yes	4/4
Dr. Raja Abdul Malek Raja Jallaludin	Independent Non-Executive Director	Yes	4/4
Datuk Zakaria Sharif	Non-Independent Non-Executive Director	No	4/4

Note: [1]The Audit Committee Chairman's profile can be viewed on page 12 of this Annual Report.

The Audit Committee membership is in line with Paragraphs 15.09 and 15.10 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad and Malaysian Code of Corporate Governance (MCCG) Practice 8.1 and 8.2, in which:

- All members are Non-Executive Directors and majority of the members are Independent Directors;
- No alternate director is appointed as a member;
- Datuk Zakaria Sharif is a member of the Malaysian Institute of Accountants;
- The Chairman of the Audit Committee is not the Chairman of the board; and
- None of the Committee members is a former key audit partner of the Company's external auditor.

The Audit Committee meetings were also attended by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Head of Internal Audit at the Audit Committee's invitation and as and when appropriate. The Audit Committee also met with the external auditors during the year in two separate sessions, without the presence of management. The meetings have been appropriately structured with Audit Committee members receiving notices, agendas and papers sufficiently in advance of the meetings.

The Audit Committee Chairman reports to the Board on principal matters deliberated at the Audit Committee meetings. Minutes of each meeting are circulated to the Board at the next Board meeting.

All members of the Audit Committee have and will continue to undertake professional development training to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. Details of the Audit Committee members' training programmes can be viewed on page 68 of this Annual Report.

The Audit Committee Terms of Reference (TOR) is accessible for viewing on the Company's official website at www.bousteadplantations.com.my.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the year, the Audit Committee carried out its duties as set out in its terms of reference. The main activities undertaken were as follows:

- Reviewed the internal and external auditors' scope of work and annual audit plan for the Group.
- Deliberated and reported the results of the external audit to the Board of Directors.
- Reviewed the management letters and the audit reports of the external auditors.
- Reviewed the adequacy of experience and resources allocated by the external auditors for the audit engagement including personnel assigned to the audit, level of experience and expected commitment to the audit engagement.
- Reviewed the performance of the external auditors and their remuneration to the Board of Directors. The external auditor's non-audit service fees and the statutory audit fees are available on page 114 of this Annual Report.
- Reviewed and deliberated on the significant accounting and audit issues of the Group raised by the external auditors, and received progress updates from Management on actions taken for improvements.
- Deliberated on the key audit matters on the Group highlighted by the external auditors in relation to the audit for the financial year ended 31 December 2017.
- Met with the external auditors twice during the year without the presence of management.
- Reviewed the quarterly and annual financial statements of the Group to ensure compliance with the MMLR, applicable approved accounting standards and other statutory and regulatory requirements prior to recommending for approval by the Board of Directors.
- Reviewed the key risk profiles and risk management activities.
- Reviewed the Audit Committee Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control and recommend to the Board for approval prior to their inclusion in the Company's annual report.
- Reviewed the Circular to Shareholders relating to shareholders' mandate for recurrent related party transactions of revenue or trading nature before recommending the same for Board's approval.
- Monitored the recurrent related party transactions entered by the Company and the Group pursuant to the shareholders' mandate obtained at the Annual General Meeting held on 5 April 2017, on a quarterly basis.
- Reviewed the Framework and Procedures on related party transactions/recurrent related party transactions in order for the said framework to be abreast with the relevant provisions of the MMLR.
- Reviewed the adequacy of resource requirements and competencies of staff within internal audit function to effectively execute the annual audit plan.
- Reviewed and supported the annual internal audit plan including budget and resource planning to ensure adequacy of resources, competencies and coverage of auditable areas with significant and high risks. The audit plan is prepared using risk based approach with focus on the areas with significant risks.
- Reviewed and deliberated internal audit reports and monitored the corrective actions taken by the Management in addressing and resolving issues.

INTERNAL AUDIT FUNCTION

The Audit Committee is assisted by Group Internal Audit (GIA) of Boustead Holdings Berhad (the Immediate Holding Company of Boustead Plantations Berhad). GIA's principal responsibility is to evaluate the effectiveness of risk management, control and governance processes of Boustead Plantations Berhad and its Subsidiaries ("collectively referred to as the Group") and recommend improvements to the processes where required. This is accomplished through a systematic and disciplined approach of regular reviews and appraisals of the management, control and governance processes based on the review plan that is approved by the Audit Committee annually.

GIA function adopts a risk-based methodology in planning and conducting audits by focusing on key risks areas and activities that are aligned with the Group's strategic plans. GIA has also adopted internal audit standards and best practices based on the International Professional Practices Framework (IPPF) promulgated by The Institute of Internal Auditors.

The terms of reference of GIA function are clearly spelt out in the Internal Audit Charter. GIA has operated and performed in accordance with the principles of the Charter that provides for its independence. GIA function reports directly to the Audit Committee, and is independent of the activities it audits. GIA has an adequately resourced internal audit function to assist the Audit Committee and the Board in maintaining an effective system of internal control and overall governance practices within the Company and the Group.

Fifteen internal auditors from GIA have been assigned to perform the audit of plantations, palm oil mills, plantation research unit and the support functions during the year. The audit teams have completed and issued internal audit reports for 55 assignments based on the approved annual audit plan. The audit conducted in 2017 covered a wide range of operational areas within the Group which include review of harvesting and maintenance processes, procurement and contract management, accounting and financial controls, resource management and administration, palm mill operations and plantation research unit. The corresponding audit reports were presented to the Management Committee and Audit Committee for attention, deliberation and corrective actions.

During the financial year, GIA function had undertaken the following activities:

- Prepared the annual audit plan for approval by the Audit Committee.
- Performed risk-based audits based on the annual audit plan, including follow-up of matters from previous internal audit reports.
- Issued internal audit reports to the Management on risk management, control and governance issues identified from the risk-based audits together with recommendations for improvements for these processes.
- Undertook investigations and special reviews of matters arising from the audits and/or requested by the Management and/or Audit Committee and issued reports accordingly to the Management.
- Reported on a quarterly basis to the Management Audit Committee of Boustead Holdings Berhad on significant risk management, control and governance issues from the internal audit reports issued, the results of investigations and special reviews undertaken and the results of follow-up of matters reported.
- Reported on a quarterly basis to the Audit Committee the achievement of the audit plan and status of resources of the Group's internal audit function.
- Conducted follow-up of the recommendations by the external auditors in their management letter.
- Liaised with the external auditors to maximise the use of resources and for effective coverage of the audit risks.
- Reviewed the procedures relating to related party transactions.
- Conducted knowledge sharing sessions with the key operational staff on internal controls, internal audit observations and proposed action plans on the areas covered during the audit processes.

The total cost incurred for GIA function in respect of the financial year ended 31 December 2017 amounted to RM 1.2 million.

Corporate Governance Overview Statement

This Corporate Governance Overview Statement sets out the principal features of Boustead Plantations Berhad (BPB or the Company) and its subsidiaries' (collectively referred to as the Group) corporate governance approach, summary of corporate governance practices during the financial year as well as key focus areas and future priorities in relation to corporate governance. The Corporate Governance Overview Statement is made pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR) and guidance was drawn from Practice Note 9 of the MMLR and the Corporate Governance Guide (3rd edition) issued by Bursa Malaysia Securities Berhad (Bursa Malaysia).

The Corporate Governance Overview Statement is augmented with a Corporate Governance Report, based on a prescribed format as enumerated in Paragraph 15.25(2) of the MMLR so as to provide a detailed articulation on the application of the Group's corporate governance practices vis-à-vis the Malaysian Code on Corporate Governance (MCCG). The Corporate Governance Report is available on the Group's website, http://www.bousteadplantations.com.my as well as via an announcement on the website of Bursa Malaysia.

This Corporate Governance Overview Statement should also be read in tandem with the other statements in the Annual Report namely Statement on Risk Management and Internal Control, Audit Committee Report and Sustainability Report.

CORPORATE GOVERNANCE APPROACH

The Board of Directors (Board) of BPB is committed towards reinforcing its market position in the plantation industry, whilst remaining true to the Group's well-established corporate governance philosophies which are ingrained in the Group's core values, namely, **Respect, Integrity, Teamwork** and **Excellence**. The Board believes that a robust and dynamic corporate governance framework is essential to form the bedrock of responsible and responsive decision making in the Group.

The Group's overall approach to corporate governance is to:

- promote heightened accountability at the leadership level (Board and Senior Management);
- adopt the substance behind corporate governance enumerations and not merely in form;
- conduct a thorough debate and rigorous enquiry process before establishing corporate governance systems, policies and procedures;
- identify opportunities to drive the synergistic implementation of corporate governance systems, policies and procedures for improved strategic and operational decision making; and
- find a fine balance in meeting the expectations of the different groups of stakeholders of the Group.

Given that the Board forms the pivot of good corporate governance, the Board steers efforts to promote meaningful and thoughtful application of good corporate governance practices. The Group regularly reviews its corporate governance arrangements and practices to ascertain if they reflect prevailing norms, market dynamics, emerging trends, developments in the regulatory tapestry and evolving stakeholder expectations. Such efforts turned out to be quintessential in the year 2017 given that regulatory authorities introduced a slew of reform measures including the operationalisation of Companies Act 2016, incarnation of the new MCCG by Securities Commission Malaysia and amendments to MMLR.

Against the backdrop of the aforementioned regulatory developments, the Group undertook a recalibration of its corporate governance framework and meted out measures to adhere to these enumerations in substance. Premised on the notion that improving corporate governance is aspirational in nature and ultimate in abstraction, the Group will continue to enhance its daily business activities to ensure that they are guided by the hallmarks of accountability, objectivity and transparency.

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

In manifesting the Group's commitment towards sound corporate governance, the Group has benchmarked its practices against the relevant promulgations as well as other best practices.

BPB has applied all the Practices encapsulated in MCCG for the financial year ended 31 December 2017 except:

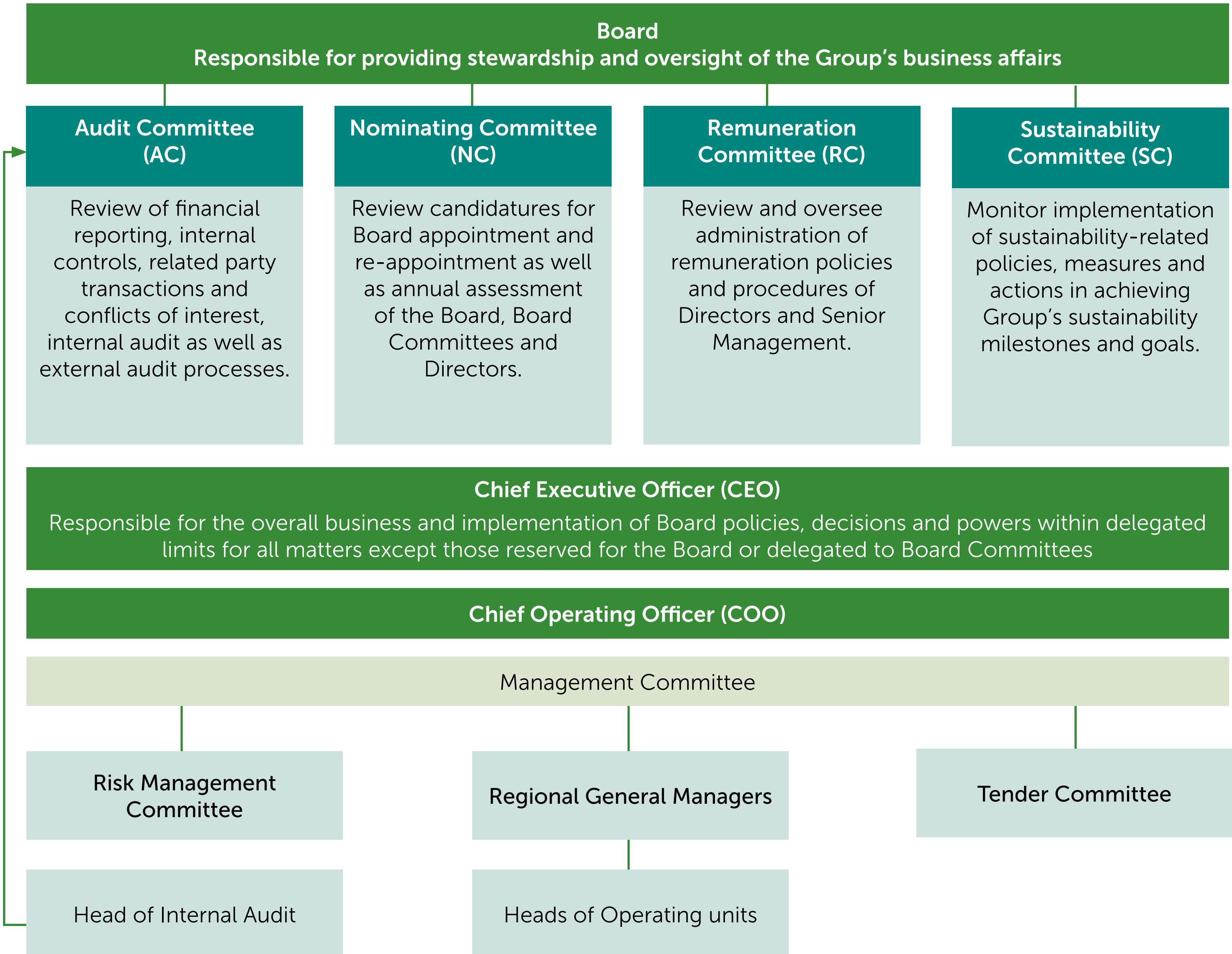
- Practice 4.1 (Board to comprise a majority of Independent Directors);
- Practice 4.5 (Board to comprise 30% women Directors);
- Practice 6.1 (Remuneration Policy for Directors and Senior Management);
- Practice 7.2 (Disclosure of the top five Senior Management personnel's remuneration on a named basis in bands of RM50,000); and
- Practice 11.2 (Adoption of integrated reporting).

In line with the latitude accorded in the application mechanism of MCCG, the Company has provided forthcoming and appreciable explanations for the departures from the said practices. The explanations on the departures are supplemented with a description on the alternative measures that seek to achieve the Intended Outcome of the departed Practices, measures that the Company has taken or intends to take to adopt the departed Practices as well as the timeframe for adoption of the departed Practices. Further details on the application of each individual Practice of MCCG are available in the Corporate Governance Report.

A summary of the Group's corporate governance practices with reference to the MCCG is described below.

BOARD'S ROLES AND RESPONSIBILITIES

The Board is responsible for the corporate governance practices of the Group. Being at the helm of the Group, the Board governs the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group.



As depicted in the above illustration, Board Committees have been established to assist the Board in its oversight function with reference to specific responsibility areas. It should however be noted that at all times, the Board retains collective oversight over the Board Committees. These Board Committees have been constituted with clear terms of reference and they are actively engaged to ensure that the Group is in adherence with good corporate governance.

The Board has formalised a Board Charter which sets out the ethos of the Group, structure and authority of the Board. The Board Charter is the primary document that elucidates on the governance of the Board, Board Committees and individual Directors. The Board Charter was recently reviewed on 27 February 2018 and is made available on the Group's website, http://www.bousteadplantations.com.my.

The Directors allocate sufficient time to discharge their responsibilities effectively and attend Board and Board Committee meetings with sufficient regularity to deliberate on matters under their purview. Board meetings are held at quarterly intervals with additional meetings convened for particular matters, when necessary. During the year, the Board has deliberated on business strategies and critical issues concerning the Group, including business plan, annual budget, significant acquisitions and disposals, financial results as well as key performance indicators. The attendance of individual Directors at Board and Board Committees meetings during the financial year 2017 is outlined below:

Director	Board	AC	NC	RC	SC
Non-Independent Non-Executive Directors					
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	4/4		1/1	1/1	
Tan Sri Dato' Seri Lodin Wok Kamaruddin	4/4			1/1	
Datuk Zakaria Sharif	4/4	4/4			3/3
Independent Non-Executive Directors					
Dato' Mohzani Abdul Wahab	4/4	4/4	1/1		3/3
Maj. Gen. Dato' Hj. Khairuddin Abu Bakar (R) J.P.	4/4		1/1		
Dr. Raja Abdul Malek Raja Jallaludin	4/4	4/4		1/1	3/3

Board/Board Committee Chairman   Member

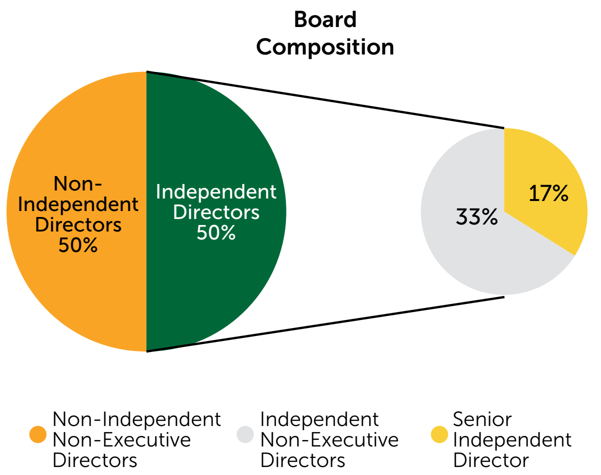
There is clear delineation of roles of the Board and Management. The CEO is the conduit between the Board and the Management in driving the success of the Group's governance and management function. The CEO manages and implements the Board's policies and decisions through the Group Management Committee.

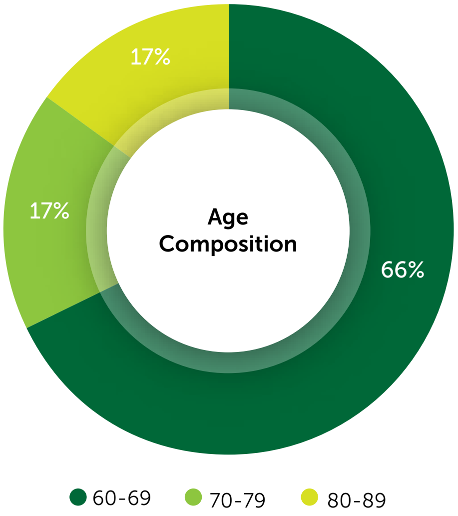
In performing their duties, all Directors have access to advice and services of a suitably qualified Company Secretary. The Company Secretary acts as a corporate governance counsel and ensures good information flow within Board, Board Committees and Senior Management. The Company Secretary attends all meetings of the Board and Board Committees and advises the Directors on the requirements encapsulated in the Company's Constitution and legislative promulgations such as the Companies Act 2016, Capital Markets and Services Act 2007 (Amendment 2012) and MMLR. Management provides Directors with complete, adequate and timely information prior to meetings and on an ongoing basis to enable them to make informed decisions.

As Integrity is a core value of the Group, the Board is cognisant of its responsibility to set the ethical tone for the Group. A Code of Ethics and Conduct and Whistleblowing Policy have been put in place to foster an ethical culture and allow legitimate ethical concerns to be escalated in confidence without risk of reprisal. The Code of Ethics and Conduct and Whistleblowing Policy are reviewed periodically by the Board. The Code of Ethics and Conduct is published on the Group's website, http://www.bousteadplantations.com.my.

BOARD COMPOSITION

The Board of the Company comprises six members, three of which are Independent Non-Executive Directors. The composition of the Independent Directors on the Board is in excess of the MMLR one third. The Board strives to ensure that it has an appropriate mix of skills, qualifications and experience to discharge its role and responsibilities effectively based on the Group's nature of business. The Board, from time to time undertakes a review of its composition to determine areas of strengths and improvement opportunities.





Appointments to the Board are made via a formal, rigorous and transparent process, premised on meritocracy and taking into account objective criteria such as qualification, skills, experience, professionalism, integrity and diversity needed on the Board in the context of the Group's strategic direction. In the case of Independent Directors, the NC assesses the candidate's ability to bring the element of detached impartiality and objective judgement to boardroom deliberations.

The Board, with the assistance of the NC, regularly assesses the skills, experience, independence and diversity required collectively for the Board to effectively fulfill its role. The Board was satisfied that there was mutual respect among Directors which contributed to a democratic environment so as to constructively deliberate and undertake a robust decision-making process.

The Board reviews its performance, and that of Board Committees and individual Directors on annual basis based on a set of predetermined criteria in a process that is facilitated by the NC. For the year under review, the NC's key activity was to assess the overall Board and Board Committees' performance and effectiveness as a whole. The NC was satisfied that the Board and Board Committees' composition had fulfilled the criteria required, possess a right blend of knowledge, experience and mix of skills. In addition, the NC also recommended for the Board to endorse the re-election of the relevant Directors at the forthcoming Annual General Meeting (AGM).

In reviewing the independence of Independent Directors, the NC and Board adopt a qualitative approach in assessing if Independent Directors possess the intellectual honesty and moral courage to advocate professional views without fear or favour. The Board is cognisant of the rebuttable presumption that extended tenure leads to entrenchment and as such, the Board remains watchful for such indicators of entrenchment amongst long serving Independent Directors.

REMUNERATION

BPB aims to set remuneration at levels which are sufficient to attract and retain high calibre Directors and Senior Management needed to run the business successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved.

As for oversight on remuneration matters, the Board has established a specialised Committee, namely RC which comprises a majority of Non-Executive Directors. The RC implements policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of Board and Senior Management.

A review on the quantum and composition of Non-Executive Directors' remuneration is undertaken once every four years.

Remuneration details of the Directors for the financial year ended 31 December 2017 for BPB and the Group are as follows:-

Directors	Fees		Meeting Allowance RM'000
	Company RM'000	Group RM'000	
Non-Executive Directors			
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	118	126	9
Tan Sri Dato' Seri Lodin Wok Kamaruddin	93	93	5
Dato' Mohzani Abdul Wahab	128	128	15
Maj. Gen. Dato' Hj. Khairuddin Abu Bakar (R) J.P.	93	93	5
Dr. Raja Abdul Malek Raja Jallaludin	113	113	14
Datuk Zakaria Sharif	108	108	11
Total	**653**	**661**	**59**

AUDIT COMMITTEE

The AC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situations. The AC also undertakes to provide oversight on the risk management framework of the Group.

The AC is chaired by an Independent Director who is distinct from the Chairman of the Board. All members of the AC are financially literate. One of the AC members is a member of the Malaysian Institute of Accountants. The AC has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the AC. The role of the AC and the number of meetings held during the financial year as well as the attendance record of each member are set out in the AC Report in the Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is cognisant that a robust risk management and internal control framework helps the Group to achieve its value-creation targets by providing risk information to enable better formulation of the Group's strategies and decision making. The Group has established policies and framework for the oversight and management of material business risks and has adopted a formal Risk Management Policy. The Group, through the Risk Management Committee (a Management-level Committee), maintains detailed risk registers which are reviewed and updated on quarterly basis. Key focus areas of risks are reported and deliberated at the AC meetings.

The internal audit function is carried out by the in-house Group Internal Audit (GIA) of Boustead Holdings Berhad (the immediate Holding Company of BPB). The GIA function reports directly to the AC, and is independent of the activities it audits. GIA's authority, scope and responsibilities are governed by an Internal Audit Charter, approved by the AC.

Further information on the Group's risk management and internal control framework is available in the Statement of Risk Management and Internal Control in the Annual Report.

COMMUNICATION WITH STAKEHOLDERS

The Group is fully committed to maintain a high standard for the dissemination of relevant and material information on the development of the Group. The Group also places strong emphasis on the importance of timely and equitable dissemination of information to shareholders and stakeholders. Key shareholder and stakeholder communication modes include Annual Report, quarterly results analyst briefings, announcement to Bursa Malaysia, Sustainability Report, corporate website and investor relation activities.

The Group's investor relations activities are aimed at developing and maintaining a positive relationship with all the stakeholders through active two-way communication.

Contact for enquiries regarding investor relation matters of the Group: corporate.office@bousteadplantations.com.my

CONDUCT OF GENERAL MEETINGS

The Group is of the view that General Meetings are important platforms to engage with its shareholders as well as to address their concerns. During the immediate preceding three years, all Directors were present at the AGMs to answer questions raised by shareholders. The Chairman, Vice Chairman, CEO and Chairmen of Board Committees will provide written answers to any significant question that cannot be readily answered. The Group encourage shareholders to attend and participate in the AGM by providing adequate advance notice and holding the AGM at a readily accessible location. The location of the AGM is customarily nestled in Klang Valley, which is generally reflective of the shareholders' geographical dispersion.

NOTICE OF AGM

Date: 12 April 2018

Venue: Royale Chulan Damansara, Petaling Jaya

- **28 days' notice**
- **Ample parking space**
- **Walking distance from Mutiara Damansara Mass Rapid Transit (MRT) station**

FOCUS AREAS ON CORPORATE GOVERNANCE

Corporate governance was clearly imperative for the Group in the year 2017 against the backdrop of regulatory changes in the domestic corporate governance realm and a relatively challenging economic environment that is characterised by volatile market conditions and commodity prices.

Against the aforementioned setting, during the year under review, the Board directed its focus on the core duties of the Board which is grounded on the creation of long-term value for stakeholders.

Corporate governance areas which gained heightened attention from the Board during the financial year ended 31 December 2017 are as follows:

Independence of the Board

It is recognised that having objectivity in the boardroom extends beyond quantitative measures such as number of independent directors and their respective tenures. In order to harness the collective wisdom from greater participation of Independent Directors, Independent Directors have access to key gatekeepers of the Group such as external and internal auditors to discuss or share concerns about the Group and exchange views on potential improvements in governance.

Review of Board Charter and Board Committees' Terms of Reference

The Board undertook to review and update its Board Charter alongside the Terms of Reference for each of the Board Committees. Changes were made to reflect the revised regulatory expectations as well as the expectations of stakeholders for Directors to exercise greater vigilance and scepticism in understanding and shaping the direction of the Group. These authoritative documents serve to guide the governance and conduct of the Board and Board Committees.

Professional Development of Directors

During the year under review, Directors were accorded with a host of opportunities to develop and maintain their skills and knowledge. Directors attended various training programmes to keep themselves abreast of changes in legislative promulgations and industry practices. The Board, through the NC was satisfied with the type of programmes attended by each Director during the year to enhance their knowledge and performance.

The list of training programmes that were attended by the Board members are outlined below:

Name	Programme title and Organiser	Date(s)
Non-Independent Non-Executive Directors		
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	• Transparency in Corporate Reporting – Assessing Malaysia's Top 100 Public Listed Companies (Malaysian Institute of Corporate Governance (MICG))	8 August 2017
	• Half Day Talk on Code of Corporate Governance 2016 and the Companies Act 2016 (Affin Holdings Berhad (AHB))	14 September 2017
	• Half-Day Talk on the Implications of MFRS 9 on Business Strategy and Cybersecurity Risk Implications (AHB)	28 November 2017
	• Leaders Roundtable Meeting (30% Club Malaysia Chapter)	8 December 2017
Tan Sri Dato' Seri Lodin Wok Kamaruddin	• Seminar Pelabur Global 2017 (Vega Hermosa International Sdn Bhd)	18 February 2017
	• Breakfast Talk with Asian Corporate Governance Association: Corporate Governance Watch 2016 – Ecosystems Matter (ICLIF-MINDA)	7 March 2017
	• Performance Management System for Estates & Mills Management (Boustead Estates Agency Sdn Bhd)	25 April 2017
	• FIDE Forum 1st Distinguished Board Leadership Series – "Efficient Inefficiency: Making Boards Effective in a Changing World" (FIDE Forum)	4 May 2017
	• FIDE Forum Invitation – 2nd Distinguished Board Leadership Series "Risk and Reward: What Must Board Know About A Sustainable Financial Institution Remuneration System for Senior Management and Material Risk Takers" (FIDE Forum)	8 June 2017
	• Presentation on Companies Act 2016 by Messrs. Azmi & Associates (Affin Hwang Investment Bank Berhad (AHIB))	17 July 2017
	• Global Banking Conference – China's Banking Industry: Opportunities for Growth (Asian Institute of Chartered Bankers)	1 – 2 August 2017
	• Half-Day Talk on Companies Act 2016 and Malaysian Code on Corporate Governance (Boardroom Corporate Services (KL) Sdn Bhd)	5 October 2017
	• Affin Hwang Capital Conference Series 2017 – Opportunities Amidst Geo-Political Shifts (AHIB)	5 October 2017

Name	Programme title and Organiser	Date(s)
Non-Independent Non-Executive Directors (cont'd.)		
Datuk Zakaria Sharif	• Palm Oil Economic Review & Outlook Seminar 2017 (Malaysian Palm Oil Board (MPOB))	17 January 2017
	• Change Affecting Directors Under the Companies Act 2016 : What Every Director Needs To Know (Bursatra Sdn Bhd)	5 September 2017
	• CG Breakfast Series : Leading in a Volatile, Uncertain, Complex, Ambiguous World (The ICLIF Leadership and Governance Centre (ICLIF))	13 October 2017
Independent Non-Executive Directors		
Dato' Mohzani Abdul Wahab	• Palm Oil Economic Review & Outlook Seminar 2017 (MPOB)	17 January 2017
	• Companies Act 2016 : Changes and Implications to Company Directors (Securities Industry Development Corporation (SIDC))	17 April 2017
	• CG Breakfast Series : Leading in a Volatile, Uncertain, Complex, Ambiguous World (ICLIF)	13 October 2017
Maj. Gen. Dato' Hj. Khairuddin Abu Bakar (R) J.P.	• Palm Oil Economic Review & Outlook Seminar 2017 (MPOB)	17 January 2017
	• Latest Updates on Directors' Remuneration in Compliance with the New Companies Act and the Upcoming Amendment to the Listing Requirements 2017 (ARAM Global Sdn Bhd (ARAM))	6 June 2017
	• Fraud Risk Management Workshop (Bursa Malaysia Securities Berhad)	13 July 2017
	• Seminar on the Impact of the Companies Act 2016 on the Role of Directors of Listed Companies (ARAM)	7 August 2017
	• Case Study Workshop for Independent Directors (SIDC)	16 October 2017
Dr. Raja Abdul Malek Raja Jallaludin	• Palm Oil Economic Review & Outlook Seminar 2017 (MPOB)	17 January 2017
	• The New Malaysian Code on Corporate Governance 2017 (MICG)	11 May 2017
	• National Seminar on Malaysian Code on Corporate Governance (New) – An Overview II (ARAM)	24 May 2017

CORPORATE GOVERNANCE PRIORITIES (2018 AND BEYOND)

The Board recognises that there are always opportunities for improvement in its corporate governance activities in order for the Group to continue to engender trust and confidence amongst stakeholders. The Board has identified the following set pieces on its horizon that will help it to achieve its corporate governance objectives.

YEAR 2019 – 2021

Independence of the Board

The Board recognises that a majority or "critical mass" of Independent Directors will enable BPB to facilitate greater checks and balances during boardroom deliberations and decision making. This counterweight allows Independent Directors to encourage, support and drive each other in the value creation and sustainability of the business.

The Board endeavours to appoint one additional Independent Director by the year 2021 to form a majority of Independent Directors on the Board.

Board diversity

In fostering gender diversity, the Board endeavours to establish and formalise a diversity policy, set targets, measures and annually assess both the targets and the progress in achieving them.

The Board endeavours to appoint one female Director by the year 2020 (i.e. 14% women representation on the Board) and to meet the 30% target by 2021.

LONG TERM PLAN

Sustainability reporting

BPB aims to leverage on its existing qualitative sustainability indices and adopt a more mature form of sustainability reporting. The Board will set the direction for Management to establish necessary systems and controls with the presence of quality non-financial data that will support the development of such forms of reporting. BPB will also actively engage stakeholders to formalise a better understanding of what is expected and desired from its sustainability reporting.

Statement On Risk Management And Internal Control

Pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR), the Board is pleased to provide the Statement on Risk Management and Internal Control for financial year ended 31 December 2017 which was prepared in accordance with Practice 9.1 and 9.2 of the Malaysian Code of Corporate Governance (MCCG) and the "Statement of Risk Management and Internal Control – Guidelines for Directors of Listed Issuers".

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound system of internal control to safeguard shareholders' investments and the assets of Boustead Plantations Berhad and its Subsidiaries ("collectively referred to as the Group") as well as for reviewing the adequacy and integrity of the system; including for joint venture and associated companies.

The Group's system of internal control covers risk management and financial, operational and compliance controls. Notwithstanding these, due to the limitations that are inherent in any system of internal control, the Group's internal control system is designed to manage, rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

Except for insurable risks where insurance covers are purchased, other significant risks faced by the Group are reported to Board, and managed by the respective Boards within the Group. The internal control system of the Group is supported by an appropriate organisation structure with clear reporting lines, defined lines of responsibilities and authorities from respective operating units up to the Board level.

RISK MANAGEMENT

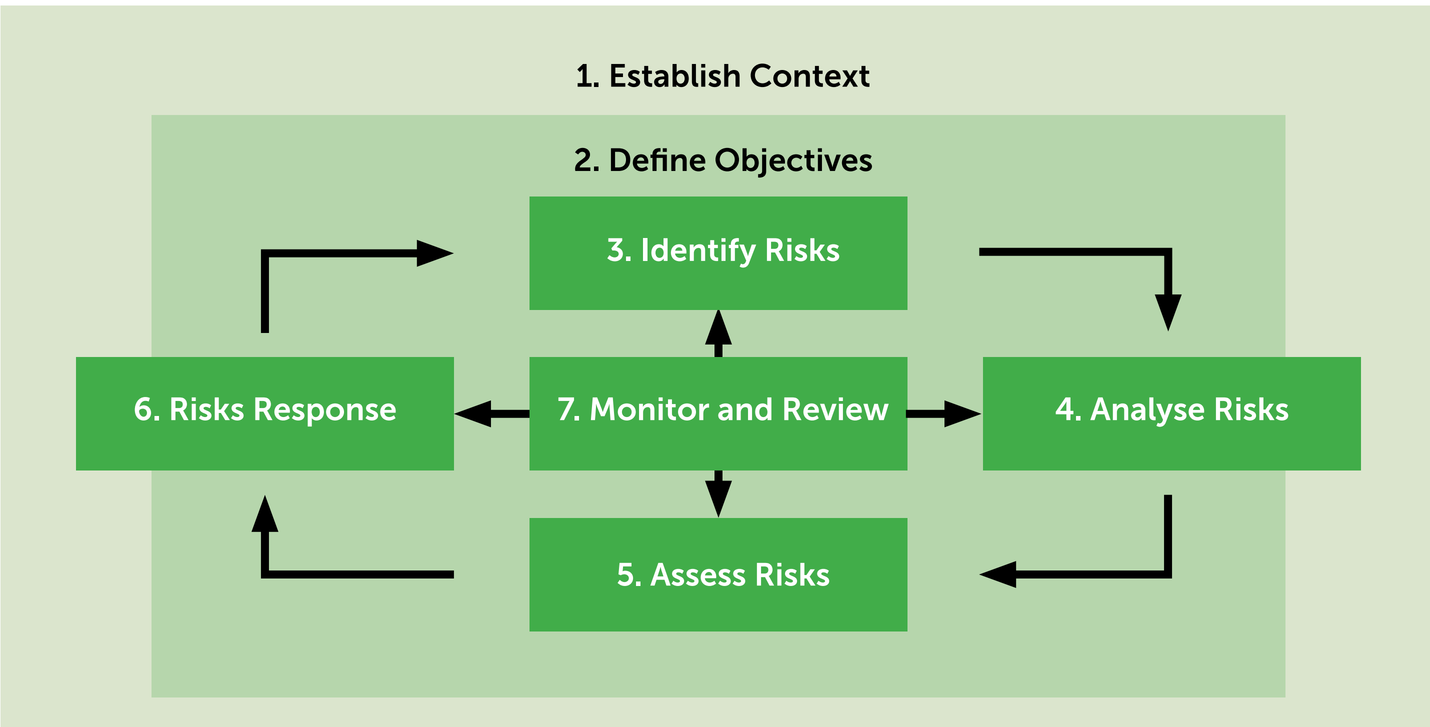
Risk management is regarded by the Board as an important aspect of the Group's operations with the objective to maintain a sound internal control system and to ensure proper management of risks that may impede the achievement of the Group's goals and objectives.

The Group has established an appropriate risk management infrastructure which is tailored to the specific circumstances of the Group and guided by Risk Management Framework of Boustead Holdings Berhad (BHB) (the immediate holding company of Boustead Plantations Berhad) to ensure that the Group's assets are well-protected and shareholders' value enhanced.

In addition, the Group's risk management practices are generally aligned with the principles of ISO 31000 and the Committee of Sponsoring Organisation of the Treadway Commission's Enterprise Risk Management Integrated Framework.

The Group's risk management process includes understanding the context of internal and external factors that may have an impact towards the business, identifying principal business risks in critical areas, assessing the likelihood and impact of material exposures, determining its corresponding risk mitigation and treatment measures, and ongoing monitoring and reviewing of risk profiles. These ongoing processes are co-ordinated by the Group Risk Management of BHB in conjunction with the business heads within the Group.

The Group's Risk Management Process is illustrated below:



Risk Management Committee is entrusted with the responsibility of implementing and maintaining the enterprise risk management framework to achieve the following objectives:

- communicate the vision, role, direction and priorities to all employees and key stakeholders;
- identify, assess, treat, report and monitor significant risks in an effective manner;
- enable systematic risk review and reporting on key risks, existing control measures and any proposed action plans; and
- create a risk-aware culture and building the necessary knowledge for risk management at every level of Management.

The enterprise risk management framework encompasses the following key elements:

- adoption of a structured and systematic risk assessment, monitoring and reporting framework as well as clearly defining the risk responsibilities and the escalation process;
- heightened risk awareness culture in the business processes through risk owners' accountability and sign-off for action plans and continuous monitoring;
- fostering a culture of continuous improvement in risk management through risk review meetings; and
- providing a system to manage the central accumulation of risk profiles data with risk significance rating for the profiles as a tool for prioritising risk action plans.

The Group's key risks are presented to the Audit Committee, where the majority of members are Independent Directors on a quarterly basis for notification and deliberation. Amidst delivering growth for its stakeholders, the Group will continue its focus on sound risk assessment practices and internal controls to ensure that the Group is well equipped to manage the various challenges arising from the dynamic business and competitive environment.

The Group's Key Risks

The Group has put in place a robust risk management framework to identify, assess, treat, report and monitor significant risks which may hinder the Group from achieving its objectives.

Principally, the Group's key risks are as follows:

1. Fluctuation in Commodity Prices

   The Group's profitability is dependent on the price direction of crude palm oil (CPO) and palm kernel (PK), which are subject to market volatility. Any upward or downward movement will have a material effect on the Group's financial performance.

   Factors such as extreme weather conditions, changes in regulatory requirements, trade barriers and competition from other edible oils such as soybean oil and coconut oil could influence the CPO and PK price movement.

   In mitigating the risk, the Group has put in place various controls to reduce the impact, especially during the decline of CPO and PK prices such as constant monitoring of CPO and PK prices, close monitoring of other edible oil prices for market analysis and adopting a mix of spot and forward sales policy for CPO.

   Furthermore, the Group is committed to progressively certify all of its business units with Roundtable on Sustainable Palm Oil (RSPO) and Malaysian Sustainable Palm Oil (MSPO) certifications so as to improve market opportunities and trade.

2. Shortage of Workers

The Group is subject to risks inherent to the plantation industry. This includes shortage of workers especially skilled harvesters, which is a major concern for the Group. Inadequate harvesters and general workers will disrupt the estates' daily operations and result in lower crop recoveries and disrupt field maintenance programmes.

In alleviating labour shortage issues, the Group is continuously mechanising its field operations such as utilising motorised FFB cutters for harvesting and using mini tractors for collecting FFB from harvesting platforms. The mechanisation of operations enables the Group to reduce reliance on manual labour, as well as being more efficient.

In addition, the Group is committed to the welfare of its workers by providing living quarters with adequate amenities including electricity and water and medical care amongst others as well as reviewing the remuneration benefits of workers when required to stay competitive.

3. Low Yield per Hectare in Sarawak Region

The Group's operations in Sarawak region have experienced low yield per hectare as the region continues to be hampered by native land disputes and the associated field blockades. Erratic weather conditions and labour shortage coupled with difficult ground conditions in Sarawak have also played a role in dampening crop production.

Notwithstanding the above, the Group is committed to engage with the local communities in order to achieve an amicable solution.

In addition, the Group is focused on improving productivity and reducing operating cost with key initiatives such as mechanisation of field operations.

KEY ELEMENTS OF INTERNAL CONTROL

Internal controls are embedded in the Group's operations as follows:

- Clear organisation structure with defined reporting lines.
- Defined level of authorities and lines of responsibilities from operating units up to the Board level to ensure accountabilities for risk management and control activities.
- Group Risk Management function assists in reviewing and recommending the risk management policies, strategies, major risks review and risk mitigation actions for the Group as well as reporting to the Audit Committee and Board on a periodic basis.
- Training and development programmes are established to ensure that staff are kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives.
- Code of Ethics for the Board and all employees to ensure high standards of conduct and ethical values in all business practices.
- Whistle blowing policy to provide an avenue for employees to report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines in a safe and confidential manner.
- Regular Board and Management meetings to assess the Group's performance and controls.
- The Board is supported by a qualified Company Secretary. The Company Secretary plays an advisory role to the Board particularly on issues relating to compliance with Main Market Listing Requirements (MMLR), Companies Act, 2016 and other relevant laws and regulations.
- Group Internal Audit function assists in providing assurance of the effectiveness of the system of internal control within the Group. Regular internal audit visits to review the effectiveness of the control procedures and ensure accurate and timely financial management reporting. Internal audit efforts are directed towards areas with significant risks and the risk management process is being audited to provide assurance on the management of risks.

- Review of internal audit reports and follow-up on findings by Management Committee. The internal audit reports are deliberated by the Audit Committee, and are subsequently presented to the Board on a quarterly basis or earlier, as appropriate.

- Review and award of major contracts by the Tender Committee. A minimum of three quotations are called for and tenders are awarded based on criteria such as quality, track record and speed of delivery. The Tender Committee ensures transparency in the award of contracts.

- Clearly documented standard operating procedures (SOP) set out the policies and procedures for day to day operations. Regular reviews are performed to ensure that the SOP remain current and relevant.

- Consolidated monthly management accounts and quarterly forecast performance which allow Management to focus on areas of concern.

- Regular visits to operating units by Planting Advisors, Visiting Engineers and Estates Agents, with emphasis on the monitoring and control of expenditure, agronomic practices and adhoc investigations.

- Strategic planning, target setting and detailed budgeting process for each operating unit which are approved both at the operating level and by the Board.

- Monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary.

- Regular visits to the operating units by members of Senior Management.

MONITORING AND REVIEW OF THE ADEQUACY AND INTEGRITY OF THE SYSTEM OF INTERNAL CONTROL

The processes adopted to monitor and review the adequacy and integrity of the system of internal control include:

- Periodic confirmation by the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and/ or Risk Officer on the effectiveness of the system of internal control, highlighting any weaknesses and changes in risk profile.

- Periodic examination of the business processes and the state of internal control by the Internal Audit function. Reports on the reviews carried out by the Internal Audit function are submitted on a regular basis to the Chief Operating Officer and Audit Committee.

The monitoring, review and reporting arrangements provide reasonable assurance that the structure of controls and its operations are appropriate to the Group's operations and that risks are at an acceptable level throughout the Group's businesses. Such arrangements, however, do not eliminate the possibility of human error, deliberate circumvention of control procedures by employees and others, or the occurrence of unforeseeable circumstances.

The Board believes that the development of the system of internal control is an on-going process and has taken proactive steps throughout the year to improve its internal control system and will continue to undertake such steps. The Board is of the view that the system of internal control in place for the year under review is sound and sufficient to safeguard shareholders' investments, stakeholders' interests and the Group's assets.

WEAKNESSES IN INTERNAL CONTROL THAT RESULT IN MATERIAL LOSSES

There were no material losses for the financial year under review as a result of weaknesses in internal control. Management continues to take measures to strengthen the control environment.

As required by Paragraph 15.23 of MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control. The review was performed in accordance with Recommended Practice Guide (RPG) 5 (Revised 2015) issued by the Malaysian Institute of Accountants.

This statement is made in accordance with a resolution of the Board of Directors dated 1 March 2018

Directors' Responsibility Statement

The Directors reaffirm that they are collectively responsible for ensuring that the annual financial statements of the Group and the Company are drawn up in accordance with the applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad; and that these financial statements give a true and fair view of the financial position, financial performance and cash flows of the Group and of the Company for the financial year ended 31 December 2017.

To ensure that financial statements are properly drawn up, the Directors have taken the following measures:

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgements and estimates that are prudent and reasonable; and
- prepared the financial statements on the going concern basis.

The Directors are responsible for ensuring that the Group and the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act, 2016. The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 1 March 2018.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and is also involved in oil palm plantation operations. The principal activities of the Subsidiaries and Associate are disclosed on page 160. There have been no significant changes in the nature of the principal activities of the Group and the Company during the financial year under review.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Shareholders of the Company	665,238	641,452
Non-controlling interests	(3,274)	–
	661,964	641,452

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the gain on disposal of plantation land as disclosed in Note 6 to the financial statements.

DIVIDENDS

During the financial year under review, the Company paid a fourth interim dividend of 3.5 sen per share totaling RM56 million in respect of the financial year ended 31 December 2016 as declared in the Directors' report of that year.

The Directors have declared the following single tier dividends in respect of the financial year ended 31 December 2017:

	Dividend		Date	Date of
	Sen per share	RM Million	declared	payment
First interim dividend	2.5	40	23 May 2017	16 June 2017
Second interim dividend	3.0	48	22 August 2017	19 September 2017
Third interim dividend	3.0	48	21 November 2017	19 December 2017
Special interim dividend	7.0	112	21 November 2017	19 December 2017
Fourth interim dividend	4.0	64	27 February 2018	27 March 2018
	19.5	312		

DIRECTORS

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)*
Tan Sri Dato' Seri Lodin Wok Kamaruddin
Dato' Mohzani Abdul Wahab
Maj. Gen. Dato' Hj. Khairuddin Abu Bakar (R) J.P.
Dr. Raja Abdul Malek Raja Jallaludin
Datuk Zakaria Sharif

* He is also a director of certain Subsidiaries of the Company.

The names of the directors of the Company's Subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Ahmad Azhar Shah Ibrahim	
Ahmad Rahman Mat Akat	
Chow Kok Choy	
Dato' Shoib Abdullah	
Datu Dr. Hj. Sulaiman Hj. Husaini	(Resigned on 1 August 2017)
Datu Sajeli Kipli	(Appointed on 2 May 2017)
Datuk Ago Anak Dagang	
Fahmy Ismail	
Hasbi Suhaili	(Resigned on 1 August 2017)
Loh Wai Cheong	
Razali Zainudin	(Appointed on 1 August 2017)
Sebastian Anak Baya	
Sharudin Jaffar	

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors, or the fixed salary of a full-time employee of the Company or its related corporations as shown in Note 5 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial interest, except as disclosed in Note 31 to the financial statements.

The Company maintained a Directors' and Officers' Liability Insurance for purpose of Section 289 of the Companies Act, 2016 throughout the year, which provide appropriate insurance cover for the Directors and Officers of the Company. The amount of insurance premium effected for the Directors and Officers of the Company during the financial year was RM32,000. The Directors and Officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares of the Company and its related corporations were as follows:

	<---------------- Number of ordinary shares ---------------->			
	At 1.1.2017	Acquired	Sold	At 31.12.2017
Boustead Plantations Berhad				
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	1,560,000	–	–	1,560,000
Tan Sri Dato' Seri Lodin Wok Kamaruddin	27,836,800	–	–	27,836,800
Dato' Mohzani Abdul Wahab	200,000	–	–	200,000
Dr. Raja Abdul Malek Raja Jallaludin	200,000	100,900	–	300,900
Datuk Zakaria Sharif	203,000	–	–	203,000
Boustead Holdings Berhad				
Tan Sri Dato' Seri Lodin Wok Kamaruddin	52,257,805	–	–	52,257,805
Pharmaniaga Berhad				
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	220,000	–	–	220,000
Tan Sri Dato' Seri Lodin Wok Kamaruddin	12,500,148	–	–	12,500,148
Boustead Heavy Industries Corporation Berhad				
Tan Sri Dato' Seri Lodin Wok Kamaruddin	2,000,000	–	–	2,000,000
Datuk Zakaria Sharif	400	–	–	400
Boustead Petroleum Sdn Bhd				
Tan Sri Dato' Seri Lodin Wok Kamaruddin	5,916,465	–	–	5,916,465
Affin Holdings Berhad				
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	119,220	–	–	119,220
Tan Sri Dato' Seri Lodin Wok Kamaruddin	1,051,328	–	–	1,051,328

Other than the above, none of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

HOLDING COMPANIES

The Immediate Holding Company 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 Malaysia Securities Berhad. The Ultimate Holding Corporation is Lembaga Tabung Angkatan Tentera (LTAT), a local statutory body established by the Tabung Angkatan Tentera Act, 1973.

OTHER STATUTORY INFORMATION

(a) Before the income statements and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen that secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group or of the Company which has arisen.

(f) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 33 to the financial statements.

SUBSEQUENT EVENT

Details of subsequent event are disclosed in Note 34 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 5 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the Directors

GEN. TAN SRI DATO' MOHD GHAZALI HJ. CHE MAT (R)

TAN SRI DATO' SERI LODIN WOK KAMARUDDIN

Kuala Lumpur
1 March 2018

STATEMENT BY DIRECTORS

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R) and Tan Sri Dato' Seri Lodin Wok Kamaruddin, being two of the Directors of Boustead Plantations Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 88 to 160 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the year ended.

Signed on behalf of the Board in accordance with a resolution of the Directors

GEN. TAN SRI DATO' MOHD GHAZALI HJ. CHE MAT (R)

TAN SRI DATO' SERI LODIN WOK KAMARUDDIN

Kuala Lumpur
1 March 2018

STATUTORY DECLARATION

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016

I, Chin Sup Chien, being the officer primarily responsible for the financial management of Boustead Plantations Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 88 to 160 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 1 March 2018.

Before me

ZAINALABIDIN BIN NAN
Commissioner for Oaths
Kuala Lumpur

CHIN SUP CHIEN

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BOUSTEAD PLANTATIONS BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Boustead Plantations Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 88 to 160.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act, 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Key audit matters (cont'd.)

Impairment assessment of property, plant and equipment, biological assets and prepaid land lease payments
As at 31 December 2017, the carrying amount of property, plant and equipment, biological assets and prepaid land lease payments of the Group are RM1,306.0 million, RM1,234.9 million, RM47.8 million and the carrying amount of property, plant and equipment and biological assets of the Company are RM786.9 million and RM483.4 million respectively. These are disclosed in Notes 12, 13, 14 respectively to the financial statements.

The Group and the Company are required to perform an impairment test of the cash generating units ("CGU") or groups of CGUs when there is an indication that a CGU or groups of CGU may be impaired by comparing the carrying amount with its recoverable amount.

Certain oil palm estates and mills of the Group and of the Company with a net carrying amount of RM146.4 million and RM104.8 million respectively were incurring losses or operating at near break-even level or have significant decline in Fresh Fruit Bunches ("FFB") yield. These were identified by management as indications of impairment. Management has then undertaken an assessment of the recoverable amount, which is defined as the higher of fair value less costs of disposal or value in use ("VIU"). Given the significance of property, plant and equipment, biological assets and prepaid land lease payments to the Group and the Company, the judgments and estimates involved in the assessment of the recoverable amount, we have identified this as an important area of our audit.

The aforementioned impairment review gave rise to impairment losses of biological assets of RM10.0 million of the Group and of the Company as disclosed in Notes 5 and 13 to the financial statements.

The areas that involved significant audit efforts and judgement were the assessment of possible variations in the amount and timing of cash flows and the determination of an appropriate discount rate.

Where the impairment assessment of the CGU or groups of CGU is based on fair value less costs of disposal, we have amongst others, assessed the key assumptions and methodology used by independent professional valuers, including comparisons with recent transactions involving other similar estates in the vicinity, age of palms, size and title tenure.

Where the impairment assessment of CGU or groups of CGU is based on VIU we have amongst others, assessed the assumptions used relating to the forecasted and projected Crude Palm Oil ("CPO") and FFB prices, FFB yield of the oil palm estates and the estimated remaining useful lives of the biological assets. We assessed the CPO and FFB price assumptions through comparisons with the latest market evidence available, including long-term price forecasts.

We also assessed the discount factor used to determine the present value of the cash flows and whether the rate used reflect the current market assessment of the time value of money and the risk specific to the asset is the return that the investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset.

To the extent that management relied on valuation reports provided by independent professional valuers, we also considered the competence, capabilities and objectivity of the professional valuers.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information consists of the information included in the Group's annual report for the financial year ended 31 December 2017 but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company and its subsidiaries or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' responsibilities for the audit of the financial statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

(d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

NG YEE YEE
No. 03176/05/2019 J
Chartered Accountant

Kuala Lumpur, Malaysia
1 March 2018

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	4	**760,097**	707,875	**306,666**	264,373
Operating cost	5	**(570,594)**	(564,899)	**(188,256)**	(117,141)
Results from operations		**189,503**	142,976	**118,410**	147,232
Gain on disposal of plantation land	6	**554,868**	124,170	**554,868**	34,413
Gain on disposal of Subsidiary	15	**–**	33,393	**–**	37,718
Interest income	7	**11,616**	14,211	**41,034**	44,170
Finance cost	8	**(27,885)**	(42,074)	**(25,483)**	(37,922)
Share of results of Associate		**4,568**	3,405	**–**	–
Profit before taxation		**732,670**	276,081	**688,829**	225,611
Taxation	9	**(70,706)**	(59,724)	**(47,377)**	(17,092)
Profit for the year		**661,964**	216,357	**641,452**	208,519
Attributable to:					
Shareholders of the Company		**665,238**	227,791	**641,452**	208,519
Non-controlling interests		**(3,274)**	(11,434)	**–**	–
Profit for the year		**661,964**	216,357	**641,452**	208,519
Earnings per share					
Basic (sen)	10	**41.6**	14.2		

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Profit for the year	**661,964**	216,357	**641,452**	208,519
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):				
Share of exchange fluctuation of Associate, representing other comprehensive income for the year, net of tax	**222**	294	**–**	–
Total comprehensive income for the year, net of tax	**662,186**	216,651	**641,452**	208,519
Attributable to:				
Shareholders of the Company	**665,460**	228,085	**641,452**	208,519
Non-controlling interests	**(3,274)**	(11,434)	**–**	–
Total comprehensive income for the year, net of tax	**662,186**	216,651	**641,452**	208,519

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		Group		Company	
	Note	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Assets					
Non-current assets					
Property, plant and equipment	12	**1,306,040**	1,324,444	**786,882**	793,090
Biological assets	13	**1,234,927**	1,248,585	**483,443**	497,101
Prepaid land lease payments	14	**47,796**	49,754	**–**	–
Investment in Subsidiaries	15	**–**	–	**210,159**	210,159
Investment in Associate	16	**28,363**	30,323	**3,330**	3,330
Goodwill on consolidation	17	**2,281**	2,281	**–**	–
Deferred tax assets	18	**2,990**	2,517	**–**	–
Receivables	19	**–**	–	**216,424**	104,940
		2,622,397	2,657,904	**1,700,238**	1,608,620
Current assets					
Inventories	20	**26,085**	24,462	**6,548**	6,547
Receivables	19	**169,540**	88,027	**431,515**	361,122
Tax recoverable		**2,394**	2,438	**–**	–
Cash and bank balances	21	**15,818**	424,570	**11,612**	415,523
		213,837	539,497	**449,675**	783,192
Assets held for sale	22	**14,008**	60,085	**14,008**	60,085
		227,845	599,582	**463,683**	843,277
Total assets		**2,850,242**	3,257,486	**2,163,921**	2,451,897

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Equity and liabilities					
Equity attributable to shareholders of the Company					
Share capital	23	**1,422,344**	800,000	**1,422,344**	800,000
Non-distributable reserves	24	**373**	622,495	**–**	622,344
Retained profits	25	**1,124,444**	763,206	**482,495**	145,043
Shareholders' equity		**2,547,161**	2,185,701	**1,904,839**	1,567,387
Non-controlling interests		**25,313**	29,049	**–**	–
Total equity		**2,572,474**	2,214,750	**1,904,839**	1,567,387
Non-current liabilities					
Borrowings	26	**–**	100,000	**–**	–
Deferred tax liabilities	18	**26,556**	24,113	**2,015**	450
Payables	27	**5,966**	5,372	**4,677**	4,226
		32,522	129,485	**6,692**	4,676
Current liabilities					
Borrowings	26	**140,016**	801,152	**140,016**	776,152
Payables	27	**96,140**	105,362	**108,384**	100,715
Taxation		**9,090**	6,737	**3,990**	2,967
		245,246	913,251	**252,390**	879,834
Total liabilities		**277,768**	1,042,736	**259,082**	884,510
Total equity and liabilities		**2,850,242**	3,257,486	**2,163,921**	2,451,897

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital RM'000	Non-distributable reserves RM'000	Distributable retained profits RM'000	Total equity attributable to shareholders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
Group						
At 1 January 2016	800,000	622,201	759,415	2,181,616	46,448	2,228,064
Profit for the year	–	–	227,791	227,791	(11,434)	216,357
Other comprehensive income	–	294	–	294	–	294
Total comprehensive income for the year	–	294	227,791	228,085	(11,434)	216,651
Disposal of Subsidiary	–	–	–	–	(5,365)	(5,365)
Transactions with owners:						
Dividends paid to non controlling interests	–	–	–	–	(600)	(600)
Dividends (Note 11)	–	–	(224,000)	(224,000)	–	(224,000)
At 31 December 2016	800,000	622,495	763,206	2,185,701	29,049	2,214,750
At 1 January 2017	**800,000**	**622,495**	**763,206**	**2,185,701**	**29,049**	**2,214,750**
Profit for the year	**–**	**–**	**665,238**	**665,238**	**(3,274)**	**661,964**
Other comprehensive income	**–**	**222**	**–**	**222**	**–**	**222**
Total comprehensive income for the year	**–**	**222**	**665,238**	**665,460**	**(3,274)**	**662,186**
Transactions with owners:						
Dividends paid to non controlling interests	**–**	**–**	**–**	**–**	**(462)**	**(462)**
Dividends (Note 11)	**–**	**–**	**(304,000)**	**(304,000)**	**–**	**(304,000)**
Transition in accordance with Section 618(2) of the Companies Act, 2016	**622,344**	**(622,344)**	**–**	**–**	**–**	**–**
At 31 December 2017	**1,422,344**	**373**	**1,124,444**	**2,547,161**	**25,313**	**2,572,474**

	Share capital RM'000	Non-distributable reserves RM'000	Distributable retained profits RM'000	Total equity RM'000
Company				
At 1 January 2016	800,000	622,344	160,524	1,582,868
Profit for the year, representing total comprehensive income	–	–	208,519	208,519
Transactions with owners: Dividends (Note 11)	–	–	(224,000)	(224,000)
At 31 December 2016	800,000	622,344	145,043	1,567,387
At 1 January 2017	**800,000**	**622,344**	**145,043**	**1,567,387**
Profit for the year, representing total comprehensive income	**–**	**–**	**641,452**	**641,452**
Transactions with owners: Dividends (Note 11)	**–**	**–**	**(304,000)**	**(304,000)**
Transition in accordance with Section 618(2) of the Companies Act, 2016	**622,344**	**(622,344)**	**–**	**–**
At 31 December 2017	**1,422,344**	**–**	**482,495**	**1,904,839**

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Cash flows from operating activities				
Cash receipts from customers	**772,648**	685,971	**244,865**	139,748
Cash paid to suppliers and employees	**(557,111)**	(509,904)	**(215,111)**	(98,502)
Cash generated from operations	**215,537**	176,067	**29,754**	41,246
Defined benefit obligations paid	**(212)**	(143)	**(206)**	(66)
Tax paid	**(58,860)**	(36,530)	**(36,947)**	(17,144)
Net cash generated from/(used in) operating activities	**156,465**	139,394	**(7,399)**	24,036
Cash flows from investing activities				
Purchase of property, plant and equipment	**(34,114)**	(37,682)	**(14,876)**	(2,889)
Transfer of property, plant and equipment from Subsidiary	**–**	–	**–**	(39,014)
Transfer of investment in Associate from Subsidiary	**–**	–	**–**	(3,330)
Purchase of biological assets	**–**	(26,990)	**–**	–
Proceeds from disposal of property, plant and equipment and biological assets	**615,043**	129,898	**614,986**	49,719
Proceeds from disposal of Subsidiary	**–**	59,988	**–**	60,000
Deposit for purchase of plantation asset	**(75,000)**	–	**–**	–
Dividends received	**6,750**	–	**7,650**	125,361
Interest received	**13,247**	14,964	**52,702**	40,989
Net cash generated from investing activities	**525,926**	140,178	**660,462**	230,836

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Cash flows from financing activities				
Dividends paid	**(304,000)**	(224,000)	**(304,000)**	(224,000)
Dividends paid to non-controlling interests	**(600)**	–	**–**	–
(Decrease)/Increase in revolving credits	**(575,000)**	20,000	**(575,000)**	50,000
Repayment of term loans	**(178,643)**	(25,000)	**(53,643)**	–
Movement in Subsidiaries balances, net	**–**	–	**(92,821)**	(29,436)
Interest paid	**(28,787)**	(42,375)	**(27,397)**	(39,727)
Net cash used in financing activities	**(1,087,030)**	(271,375)	**(1,052,861)**	(243,163)
Net (decrease)/increase in cash and cash equivalents	**(404,639)**	8,197	**(399,798)**	11,709
Cash and cash equivalents at beginning of year	**420,441**	412,244	**411,394**	399,685
Cash and cash equivalents at end of year	**15,802**	420,441	**11,596**	411,394
Cash and cash equivalents at end of year				
Cash and bank balances (Note 21)	**15,818**	424,570	**11,612**	415,523
Bank overdrafts (Note 26)	**(16)**	(4,129)	**(16)**	(4,129)
	15,802	420,441	**11,596**	411,394

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention except as disclosed in the accounting policies below and comply with Financial Reporting Standards (FRS) and the requirements of the Companies Act, 2016 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted Amendments to FRS as described fully in Note 2 to the financial statements on page 110.

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

(B) BASIS OF CONSOLIDATION

The consolidated financial statements of the Group comprise the Company and its Subsidiaries.

The financial statements of the Subsidiaries used for preparing the consolidated financial statements, are prepared for the same reporting period as the Company using consistent accounting policies.

The Group controls an investee if and only if the Group has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment in the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Group, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Group obtains control over the Subsidiary and ceases when the Group loses control of the Subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

(B) BASIS OF CONSOLIDATION (CONT'D.)

Business combinations

Acquisitions of Subsidiaries are accounted for using the acquisition method of accounting. Under the acquisition method, the identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date.

Acquisition costs incurred are expensed and included in administrative expenses. 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 discount on acquisition. The accounting policy for goodwill is set out in Note (T). Discount on acquisition which represents negative goodwill is recognised immediately as income in profit or loss.

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.

Non-controlling interests

For each business combination, the Group elects whether to measure the non-controlling interests 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 statement of comprehensive income and within equity in the consolidated statement of financial position, separately from shareholders' equity. Losses of a Subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Change in ownership interest of Subsidiaries

Changes in the Group's equity interest in a Subsidiary that do not result in the Group losing control over the Subsidiary is 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.

If the Group loses control over a Subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(B) BASIS OF CONSOLIDATION (CONT'D.)

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 at 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.

Investment in Subsidiaries - separate financial statements

In the Company's separate financial statements, investments in Subsidiaries are accounted for at cost less any impairment losses. Dividends received from Subsidiaries are recorded as a component of revenue in the Company's separate income statement.

(C) ASSOCIATE

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 associate are as disclosed in Note 16.

On acquisition of an 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.

The Group's interest in associate are equity accounted. Under equity method, investment in associate 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 associate, less distribution received and any impairment in value of individual investment. Any change in other comprehensive income (OCI) of these investees is presented as part of the Group's OCI.

The consolidated statement of comprehensive income reflects the share of the associate's results after tax. Where there has been a change recognised directly in the equity of associate, the Group recognises its share of such change. Unrealised gains or losses on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. When the Group's share of losses exceeds its interest in 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.

(C) ASSOCIATE (CONT'D.)

The most recent available financial statements of the associate are used by the Group in applying the equity method. Where the financial year end of the associate is not coterminous with those of the Group, the share of results is arrived at using 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.

The Group determines at each reporting date whether there is any objective evidence that the investment in 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.

Investment in Associate - separate financial statements

In the Company's separate financial statements, investments in Associate is stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and the carrying amount is included in profit or loss.

(D) 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.

The Group and the Company as a joint operator recognises in relation to its interest in a joint operation:

- Its share of any assets held jointly;
- Its share of any liabilities incurred jointly;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its share of any expenses incurred jointly.

The Group and the Company account for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the FRS applicable to the assets, liabilities, revenues and expenses.

Profits and losses resulting from transactions between the Group and/or the Company and its joint operation are recognised in the Group's and the Company's financial statements only to the extent of the unrelated investors' interests in the joint operation.

(E) 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 Company 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 items are not available for use and thus not depreciated. Leasehold land classified as finance leases are amortised over the period of the leases ranging from 60 to 999 years (2016: 60 to 999 years). 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
Motor vehicles	3 - 7 years
Furniture and equipment	2 - 15 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values 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.

(F) BIOLOGICAL ASSETS

The expenditure on new planting and replanting of a different produce crop incurred up to the time of maturity is capitalised. Cost of development of the original produce crop is written off to profit and loss. 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. Biological assets are not amortised.

(G) INVENTORIES

Inventories are stated at the lower of cost and net realisable value, cost being determined on the weighted average basis. Cost includes all incidentals incurred in bringing the inventories into store; 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.

(H) CURRENCY CONVERSION

The Group's consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the functional currency of the Group and 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.

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its Subsidiaries and recorded on initial recognition 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 denominated in foreign currencies that are measured at fair value 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. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations 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 investment in foreign operations.

(I) CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, cash and cash equivalents comprise cash and bank balances, demand deposits and overdrafts which are subject to an insignificant risk of changes in value.

(J) 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.

(K) REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transactions will flow to the Group and the Company and the amount of revenue can be measured reliably.

(i) Sales of plantation produce

Revenue from sales of plantation produce is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer.

(ii) Revenue from services

Revenue from services is recognised when services are rendered.

(iii) Interest income

Interest income is recognised as it accrues at effective interest rate unless collection is doubtful.

(iv) Dividend income

Dividends from subsidiaries and associate are recognised in profit or loss when the right to receive payment is established.

(L) CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group and the Company present assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold and consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within 12 months after the reporting period or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(M) PROVISIONS

Provisions are recognised when the Group and the Company have 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 amount 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 finance cost.

(N) SHARE CAPITAL AND SHARE ISSUANCE EXPENSES

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company 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.

(O) BORROWING COSTS

Borrowing costs consist of interest and other costs that the Group and the Company 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.

(P) TAXATION

Taxation on the profit or loss for the year comprises current and deferred tax, and is recognised in the profit or loss. Current tax is the expected amount of taxes payable in respect of the taxable profit for the year including real property gains tax payable on disposal of properties 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 in 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.

(Q) EMPLOYEE BENEFITS

(i) Short term benefits

Short term benefits such as wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. 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.

(ii) Defined contribution plans

As required by law, the Group and the Company make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(iii) Defined benefit plans

The Group and the Company also pay defined benefits to the workers and staff of estates and mills in Peninsular Malaysia in accordance with agreement between the Malayan Agricultural Producers Association (MAPA) and the National Union of Plantation Workers (NUPW) as well as between MAPA and All Malayan Estates Staff Union (AMESU). These gratuity benefits are calculated based on the specified rates for each completed year of service.

The defined benefit liability is the aggregate of the present value of the defined benefit obligations (derived using a discount rate based on market yield at the valuation date of high quality corporate bonds for a duration of 10 years) adjusted for actuarial gains or losses and past service costs. There are no assets which qualify as plan assets as this is an unfunded arrangement.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method taking into account various factors which includes mortality and disability rates, turnover rates, future salary increases and estimated future cash outflows.

Defined benefit costs comprise service costs, net interest on the net defined benefit liability and remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as an expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the defined benefit liability is the change during the period in the defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the defined benefit liability. Net interest on the defined benefit liability is recognised as expense or income in profit or loss. Remeasurements comprising actuarial gains and losses are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

(R) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group and the Company assess 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 and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units (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.

(S) LEASES

(i) Finance lease

A lease is recognised as a finance lease if it transfers substantially to the Group and the Company 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 and the Company 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.

(S) LEASES (CONT'D.)

(ii) Operating lease

Leases of assets where 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 of 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 (2016: 30 to 90 years).

(T) GOODWILL

After initial recognition, goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised, but instead, 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 allocated to the related cash-generating unit is 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 a subsequent period.

Gains and losses on the disposal of an entity include the carrying amount of the goodwill relating to the entity sold.

(U) FINANCIAL ASSETS

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become 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.

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables of the Group and the Company 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.

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.

(V) IMPAIRMENT OF FINANCIAL ASSETS

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

To determine whether there is objective evidence that financial assets are impaired, the Group and the Company consider 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, 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 and the Company'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 a 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.

(W) 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 and the Company become a party to the contractual provisions of the financial instrument. The Group's and the Company's financial liabilities are classified as other financial liabilities. The Group's and the Company'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.

(X) 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 in Malaysia. The Group's plantation business are segregated into three geographical segments. Performance of the segments is monitored by the respective segment's management team. Additional disclosures on the segment reporting is disclosed in Note 30, including the factors used to identify the reportable segments and the measurement basis of segment information.

(Y) 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 and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

(Z) NON-CURRENT ASSETS HELD FOR SALE

Non-current assets or disposal groups are classified as being held for sale if their carrying amount is recovered principally through a sale transaction rather than through continuing use. These assets are measured at the lower of carrying amount and fair value less costs of disposal when the sale is highly probable and the assets or the disposal group is available for immediate sale in its present condition subject only to the terms that are usual and customary.

Cost of disposal are the incremental costs directly attributable to the disposal.

Non-current assets held for sale are not depreciated once classified as held for sale and are presented separately as current items in the statement of financial position.

(AA) FAIR VALUE MEASUREMENT

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is an investment holding company and is also involved in oil palm plantation operations. The principal activities of the Subsidiaries and Associate are disclosed on pages 160.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is 28th Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur.

The Immediate Holding Company 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 Malaysia Securities Berhad. The Ultimate Holding Corporation is Lembaga Tabung Angkatan Tentera (LTAT), a local statutory body established by the Tabung Angkatan Tentera Act, 1973. The Company is a Government-related entity by virtue of its relationship with LTAT.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 1 March 2018.

2. CHANGES IN ACCOUNTING POLICIES

Accounting policies are disclosed on pages 96 to 109.

2.1 Adoption of FRSs and amendments to FRSs

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group and the Company adopted for the first time the following amended FRS:

Amendments to FRS 107	Statement of Cash Flows - Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to FRS Standards 2014 - 2016 Cycle	Amendments to FRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in FRS 12

Amendments to FRS 107: Statement of Cash Flows - Disclosure Initiative

The amendments to FRS 107 Statement of Cash Flows require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Apart from the additional disclosures in Note 26 to the financial statements, the application of these amendments has had no impact on the Group and the Company.

Amendments to FRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The application of these amendments has had no impact on the Group and the Company as the Group and the Company had already assessed the sufficiency of future taxable profits in a way that is consistent with these amendments.

2. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

2.1 Adoption of FRSs and amendment to FRSs (cont'd.)

Annual Improvements to MFRS Standards 2014 – 2016 Cycle

Amendments to FRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in FRS 12

The amendments clarify that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The application of these amendments has had no effect on the Group and the Company as none of the Group's and the Company's interest in these entities are classified, or included in a disposal group that is classified as held for sale.

2.2 Malaysian Financial Reporting Standards

The Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Group and the Company 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, against opening retained profits.

The Group and the Company have established a project team to plan and manage the adoption of the MFRS Framework. This project consists of the following phases:

(a) Assessment and planning phase

This phase involves the following:

(i) High level identification of the key differences between Financial Reporting Standards and accounting standards under the MFRS Framework and disclosures that are expected to arise from the adoption of MFRS Framework;

(ii) Evaluation of any training requirements; and

(iii) Preparation of a conversion plan.

The Group and the Company consider the assessment and planning phase to be complete as at the date of these financial statements.

(b) Implementation and review phase

This phase aims to:

(i) develop training programs for the staff;

(ii) formulate new and/or revised accounting policies and procedures for compliance with the MFRS Framework;

(iii) identify potential financial effects as at the date of transition, arising from the adoption of the MFRS Framework; and

(iv) develop disclosures required by the MFRS Framework.

2. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

2.2 Malaysian Financial Reporting Standards (cont'd.)

The Group and the Company have not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2017 could be different if prepared under the MFRS Framework.

The Group and the Company consider that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

3. 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:

(a) Impairment of property, plant and equipment, biological assets and prepaid land lease payments

The Group and the Company review the carrying amounts of the property, plant and equipment, biological assets and prepaid land lease payments at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company shall estimate the recoverable amount of CGU or groups of CGU. The recoverable amount is measured at the higher of fair value less costs of disposal (FVLCD) or value in use (VIU).

Where assessment of the recoverable amounts of CGU or groups of CGU is determined on the basis of FVLCD, the Group and the Company had based the FVLCD on valuations by independent professional valuers which were derived from comparisons with recent transactions involving other similar estates in the vicinity, age of palms and title tenure. Changes to any of these assumptions would affect the amount of impairment losses. Determining the VIU of CGU or groups of CGU requires the determination of future cash flows expected to be derived from continuing use of the asset and from its ultimate disposal of such assets, which thus require the Group and the Company to make estimates and assumptions that can materially affect the financial statements. In estimating the VIU, the estimated future cash flows 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.

The estimation of the recoverable amount involves significant judgement and estimations. While the Group and the Company believe that the assumptions are appropriate and reasonable, changes in the assumptions may materially affect the assessment of recoverable amounts. The accumulated impairment losses for biological assets is disclosed in Note 13.

(b) Impairment of goodwill

The Group tests for impairment of goodwill on an annual basis. This requires an 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 estimate the expected future cash flows from the asset or CGU and also to choose a suitable discount rate in order to determine 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 2017 was RM2,281,000 (2016: RM2,281,000).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

(c) 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 was not recognised on unused tax losses, capital and agricultural allowances and other deductible temporary differences of the Group of RM408,657,000 (2016: RM415,770,000) at the reporting date as disclosed in Note 18.

(d) Useful lives of buildings, plant and equipment

The Group and the Company estimate the useful lives of buildings, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of buildings, 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 buildings, 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 buildings, plant and equipment would increase the depreciation expenses and decrease the carrying amount on buildings, plant and equipment.

The cost of buildings, plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these buildings, plant and equipment to be within 5 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. The carrying amount of the Group and the Company's buildings, plant and equipment at the reporting date is disclosed in Note 12.

(e) Impairment of loans and receivables

The Group and the Company assess 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 and the Company consider 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 and the Company's loans and receivables at the reporting date is disclosed in Note 19.

4. REVENUE

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Sales of plantation produce	**758,532**	705,676	**246,774**	139,282
Revenue from plantation agency services	**1,565**	2,199	**–**	–
Gross dividends from Subsidiaries and Associate	**–**	–	**59,892**	125,091
	760,097	707,875	**306,666**	264,373

5. OPERATING COST

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Changes in inventories of produce stocks	**(2,600)**	18,553	**(873)**	(2,020)
Raw materials, consumables and other direct costs	**276,979**	248,779	**91,787**	37,475
Staff costs	**204,072**	202,098	**58,039**	31,685
Defined contribution plan	**8,844**	6,961	**2,438**	1,248
Unfunded defined benefit plan (Note 28)	**806**	643	**657**	4,228
Other operating costs	**82,493**	87,865	**36,208**	44,525
	570,594	564,899	**188,256**	117,141

Other operating costs include:				
Auditors' remuneration				
- Current year	**639**	599	**242**	172
- Prior year	**55**	50	**70**	–
- Other services	**124**	54	**75**	15
Directors' remuneration				
- Fees	**661**	513	**653**	505
- Allowance	**59**	43	**59**	43
Unrealised loss on foreign exchange	**2**	2,581	**–**	2,515
Depreciation (Note 12)	**42,082**	41,136	**10,683**	8,212
Research and development	**13,500**	12,813	**13,500**	6,953
Amortisation of prepaid land lease payments (Note 14)	**1,958**	2,028	**–**	–
Impairment of biological assets (Note 13)	**10,000**	10,418	**10,000**	–
Impairment loss on investment in Subsidiary	**–**	–	**–**	21,600
Goodwill written off	**–**	504	**–**	–
Reversal of impairment loss on other receivables (Note 19 (ii))	**(63)**	(41)	**(54)**	(28)
(Gain)/loss on disposal of property, plant and equipment	**(59)**	82	**(33)**	–
Property, plant and equipment written off	**55**	253	**51**	–
Gain on compulsory land acquisition	**–**	(1,097)	**–**	(237)
Rental of premises	**1,400**	1,343	**–**	–
Windfall levy	**4,075**	2,183	**2,598**	1,242

6. GAIN ON DISPOSAL OF PLANTATION LAND

On 22 December 2016, CIMB Islamic Trustee Berhad, acting as trustee for the Company, and Setia Recreation Sdn. Bhd. (SRSB) entered into a sale and purchase agreement for the sale of 677.78 hectares of freehold land situated in Mukim 6, Daerah Seberang Perai Utara, Pulau Pinang to SRSB for cash consideration of RM620.1 million. The disposal was completed on 26 September 2017 and the gain of RM554.9 million was recognised in the current year's profit and loss.

In the previous financial year, the Group and the Company recognised gain of RM124.2 million and RM34.4 million respectively from the disposal of land to Sanggul Suria Sdn Bhd, Hanson Quarry Products (Segamat) Sdn Bhd and YTL Cement Berhad.

7. INTEREST INCOME

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Interest income				
- Subsidiaries	**–**	–	**29,424**	29,973
- Financial institutions	**11,616**	14,211	**11,610**	14,197
	11,616	14,211	**41,034**	44,170

8. FINANCE COST

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Interest expense				
- Financial institutions	**27,391**	41,700	**22,899**	33,257
- Subsidiaries	**–**	–	**2,090**	4,050
- Joint operation partner	**494**	615	**494**	615
	27,885	42,315	**25,483**	37,922
Less:				
Capitalised to biological assets (Note 13)	**–**	(241)	**–**	–
	27,885	42,074	**25,483**	37,922

9. TAXATION

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Malaysian taxes				
- Charge for the year	**68,603**	34,280	**45,630**	17,587
- Under/(over) provision in prior year	**133**	426	**182**	(42)
	68,736	34,706	**45,812**	17,545
Deferred tax (Note 18)				
- Origination and reversal of temporary differences	**2,692**	26,091	**2,084**	(89)
- Over provision in prior year	**(722)**	(1,073)	**(519)**	(364)
	1,970	25,018	**1,565**	(453)
	70,706	59,724	**47,377**	17,092

Reconciliations of the taxation applicable to profit before taxation at the statutory rate of 24% (2016: 24%) to the tax expense of the Group and the Company are as follows:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Profit before taxation	**732,670**	276,081	**688,829**	225,611
Taxation at statutory tax rate of 24% (2016: 24%)	**175,841**	66,259	**165,319**	54,147
Effects of reduction income tax rate for increased chargeable income	**(2,999)**	–	**(743)**	–
Effects of share of results of Associate	**(1,096)**	(817)	**–**	–
Effects of income subject to different tax rates	**(104,835)**	(29,191)	**(104,835)**	(13,204)
Income not subject to tax	**(104)**	(1,065)	**(14,472)**	(30,075)
Non-deductible expenses	**9,435**	10,475	**5,685**	8,299
Tax incentives	**(3,240)**	(3,217)	**(3,240)**	(1,669)
Deferred tax assets not recognised	**1,154**	18,082	**–**	–
Utilisation of previously unused tax losses and unabsorbed capital and agricultural allowances	**(2,861)**	(155)	**–**	–
Under/(over) provision of taxation in prior year	**133**	426	**182**	(42)
Over provision of deferred tax in prior year	**(722)**	(1,073)	**(519)**	(364)
Taxation for the year	**70,706**	59,724	**47,377**	17,092

10. EARNINGS PER SHARE

The basic earnings per share of the Group is calculated by dividing the consolidated profit for the year attributable to shareholders of the Company of RM665,238,000 (2016: RM227,791,000) with the weighted average number of ordinary shares in issue during the year of 1,600,000,000 (2016: 1,600,000,000). The Group does not have any potential dilutive ordinary shares for financial years ended 31 December 2017 and 31 December 2016.

11. DIVIDENDS

	Amount		Dividend per ordinary share	
	2017 RM'000	**2016 RM'000**	**2017 Sen**	**2016 Sen**
Dividends on ordinary shares in respect of the current financial year				
- First interim	**40,000**	48,000	**2.5**	3.0
- Second interim	**48,000**	48,000	**3.0**	3.0
- Third interim	**48,000**	80,000	**3.0**	5.0
- Special interim	**112,000**	–	**7.0**	–
	248,000	176,000	**15.5**	11.0
Dividends on ordinary shares in respect of the previous financial year				
- Fourth interim	**56,000**	48,000	**3.5**	3.0
	304,000	224,000	**19.0**	14.0

Subsequent to the end of the current financial year, the Directors declared a fourth interim dividend of 4 sen per share amounting to RM64 million in respect of the financial year ended 31 December 2017. The dividend, which will be paid on 27 March 2018, will be accounted for in equity as an appropriation of retained earnings for financial year ending 31 December 2018.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other assets RM'000	Total RM'000
Group							
2017							
Cost							
At 1 January	584,625	427,584	277,196	230,356	66,119	40,061	1,625,941
Additions	–	–	3,864	20,111	5,107	5,032	34,114
Disposals	–	–	–	–	(417)	–	(417)
Transfer to assets held for sale (Note 22)	(9,872)	–	(566)	(117)	–	–	(10,555)
Reclassification	–	–	2,356	4,648	365	(7,369)	–
Written off	–	–	(431)	(532)	(3,676)	(112)	(4,751)
At 31 December	574,753	427,584	282,419	254,466	67,498	37,612	1,644,332
Accumulated depreciation							
At 1 January	–	23,383	84,617	117,941	47,268	28,288	301,497
Charge for year (Note 5)	–	5,452	13,791	15,277	6,128	1,434	42,082
Disposals	–	–	–	–	(386)	–	(386)
Transfer to assets held for sale (Note 22)	–	–	(118)	(87)	–	–	(205)
Written off	–	–	(405)	(526)	(3,674)	(91)	(4,696)
At 31 December	–	28,835	97,885	132,605	49,336	29,631	338,292
Net carrying amount							
At 31 December	574,753	398,749	184,534	121,861	18,162	7,981	1,306,040

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other assets RM'000	Total RM'000
Group							
2016							
Cost							
At 1 January	633,490	421,702	271,530	215,669	67,258	45,549	1,655,198
Additions	–	5,882	10,419	8,091	5,245	8,045	37,682
Disposals	(211)	–	–	–	(860)	(2)	(1,073)
Disposal of Subsidiary (Note 15)	–	–	(3,409)	(1,118)	(723)	(140)	(5,390)
Transfer to assets held for sale (Note 22)	(48,654)	–	(1,695)	–	–	–	(50,349)
Adjustment on prior year asset held for sale	–	–	30	–	–	–	30
Transfer from related company	–	–	–	–	–	16	16
Reclassification	–	–	947	11,968	160	(13,075)	–
Written off	–	–	(626)	(4,254)	(4,961)	(332)	(10,173)
At 31 December	584,625	427,584	277,196	230,356	66,119	40,061	1,625,941
Accumulated depreciation							
At 1 January	–	17,720	72,714	108,139	47,272	27,825	273,670
Charge for year (Note 5)	–	5,663	13,831	14,551	6,165	926	41,136
Disposals	–	–	–	–	(537)	(2)	(539)
Disposal of Subsidiary (Note 15)	–	–	(967)	(743)	(671)	(133)	(2,514)
Transfer to assets held for sale (Note 22)	–	–	(339)	–	–	–	(339)
Adjustment on prior year asset held for sale	–	–	3	–	–	–	3
Written off	–	–	(625)	(4,006)	(4,961)	(328)	(9,920)
At 31 December	–	23,383	84,617	117,941	47,268	28,288	301,497
Net carrying amount							
At 31 December	584,625	404,201	192,579	112,415	18,851	11,773	1,324,444

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other assets RM'000	Total RM'000
Company							
2017							
Cost							
At 1 January	546,089	137,312	99,975	35,896	20,899	3,289	843,460
Additions	–	–	1,294	11,091	1,387	1,104	14,876
Disposals	–	–	–	–	(87)	–	(87)
Transfer to assets held for sale (Note 22)	(9,872)	–	(566)	(117)	–	–	(10,555)
Reclassification	–	–	109	127	–	(236)	–
Written off	–	–	(37)	(12)	(375)	(21)	(445)
At 31 December	536,217	137,312	100,775	46,985	21,824	4,136	847,249
Accumulated depreciation							
At 1 January	–	3,060	16,640	12,186	16,292	2,192	50,370
Charge for year (Note 5)	–	1,019	5,061	2,990	1,379	234	10,683
Disposals	–	–	–	–	(87)	–	(87)
Transfer to assets held for sale (Note 22)	–	–	(118)	(87)	–	–	(205)
Written off	–	–	(10)	(9)	(375)	–	(394)
At 31 December	–	4,079	21,573	15,080	17,209	2,426	60,367
Net carrying amount							
At 31 December	536,217	133,233	79,202	31,905	4,615	1,710	786,882

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Other assets RM'000	Total RM'000
Company							
2016							
Cost							
At 1 January	594,747	137,312	88,765	1,805	716	664	824,009
Additions	–	–	459	1,311	760	359	2,889
Disposals	(4)	–	–	–	–	–	(4)
Transfer to assets held for sale (Note 22)	(48,654)	–	(1,695)	–	–	–	(50,349)
Adjustment on prior year asset held for sale	–	–	30	–	–	–	30
Transfer from Subsidiary	–	–	12,030	32,137	19,476	3,455	67,098
Reclassification	–	–	386	643	160	(1,189)	–
Written off	–	–	–	–	(213)	–	(213)
At 31 December	546,089	137,312	99,975	35,896	20,899	3,289	843,460
Accumulated depreciation							
At 1 January	–	2,040	10,532	1,154	463	434	14,623
Charge for year (Note 5)	–	1,020	4,842	1,494	730	126	8,212
Transfer to assets held for sale (Note 22)	–	–	(339)	–	–	–	(339)
Adjustment on prior year asset held for sale	–	–	3	–	–	–	3
Transfer from Subsidiary	–	–	1,602	9,538	15,312	1,632	28,084
Written off	–	–	–	–	(213)	–	(213)
At 31 December	–	3,060	16,640	12,186	16,292	2,192	50,370
Net carrying amount							
At 31 December	546,089	134,252	83,335	23,710	4,607	1,097	793,090

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(a) The other assets consist of office equipment, computers, laboratory equipment and buildings, plant and machinery under construction. The cost of buildings, plant and machinery under construction amount to RM2,142,000 (2016: RM6,276,000) and RM785,000 (2016: RM368,000) for the Group and the Company respectively.

(b) The freehold land and leasehold land of the Company with carrying book value of RM510,919,000 (2016: RM559,573,000) and RM133,233,000 (2016: RM134,252,000) respectively are held by CIMB Islamic Trustee Berhad, acting as trustee for the Company.

(c) The leasehold land of a Subsidiary with carrying book value of RM39,678,000 (2016: RM40,168,000) is held in trust by a nominee acting for the Subsidiary.

13. BIOLOGICAL ASSETS

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Cost				
At 1 January	**1,293,540**	1,295,919	**497,101**	506,951
Additions	**–**	26,990	**–**	–
Interest capitalised (Note 8)	**–**	241	**–**	–
Disposals	**–**	(278)	**–**	–
Transfer to assets held for sale (Note 22)	**(3,658)**	(10,075)	**(3,658)**	(10,075)
Adjustment on prior year asset held for sale	**–**	225	**–**	225
Disposal of Subsidiary (Note 15)	**–**	(19,482)	**–**	–
At 31 December	**1,289,882**	1,293,540	**493,443**	497,101
Accumulated impairment losses				
At 1 January	**44,955**	34,537	**–**	–
Impairment losses for year (Note 5)	**10,000**	10,418	**10,000**	–
At 31 December	**54,955**	44,955	**10,000**	–
Net carrying amount				
At 31 December	**1,234,927**	1,248,585	**483,443**	497,101

13. BIOLOGICAL ASSETS (CONT'D.)

Certain oil palm estates and palm oil mills of the Group and the Company with net carrying amounts of RM146.4 million (2016: RM193.2 million) and RM104.8 million (2016: RM33.1 million) respectively were incurring losses or operating at near break even level or have significant decline in fresh fruit bunches yield. These were identified by management as indications of impairment.

Management had performed impairment assessments and estimated the recoverable amount as the higher of fair value less costs of disposal or value in use. The impairment review gave rise to impairment losses of RM10.0 million (2016: RM10.4 million) in respect of biological assets with a net carrying amount of RM97.9 million (2016: RM77.7 million). The impairment losses were recognised on the basis of estimated recoverable amount of RM87.9 million (2016: RM67.3 million) derived from value in use calculation using a pre-tax discount rate of 9.0% (2016: 9.5%).

14. PREPAID LAND LEASE PAYMENTS

	Group	
	2017 RM'000	**2016 RM'000**
Cost		
At 1 January	**63,077**	69,261
Disposal	**–**	(34)
Disposal of Subsidiary (Note 15)	**–**	(6,150)
At 31 December	**63,077**	63,077
Accumulated amortisation		
At 1 January	**13,323**	11,990
Amortisation for year (Note 5)	**1,958**	2,028
Disposal	**–**	(2)
Disposal of Subsidiary (Note 15)	**–**	(693)
At 31 December	**15,281**	13,323
Net carrying amount		
At 31 December	**47,796**	49,754

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2017 RM'000	**2016 RM'000**
Unquoted shares in Malaysia		
Cost		
At 31 December	**306,272**	306,272
Accumulated impairment losses		
At 31 December	**96,113**	96,113
Net carrying amount		
At 31 December	**210,159**	210,159

Subsidiaries with material non-controlling interests

The Group regards Boustead Pelita Kanowit Sdn Bhd (BPK), Boustead Pelita Tinjar Sdn Bhd (BPT) and Boustead Pelita Kanowit Oil Mill Sdn Bhd (BPKOM) as Subsidiaries that have material non-controlling interests. These Subsidiaries are incorporated and operate in Malaysia.

The summarised financial information of BPK, BPT and BPKOM before inter-company eliminations is provided below.

	BPK		BPT		BPKOM	
	2017 %	**2016 %**	**2017 %**	**2016 %**	**2017 %**	**2016 %**
Equity interest held by non-controlling interests	**40**	40	**40**	40	**40**	40

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(i) Summarised statements of comprehensive income

	BPK		BPT		BPKOM	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	**62,329**	62,164	**15,727**	17,139	**90,105**	88,489
(Loss)/profit for the year	**(3,137)**	(20,427)	**(7,228)**	(9,872)	**2,181**	(308)
Attributable to:						
Shareholders of the Company	**(1,882)**	(12,256)	**(4,337)**	(5,923)	**1,309**	(185)
Non-controlling interests	**(1,255)**	(8,171)	**(2,891)**	(3,949)	**872**	(123)
	(3,137)	(20,427)	**(7,228)**	(9,872)	**2,181**	(308)
Dividend declared to non-controlling interests	**–**	–	**–**	–	**462**	600

(ii) Summarised statements of financial position

	BPK		BPT		BPKOM	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current assets	**212,011**	214,570	**120,342**	124,424	**10,427**	10,840
Current assets	**2,132**	2,470	**1,466**	1,800	**27,374**	27,179
Total assets	**214,143**	217,040	**121,808**	126,224	**37,801**	38,019
Current liabilities	**194,766**	194,526	**13,988**	11,176	**4,976**	6,219
Net assets	**19,377**	22,514	**107,820**	115,048	**32,825**	31,800
Attributable to:						
Shareholders of the Company	**18,883**	20,765	**96,131**	100,468	**19,695**	19,080
Non-controlling interests	**494**	1,749	**11,689**	14,580	**13,130**	12,720
	19,377	22,514	**107,820**	115,048	**32,825**	31,800

15. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(iii) Summarised statements of cash flows

	BPK		BPT		BPKOM	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Net cash generated from/(used in):						
Operating activities	**11,187**	20,865	**506**	(3,549)	**1,689**	(4,255)
Investing activities	**(798)**	(2,180)	**(161)**	(177)	**(213)**	(51)
Financing activities	**(10,643)**	(18,496)	**(387)**	3,769	**(1,500)**	4,325
Net (decrease)/increase in cash and cash equivalents	**(254)**	189	**(42)**	43	**(24)**	19

Disposal of Subsidiary

The effects on previous year's financial position of the Group arising from the disposal of Subsidiary, Boustead Sedili Sdn Bhd were as follows:

	Group
	2016 RM'000
Net assets disposed:	
Property, plant and equipment (Note 12)	2,876
Biological assets (Note 13)	19,482
Prepaid land lease payments (Note 14)	5,457
Deferred tax asset (Note 18)	2,355
Inventories	5
Receivables	1,933
Cash and bank balances	12
Payables	(308)
Non controlling interests	(5,365)
Net assets disposed	26,447
Disposal expenses	160
Gain on disposal	33,393
Disposal proceeds	60,000
Cash and bank balances disposed	(12)
Net cash in flow on disposal	59,988

16. INVESTMENT IN ASSOCIATE

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Unquoted shares, at cost	**3,330**	3,330	**3,330**	3,330
Share of post acquisition reserves	**25,033**	26,993	**–**	–
	28,363	30,323	**3,330**	3,330
Equity interest in Associate	**50%**	50%	**50%**	50%

The summarised financial information represents the amounts in the financial statements of Associate and not the Group's share of those amounts.

(a) Summarised statements of comprehensive income:

	2017 RM'000	**2016 RM'000**
Revenue	**62,363**	60,025
Profit for the year	**9,137**	6,810
Other comprehensive income	**444**	588
Total comprehensive income	**9,581**	7,398
Dividend declared and paid during the year	**13,500**	–

(b) Summarised statements of financial position:

	2017 RM'000	**2016 RM'000**
Total assets	**127,249**	114,772
Total liabilities	**(70,523)**	(54,127)
Net assets	**56,726**	60,645

16. INVESTMENT IN ASSOCIATE (CONT'D.)

(c) Reconciliation of summarised financial information to the net assets of Associate:

	2017 RM'000	2016 RM'000
Net assets at 1 January	**60,645**	53,247
Profit for the year	**9,137**	6,810
Other comprehensive income	**444**	588
Dividend paid	**(13,500)**	–
Net assets at 31 December	**56,726**	60,645
Carrying value of Group's investment in Associate	**28,363**	30,323

17. GOODWILL ON CONSOLIDATION

Goodwill on consolidation arose from the acquisition of a Subsidiary that is principally involved in oil palm cultivation. At reporting date, the recoverable amount of goodwill was determined on the basis of value in use calculation using five-year cash flow projections approved by the Board of Directors. The pre-tax discount factor of 8% (2016: 9%) reflects specific risks of the industry.

Based on the sensitivity analysis, management believes that no reasonably possible change in base case key assumptions would cause the carrying value of the goodwill to exceed its recoverable amount.

18. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
At 1 January	**(21,596)**	5,777	**(450)**	(903)
Recognised in profit or loss (Note 9)	**(1,970)**	(25,018)	**(1,565)**	453
Disposal of Subsidiary	**–**	(2,355)	**–**	–
At 31 December	**(23,566)**	(21,596)	**(2,015)**	(450)
Presented after appropriate offsetting as follows:				
Deferred tax assets	**2,990**	2,517	**–**	–
Deferred tax liabilities	**(26,556)**	(24,113)	**(2,015)**	(450)
	(23,566)	(21,596)	**(2,015)**	(450)

Deferred tax liabilities - Group

	Property, plant and equipment RM'000	Others RM'000	Total RM'000
At 1 January 2017	**(35,657)**	**(577)**	**(36,234)**
Recognised in profit or loss	**696**	**577**	**1,273**
At 31 December 2017	**(34,961)**	**–**	**(34,961)**
At 1 January 2016	(35,161)	(577)	(35,738)
Recognised in profit or loss	(1,125)	–	(1,125)
Disposal of Subsidiary	629	–	629
At 31 December 2016	(35,657)	(577)	(36,234)

18. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

Deferred tax assets - Group

	Unused tax losses RM'000	Unabsorbed capital and agricultural allowances RM'000	Others RM'000	Total RM'000
At 1 January 2017	**6,600**	**5,564**	**2,474**	**14,638**
Recognised in profit or loss	**(3,394)**	**(107)**	**258**	**(3,243)**
At 31 December 2017	**3,206**	**5,457**	**2,732**	**11,395**
At 1 January 2016	9,196	30,434	1,885	41,515
Recognised in profit or loss	(943)	(23,546)	596	(23,893)
Disposal of Subsidiary	(1,653)	(1,324)	(7)	(2,984)
At 31 December 2016	6,600	5,564	2,474	14,638

Deferred tax liabilities – Company

	Property, plant and equipment RM'000
At 1 January 2017	**(1,883)**
Recognised in profit or loss	**(1,513)**
At 31 December 2017	**(3,396)**
At 1 January 2016	(1,155)
Recognised in profit or loss	(728)
At 31 December 2016	(1,883)

18. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D.)

Deferred tax assets - Company

	Unabsorbed capital and agricultural allowances RM'000	Others RM'000	Total RM'000
At 1 January 2017	**–**	**1,433**	**1,433**
Recognised in profit or loss	**–**	**(52)**	**(52)**
At 31 December 2017	**–**	**1,381**	**1,381**
At 1 January 2016	190	62	252
Recognised in profit or loss	(190)	1,371	1,181
At 31 December 2016	–	1,433	1,433

Unrecognised deferred tax assets

Deferred tax assets have not been recognised for the following items:

	Group	
	2017 RM'000	**2016 RM'000**
Unabsorbed capital and agricultural allowances	**94,616**	102,496
Unused tax losses	**313,196**	310,150
Other timing differences	**845**	3,124
	408,657	415,770

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 the shareholding of these Subsidiaries under Section 44(5A) and (5B) of the 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 recent history of losses will be profitable.

19. RECEIVABLES

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Current				
Trade				
Trade receivables	**46,266**	58,817	**5,654**	1,108
Other				
Estate receivables	**5,747**	4,751	**2,568**	2,187
Wholly owned Subsidiaries				
- Loan	**–**	–	**313,315**	315,507
- Current account	**–**	–	**7,606**	18,645
Non-wholly owned Subsidiaries				
- Loan	**–**	–	**8,825**	5,884
- Current account	**–**	–	**2,051**	1,048
Immediate Holding company	**–**	45	**–**	–
Other related companies	**216**	86	**1**	1
Associate	**2,136**	6,049	**198**	123
Prepayments and deposits	**157**	185	**19**	5
Deposit for purchase of land	**75,000**	–	**–**	–
Workers' housing scheme	**566**	620	**566**	620
Dividend receivables	**–**	–	**53,142**	900
Other receivables	**40,655**	18,740	**38,136**	15,714
	124,477	30,476	**426,427**	360,634
Less: Allowance for impairment losses	**(1,203)**	(1,266)	**(566)**	(620)
	123,274	29,210	**425,861**	360,014
	169,540	88,027	**431,515**	361,122
Non-current				
Other				
Loans to wholly owned Subsidiary	**–**	–	**112,500**	–
Loans to non-wholly owned Subsidiary	**–**	–	**178,924**	179,940
Less: Allowance for impairment losses	**–**	–	**(75,000)**	(75,000)
	–	–	**216,424**	104,940
Total receivables (current and non-current)	**169,540**	88,027	**647,939**	466,062

19. RECEIVABLES (CONT'D.)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Total receivables (current and non-current)	**169,540**	88,027	**647,939**	466,062
Add: Cash and bank balances (Note 21)	**15,818**	424,570	**11,612**	415,523
Less: Prepayments	**(56)**	(98)	**–**	–
Less: Other receivables	**(233)**	(712)	**(27)**	(584)
Total loans and receivables carried at amortised cost	**185,069**	511,787	**659,524**	881,001

Trade receivables

Trade receivables are non-interest bearing and are on 30-day (2016: 30-day) credit terms. Trade receivables are recognised at original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Neither past due nor impaired	**45,635**	55,195	**5,654**	1,108
Past due but not impaired				
- 1 to 30 days	**243**	2,618	**–**	–
- 31 to 60 days	**79**	36	**–**	–
- 61 to 90 days	**3**	526	**–**	–
- > 90 days	**306**	442	**–**	–
	631	3,622	**–**	–
	46,266	58,817	**5,654**	1,108

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records. These debtors are mostly long term customers with no history of default in payments.

None of the trade receivables that are neither past due nor impaired have been renegotiated during the year.

Receivables that are past due but not impaired

The Group's trade receivables of RM631,000 (2016: RM3,622,000) 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.

19. RECEIVABLES (CONT'D.)

Other related companies

Loans to wholly-owned and non-wholly owned Subsidiaries (current and non-current) are unsecured, repayable on demand and bear interest ranging from 5.5% to 6.5% (2016: 5.5% to 6.5%) per annum.

Amounts due from Immediate Holding Company, other related companies, Associate and current accounts of wholly owned and non-wholly owned Subsidiaries are unsecured, interest free and repayable on demand.

Other receivables - Current and non-current

(i) Maturity analysis of non-current receivables

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Due between 2 to 5 years:				
Loans to wholly owned Subsidiary	**–**	–	**112,500**	–
Loans to non-wholly owned Subsidiary	**–**	–	**178,924**	179,940
	–	–	**291,424**	179,940

(ii) Other receivables that are impaired

The allowance for impairment of other receivables for the Group of RM1,203,000 (2016: RM1,266,000) and for the Company of RM566,000 (2016: RM620,000) is as follows:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Current				
Workers' housing scheme	**566**	620	**566**	620
Other receivable				
- Cost of construction of pond	**76**	85	**–**	–
Other receivable				
- Disputed earthworks	**561**	561	**–**	–
	1,203	1,266	**566**	620

19. RECEIVABLES (CONT'D.)

Other receivables - Current and non-current (cont'd.)

(ii) Other receivables that are impaired (cont'd.)

Movement in allowance for impairment of other receivables:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current				
At 1 January	**1,266**	1,307	**620**	648
Reversal during the year (Note 5)	**(63)**	(41)	**(54)**	(28)
At 31 December	**1,203**	1,266	**566**	620

(iii) Loan to Subsidiary that is impaired

Movement in allowance for impairment losses of loan to Subsidiary:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current				
At 1 January/31 December	**–**	–	**75,000**	75,000

20. INVENTORIES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Produce stocks	**13,799**	11,199	**2,893**	2,020
Consumables	**7,835**	8,522	**2,118**	2,244
Nursery stocks	**4,451**	4,741	**1,537**	2,283
	26,085	24,462	**6,548**	6,547

The cost of inventories recognised as an expense for the financial year amounted to RM475,353,000 (2016: RM449,589,000) and RM138,990,000 (2016: RM63,588,000) for the Group and for the Company respectively.

21. CASH AND BANK BALANCES

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Cash and bank balances	**9,047**	66,404	**4,841**	57,357
Short term deposits with licensed banks	**6,771**	358,166	**6,771**	358,166
	15,818	424,570	**11,612**	415,523

At the reporting date, the weighted average interest rate per annum and average remaining maturity period of short term deposits are as follows:

	Group and Company	
	2017	**2016**
Weighted average interest rate (%)	**2.91**	3.25
Average remaining maturity period (days)	**14**	35

Included in cash and bank balances of the Group and the Company is overnight placement with a licensed bank of RM4,521,000 (2016: RM7,100,000). The overnight deposits earned interest of 2.43% (2016: 2.50% to 2.80%) per annum.

The proceeds of RM356,192,000 raised from Initial Public Offering in 2014, that were placed on short term deposits in prior year, were withdrawn for repayment of bank borrowings during the current year.

22. ASSETS HELD FOR SALE

(a) On 24 January 2018, CIMB Islamic Trustee Berhad (CITB), acting as trustee for the Company, entered into separate sale and purchase agreements with Sunrich Conquest Sdn Bhd and Titanium Greenview Sdn Bhd for the sale of freehold land measuring 82.84 hectares and 56.05 hectares respectively in the district of Seberang Perai Utara, Pulau Pinang as disclosed in Note 34 (referred to as "Proposed Disposal of 138.89 hectares").

(b) During the previous financial year, CITB, acting as trustee for the Company, entered into a sale and purchase agreement with Setia Recreation Sdn Bhd for the sale of 677.78 hectares of freehold land in the district of Seberang Perai Utara, Pulau Pinang (referred to as "Proposed Disposal of 677.78 hectares").

The assets to be disposed pursuant to the above sale and purchase agreements are as follows:

	Group and Company RM'000
2017	
Proposed Disposal of 138.89 hectares:	
Freehold land (Note 12)	**9,872**
Biological assets (Note 13)	**3,658**
Buildings (Note 12)	**448**
Plant and machinery (Note 12)	**30**
	14,008

	Group and Company RM'000
2016	
Proposed Disposal of 677.78 hectares:	
Freehold land (Note 12)	48,654
Biological assets (Note 13)	10,075
Buildings (Note 12)	1,356
	60,085

23. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2017 '000	2016 '000	2017 RM'000	2016 RM'000
Authorised:				
At 1 January	**4,000,000**	4,000,000	**2,000,000**	2,000,000
Abolished under Companies Act, 2016	**(4,000,000)**	–	**(2,000,000)**	–
At 31 December	**–**	4,000,000	**–**	2,000,000
Issued and fully paid:				
At 1 January	**1,600,000**	1,600,000	**800,000**	800,000
Transfer from share premium (Note 24)	**–**	–	**622,344**	–
At 31 December	**1,600,000**	1,600,000	**1,422,344**	800,000

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. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of the share premium account of RM622,344,000 for purposes as set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any shareholders as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

24. NON-DISTRIBUTABLE RESERVES

Group

	Share premium RM'000	Other reserves RM'000	Total RM'000
At 1 January 2016	622,344	(143)	622,201
Exchange fluctuation of Associate	–	294	294
At 31 December 2016 and 1 January 2017	**622,344**	**151**	**622,495**
Exchange fluctuation of Associate	**–**	**222**	**222**
Transfer of share premium to share capital (Note 23)	**(622,344)**	**–**	**(622,344)**
At 31 December 2017	**–**	**373**	**373**

Pursuant to Section 618(2) of the Companies Act, 2016, the amount standing to the credit of the Company's share premium account has become part of the Company's share capital. As explained in Note 33(b), the Company intends to use part of the share premium for the purpose of issuing bonus shares.

25. RETAINED PROFITS

The Company's retained profits are distributable by way of single tier dividends.

26. BORROWINGS

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Short term borrowings				
Unsecured:				
Bank overdrafts	**16**	4,129	**16**	4,129
Revolving credits	**140,000**	715,000	**140,000**	715,000
Term loans	**–**	82,023	**–**	57,023
	140,016	801,152	**140,016**	776,152
Long term borrowings				
Unsecured:				
Term loan	**–**	100,000	**–**	–
	–	100,000	**–**	–
Total borrowings				
Bank overdrafts	**16**	4,129	**16**	4,129
Revolving credits	**140,000**	715,000	**140,000**	715,000
Term loans	**–**	182,023	**–**	57,023
	140,016	901,152	**140,016**	776,152
Analysis by maturity:				
- within 1 year	**140,016**	801,152	**140,016**	776,152
- from 2 to 5 years	**–**	100,000	**–**	–
	140,016	901,152	**140,016**	776,152

(a) The bank overdrafts bear interest at 7.56% (2016: 7.35% to 7.85%) per annum.

(b) The revolving credits bear interest at 4.35% (2016: 3.80% to 5.06%) per annum.

(c) All borrowings are denominated in Ringgit Malaysia.

(d) During the year, the Islamic term loan and the USD denominated term loan were fully repaid. In the previous financial year, the Islamic term loan carried an average profit rate of 5.20% per annum and the USD denominated term loan bore interest at 2.30% per annum.

26. BORROWINGS (CONT'D.)

Changes in liabilities arising from financing activities

	At 1 January 2017 RM'000	Repayment RM'000	Foreign exchange movement RM'000	Reclassification RM'000	At 31 December 2017 RM'000
Group					
Short term borrowings:					
Revolving credits	715,000	(575,000)	–	–	140,000
Term loans	82,023	(103,643)	(3,380)	25,000	–
	797,023	(678,643)	(3,380)	25,000	140,000
Long term borrowings:					
Term loan	100,000	(75,000)	–	(25,000)	–
	897,023	(753,643)	(3,380)	–	140,000
Company					
Short term borrowings:					
Revolving credits	715,000	(575,000)	–	–	140,000
Term loan	57,023	(53,643)	(3,380)	–	–
	772,023	(628,643)	(3,380)	–	140,000

27. PAYABLES

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Current				
Trade				
Trade payables	**25,499**	25,712	**6,459**	7,233
Other				
Estate payables	**20,071**	15,703	**4,682**	3,772
Amount due to joint operation partner	**14,049**	17,872	**14,049**	17,872
Other related companies	**75**	287	**8**	8
Associate	**3,606**	3,945	**2,928**	3,268
Immediate Holding Company	**500**	436	**207**	419
Wholly owned Subsidiaries				
- Loan	**–**	–	**41,942**	24,665
- Current account	**–**	–	**204**	1,450
Non-wholly owned Subsidiaries				
- Loan	**–**	–	**23,742**	21,607
- Current account	**–**	–	**126**	83
Accrued expenses	**7,814**	10,206	**2,312**	3,484
Other taxes payable	**16,458**	9,605	**9,739**	2,262
Deposit received on disposal of land	**–**	12,402	**–**	12,402
Other payables	**8,068**	9,194	**1,986**	2,190
	70,641	79,650	**101,925**	93,482
	96,140	105,362	**108,384**	100,715

27. PAYABLES (CONT'D.)

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Current (cont'd.)				
Trade and other payables	**96,140**	105,362	**108,384**	100,715
Non-current				
Other payables				
Defined benefit obligations (Note 28)	**5,966**	5,372	**4,677**	4,226
Total payables (current and non-current)	**102,106**	110,734	**113,061**	104,941
Total payables (current)	**96,140**	105,362	**108,384**	100,715
Add: Borrowings (Note 26)	**140,016**	901,152	**140,016**	776,152
Less: Other taxes payable	**(16,458)**	(9,605)	**(9,739)**	(2,262)
Total financial liabilities carried at amortised cost	**219,698**	996,909	**238,661**	874,605

Trade and other payables

Trade and estate payables are on 30 to 60 days (2016: 30 to 60 days) payment terms and are non-interest bearing.

Other payables are normally settled on an average of 30 days (2016: 30 days) terms and are non-interest bearing.

Related party balances

Amount due to joint operation partner is unsecured, repayable on demand and bears interest at 3.5% (2016: 3.5%) per annum.

Amount due to Immediate Holding Company is unsecured, interest free and repayable on demand.

Loans from wholly owned and non-wholly owned Subsidiaries are unsecured, repayable on demand and bear interest at 3.5% (2016: 3.5%) per annum.

Amounts due to Associate, other related companies and current accounts of wholly owned and non-wholly owned Subsidiaries are unsecured, interest free and repayable on demand.

28. DEFINED BENEFIT OBLIGATIONS

(a) The amount recognised in the statements of financial position is determined as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Present value of unfunded defined benefit obligations, representing net liability (Note 27)	**5,966**	5,372	**4,677**	4,226

(b) The movement in the net liability in the current year is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
At 1 January	**5,372**	4,872	**4,226**	64
Recognised in profit or loss (Note 5)	**806**	643	**657**	4,228
Defined benefits paid	**(212)**	(143)	**(206)**	(66)
At 31 December	**5,966**	5,372	**4,677**	4,226

(c) The amount recognised in profit or loss is analysed as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current service cost	**347**	329	**261**	4,008
Past service cost	**165**	48	**165**	12
Interest cost	**294**	266	**231**	208
Defined benefits recognised in profit or loss	**806**	643	**657**	4,228

28. DEFINED BENEFIT OBLIGATIONS (CONT'D.)

(d) The principal assumptions used to determine the defined benefit obligations are shown below:

	2017	2016
Discount rate (% per annum)	**5.5**	5.5
Salary increment rate (% per annum)	**5.5**	5.5

(e) The sensitivity analysis arising from reasonably possible changes of each significant assumption on the defined benefit obligations as at year end with all other assumptions held constant is given below:

	2017 RM'000	2016 RM'000
1% increase in discount rate	**(415)**	(411)
1% decrease in discount rate	**468**	465
1% increase in salary increment rate	**584**	514
1% decrease in salary increment rate	**(519)**	(457)

29. CAPITAL COMMITMENTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Capital expenditure:				
- authorised and contracted for	**675,000**	–	**–**	–
- authorised but not contracted for	**77,475**	58,027	**13,796**	17,070

The Group's interest in the capital commitment of the joint operation plantation is disclosed in Note 32.

30. SEGMENT INFORMATION

The Group is essentially involved in plantation operations and also provides plantations consultancy. Management controls operations by geographical locations where resources are allocated and performance are monitored for achievement of the desired output. Monthly management reports by geographical segments are prepared for review by Management. Thus, operating segments are best segregated as follows:

(a) Plantation Segment

Plantation operations involve the cultivation of oil palms and production of crude palm oil and palm kernel. The Group's plantations are located in Peninsular Malaysia, Sabah and Sarawak.

(b) Others Segment

The others segment consists of plantations consultancy and investing activities.

The performance of each operating segment is measured on the basis of operating results before interest income and finance cost. Non-recurring items such as gains on disposal of plantation assets, impairment losses, share of results of Associate and fair value gains or losses are excluded from the measurement of a segment's performance.

Transactions between operating segments are undertaken on arm's length basis. Inter-segment revenue namely plantation management fees are eliminated on consolidation. The Group practises central fund management where surplus funds are moved within the Group and the interest charges arising from such arrangements are eliminated in full.

30. SEGMENT INFORMATION (CONT'D.)

The performance of each segment is set out in the following table:

	Plantation PM* RM'000	Plantation Sabah RM'000	Plantation Sarawak RM'000	Others RM'000	Elimination RM'000	Total RM'000
2017						
Revenue						
External customers	324,413	332,390	101,728	1,566	–	760,097
Inter-segment	–	–	–	24,336	(24,336)	–
Total revenue	324,413	332,390	101,728	25,902	(24,336)	760,097
Reportable segment operating profit before depreciation and amortisation	122,268	105,543	12,696	3,036	–	243,543
Depreciation	(16,034)	(19,140)	(5,740)	(1,168)	–	(42,082)
Amortisation of prepaid land lease payments	–	(1,487)	(471)	–	–	(1,958)
Reportable segment operating profit after depreciation and amortisation	106,234	84,916	6,485	1,868	–	199,503
Impairment loss on biological assets						(10,000)
Gain on disposal of plantation land						554,868
Interest income						11,616
Finance cost						(27,885)
Share of results of Associate						4,568
Profit before tax						732,670
Taxation						(70,706)
Profit for the year						661,964

* Denotes Peninsular Malaysia.

30. SEGMENT INFORMATION (CONT'D.)

The performance of each segment is set out in the following table:

	Plantation PM* RM'000	Plantation Sabah RM'000	Plantation Sarawak RM'000	Others RM'000	Elimination RM'000	Total RM'000
2016						
Revenue						
External customers	295,659	308,509	101,508	2,199	–	707,875
Inter-segment	–	–	–	18,782	(18,782)	–
Total revenue	295,659	308,509	101,508	20,981	(18,782)	707,875
Reportable segment operating profit/(loss) before depreciation and amortisation	93,502	91,481	13,784	(221)	–	198,546
Depreciation	(15,675)	(18,661)	(5,857)	(943)	–	(41,136)
Amortisation of prepaid land lease payments	(70)	(1,487)	(471)	–	–	(2,028)
Reportable segment operating profit/(loss) after depreciation and amortisation	77,757	71,333	7,456	(1,164)	–	155,382
Impairment loss on biological assets						(10,418)
Goodwill written off						(504)
Unrealised loss on foreign exchange						(2,581)
Gain on compulsory land acquisition						1,097
Gain on disposal of plantation land						124,170
Gain on disposal of Subsidiary						33,393
Interest income						14,211
Finance cost						(42,074)
Share of results of Associate						3,405
Profit before tax						276,081
Taxation						(59,724)
Profit for the year						216,357

31. SIGNIFICANT RELATED PARTY TRANSACTIONS

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 operational 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 (BHB), its subsidiaries and associates;

(iii) Ultimate Holding Corporation, Lembaga Tabung Angkatan Tentera (LTAT), its subsidiaries and direct and indirect associates;

(iv) Direct and indirect associates;

(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:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Subsidiaries				
Sale of fresh fruit bunches	**–**	–	**108,833**	109,739
Plantation management fees	**–**	–	**4,760**	306
Subsidiaries of Immediate Holding Company				
Purchase of non-regulated petroleum products	**2,397**	1,678	**1,427**	511
Purchase of equipment	**–**	343	**–**	58
Travel agency services	**853**	674	**119**	26
Computer services	**–**	998	**–**	11
Office rental	**1,270**	1,213	**–**	–
Immediate Holding Company				
General management fees	**1,847**	1,914	**266**	344
Tax consultancy fees	**96**	96	**16**	17
Associate				
Advisory fees	**1,029**	1,023	**333**	143
Research and development	**13,500**	12,813	**13,500**	6,953

31. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows: (cont'd.)

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Associates of BHB				
Insurance premium	**2,860**	3,142	**634**	197
Interest income	**703**	2,515	**703**	2,515
Finance cost	**8,849**	13,879	**8,849**	13,879
Purchase of chemical products	**964**	814	**85**	50
Firm in which a director of BHB has a substantial interest				
Legal fees	**1,605**	2,461	**1,605**	914

Related party balances with the Immediate Holding Company and Subsidiaries are referred to in Notes 19 and 27.

Government-related entities

At the reporting date, balances with financial institutions which are Government-related entities are as follows:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Bank balances and Islamic deposits	**1,496**	34,461	**1,125**	33,506
Revolving credits	**–**	300,000	**–**	300,000

Key management personnel

The remuneration of key management personnel for the financial year is as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Short term employee benefits	**4,066**	4,246
Defined contribution plans	**648**	642
	4,714	4,888

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.

32. INTEREST IN JOINT OPERATION PLANTATION

The Group and the Company have a 50% interest in Kuala Muda Estate, a joint operation plantation, which is held at book value of RM22,435,000 (2016: RM22,435,000). The following amounts represent the Group's and Company's share of the assets and liabilities as well as share of revenue and expenses of the joint operation plantation, which are included in the respective statement of financial position and income statement:

	Group and Company	
	2017 RM'000	**2016 RM'000**
Statement of financial position		
Non-current assets	**17,292**	17,240
Current assets	**14,659**	17,905
Current liabilities	**(803)**	(433)
Non-current liabilities	**(82)**	(75)
Net assets	**31,066**	34,637
Income statement		
Revenue	**9,312**	6,734
Operating cost	**(4,377)**	(3,486)
Operating profit	**4,935**	3,248
Capital commitments	**238**	151

There is no reported material contingent liability relating to the Group's and the Company's interest in the joint operation plantation.

33. SIGNIFICANT EVENTS

(a) On 30 October 2017, Boustead Rimba Nilai Sdn Bhd (BRNSB), a wholly owned Subsidiary and Pertama Land & Development Sdn Bhd entered into a sale and purchase agreement for the acquisition of 42 parcels of plantation land located in the District of Labuk and Sugut, Sabah measuring approximately 11,579.31 hectares inclusive of all buildings, plant & machinery, vehicles and equipment located at the property for cash consideration of RM750 million. BRNSB has paid a 10% deposit towards the purchase consideration as disclosed in Note 19 to the financial statements. The acquisition is conditional upon the approvals of shareholders of the Company, shareholders of DutaLand Berhad and regulatory authorities, where applicable. Completion of the proposed acquisition is expected in the second quarter of 2018.

(b) On 21 November 2017, the Company (BPB) announced its proposal to undertake a bonus issue of 640,000,000 new Bonus Shares to be credited as fully paid-up on the basis of 2 Bonus Shares for every 5 existing BPB shares held by shareholders of the Company whose names appear in the Register of Depositors on an entitlement date to be determined (Proposed Bonus Issue). The issuance of 640,000,000 new Bonus Shares was based on the issued share capital of the Company comprising 1,600,000,000 BPB shares. The Proposed Bonus Issue will be effected by capitalising RM320,000,000 from the Company's share premium account. Subject to the approval of Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities, and the shareholders of the Company, the Proposed Bonus Issue is expected to be completed by second quarter of 2018.

34. SUBSEQUENT EVENT

On 24 January 2018, CIMB Islamic Trustee Berhad, acting as trustee for the Company, entered into sale and purchase agreements with the following parties:

(i) Sunrich Conquest Sdn Bhd (SCSB) for the sale of 82.84 hectares of freehold land in the district of Seberang Perai Utara, Pulau Pinang for cash consideration of RM81,143,000; and

(ii) Titanium Greenview Sdn Bhd (TGSB) for the sale of 2 parcels of freehold land measuring a total of 56.05 hectares in the district of Seberang Perai Utara, Pulau Pinang for cash consideration of RM54,901,000.

As at the date of this report, the sale is pending the approval of the Estate Land Board and Economic Planning Unit. SCSB and TGSB have paid a 7% deposit towards the sale consideration. Completion of the sale is expected in the third quarter of 2018.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of risks, including interest rate, liquidity, foreign currency, credit and market price risks. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders while minimising potential 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 Chief Executive Officer, Chief Operating Officer and Chief Financial Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for use as hedging instruments where appropriate and cost efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's interest rate risk arises from bank deposits, borrowings and intercompany loans.

The Group finances its operations through operating cash flows and borrowings, which is denominated in Ringgit Malaysia. Bank borrowings are on floating rate terms. Loans to Subsidiaries are also on floating rate terms, where such rates are remeasured at periodic intervals to approximate market interest rates or cost of borrowings. The floating rate loans to Subsidiaries form a natural hedge for its floating rate bank borrowings.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(a) Interest rate risk (cont'd.)

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 and Company's profit net of tax would have been:

	Group Effect on profit net of tax Increase/(Decrease)		**Company Effect on profit net of tax Increase/(Decrease)**	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
50 basis points decrease in interest rate	**532**	2,063	**(1,497)**	(73)
50 basis points increase in interest rate	**(532)**	(2,063)	**1,497**	73

The assumed movement in the basis points for interest rate for sensitivity analysis is based on a prudent estimate of the current market environment.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to insufficient funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group practises prudent liquidity risk management by maintaining availability of funding through adequate amount of committed credit facilities.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	Two to five years RM'000	Total RM'000
Group			
At 31 December 2017			
Financial liabilities:			
Trade and other payables	**79,682**	–	**79,682**
Loans and borrowings	**146,107**	–	**146,107**
Total undiscounted financial liabilities	**225,789**	–	**225,789**
At 31 December 2016			
Financial liabilities:			
Trade and other payables	95,757	–	95,757
Loans and borrowings	840,187	110,731	950,918
Total undiscounted financial liabilities	935,944	110,731	1,046,675

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

	On demand or within one year RM'000
Company	
At 31 December 2017	
Financial liabilities:	
Trade and other payables	**98,645**
Loans and borrowings	**146,107**
Total undiscounted financial liabilities	**244,752**
At 31 December 2016	
Financial liabilities:	
Trade and other payables	98,453
Loans and borrowings	809,664
Total undiscounted financial liabilities	908,117

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(c) 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 primarily in Malaysia. The Group and Company are no longer exposed to the foreign currency risk following the repayment of the USD denominated loan of USD12.7 million during the financial year.

The net unhedged financial liability of the Group and Company that are not denominated in the functional currency is as follows:

Borrowings

	USD'000	RM'000
At 31 December 2016	12,700	57,023

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the profit net of tax to a reasonably possible change in USD exchange rates against the functional currency of the Group, with all other variables held constant:

		Group and Company Effect on profit net of tax
		2016 RM'000
USD/RM	- strengthen by 20%	(11,405)
	- weaken by 20%	11,405

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

(d) 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 and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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 and the Company'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 related company. As the reporting date, the Company has significant concentration of credit risk that arose from exposures to amounts due from 2 (2016: 2) Subsidiaries representing 73% (2016: 68%) of the Company's trade and other receivables.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 19.

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 19.

Amounts due from Subsidiaries and related companies

There is minimal risk of default as these companies are either profitable or prospectively profitable except for Subsidiaries for which allowances have been made in respect of amounts estimated to be not recoverable as disclosed in Note 19. The credit standing of these companies are periodically monitored and reviewed.

Financial assets that are past due but not impaired

Information regarding financial assets that are past due but not impaired is disclosed in Note 19.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

(e) Market price risk

The Group is exposed to commodity price risk arising from fluctuations in the price of crude palm oil and palm kernel. The Group adopts the strategy of having a mix of spot and forward sales at any one time to mitigate this risk. Forward sales policies are periodically reviewed by Management.

36. 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	19
Amount due to Immediate Holding Company	27
Loans to/(from) Subsidiaries	19, 27
Amount due from/(to) Associate	19, 27
Amount due to joint operation partner	27
Amount due from/(to) related companies	19, 27
Trade and other payables (current)	27
Borrowings (current and non-current)	26

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.

Loans to Subsidiaries are evaluated by the Company based on parameters such as interest rates, individual credit worthiness of the respective Subsidiaries and the risk characteristics of the financed project. Based on the evaluation, allowances are taken into account for expected losses of the loan. As at 31 December 2017, the carrying amounts of the loan, net of allowances, were not materially different from their calculated fair values.

The fair value of borrowings 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.

37. 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 shareholders' 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 shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes during the financial years ended 31 December 2017 and 2016.

The Group monitors capital using a gearing ratio, which is derived by dividing borrowings over shareholders' equity. At the reporting date, the Group's gearing ratio is 0.05 times (2016: 0.41 times). The Group's policy is to keep gearing within manageable levels.

BOUSTEAD PLANTATIONS GROUP

Name of Company*	Principal activities	Paid up capital	Group interest 2017 %	Group interest 2016 %
SUBSIDIARIES				
Boustead Telok Sengat Sdn Bhd	Processing of fresh fruit bunches (FFB) and investment holding	RM11,480,000	**100**	100
Boustead Eldred Sdn Bhd	Cultivation of oil palms	RM15,000,000	**100**	100
Boustead Solandra Sdn Bhd	Cultivation of oil palms	RM200,000	**100**	100
Boustead Sungai Manar Sdn Bhd	Ceased operations	RM4,500,000	**100**	100
Boustead Rimba Nilai Sdn Bhd	Cultivation of oil palms and processing of FFB	RM100,000,000	**100**	100
Boustead Emastulin Sdn Bhd	Cultivation of oil palms and processing of FFB	RM17,000,000	**100**	100
Boustead Gradient Sdn Bhd	Cultivation of oil palms and processing of FFB	RM3,000,000	**100**	100
Boustead Trunkline Sdn Bhd	Cultivation of oil palms	RM7,000,000	**100**	100
Boustead Pelita Kanowit Sdn Bhd	Cultivation of oil palms	RM234,560,000	**60**	60
Boustead Pelita Tinjar Sdn Bhd	Cultivation of oil palms and processing of FFB	RM161,370,000	**60**	60
Boustead Pelita Kanowit Oil Mill Sdn Bhd	Operation of palm oil mill	RM30,000,000	**60**	60
Boustead Estates Agency Sdn Bhd	Plantation management and engineering consultancy	RM1,637,292	**100**	100
Bounty Crop Sdn Bhd	Ceased operation	RM70,200,000	**100**	100
ASSOCIATE				
Applied Agricultural Resources Sdn Bhd	Agronomic advisory services, commercial production of oil palm planting materials and investment holding	RM3,000,000	**50**	50

* Incorporated and operating in Malaysia

ADDITIONAL COMPLIANCE INFORMATION

1. Utilisation of proceeds raised from public issue

The gross proceeds received from the Initial Public Offering (IPO) of RM928.0 million in conjunction with the Company's listing on Main Market of Bursa Securities on 26 June 2014, have been utilised in the following manner:

Purpose	Proposed utilisation RM'000	Variation RM'000	To-date utilisation RM'000	Balance to be utilised RM'000	Deviation %
Acquisition of plantation lands	420,000	(356,192)	63,808	–	–
Replanting and capital expenditure	96,000	–	96,000	–	–
Repayment of advances to Immediate Holding Company	390,000	–	390,000	–	–
Share issuance and listing expenses	22,000	–	21,046	954	4
Repayment of bank borrowings	–	356,192	356,192	–	–
	928,000	–	927,046	954	–

On 22 August 2017, the Board of Directors approved the variation to IPO proceeds, whereby the balance of IPO proceeds allocated for acquisition of land, was utilised for repayment of bank borrowings.

The excess amount budgeted for share issuance and listing expenses of RM954,000, has been utilised for working capital purposes.

2. Audit and non-audit fees

	Group RM'000	Company RM'000
Fees paid to the auditors of the Group and Company for the financial year ended 31 December 2017		
– Audit	639	242
– Non-audit	124	75

The provision of non-audit services by the external auditors to the Group is both cost effective and efficient due to their knowledge and understanding of the operations of the Group, and did not compromise their independence and objectivity. It is also the Group's policy to use the auditors in cases where their knowledge of the Group means it is neither efficient nor cost effective to employ another firm of accountants.

3. Material contracts

There were no material contracts which had been entered into by the Group involving the interests of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2017 or entered into since the end of the previous financial year.

RECURRENT RELATED PARTY TRANSACTIONS

At the Annual General Meeting held on 5 April 2017, the Company obtained Shareholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Section 3.1.5 of Practice Note No. 12 of Bursa Malaysia Securities Berhad Listing Requirements, the details of recurrent related party transactions conducted during the financial year ended 31 December 2017 pursuant to the Shareholders' Mandate are as follows:

Related party	Interested Director/ Connected party	Nature of transaction	Actual transaction RM'000
Boustead Pelita Kanowit Sdn Bhd (BPK)	Pelita Holdings Sdn Bhd (holds 10% interest in BPK and 40% interest in BPKOM)	Sales of Fresh Fruit Bunches to Boustead Pelita Kanowit Oil Mill Sdn Bhd (BPKOM)	62,329
Boustead Holdings Berhad (BHB)	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R) Tan Sri Dato' Seri Lodin Wok Kamaruddin Datuk Zakaria Sharif LTAT	General management, internal audit and tax consultancy	1,943
Boustead Petroleum Marketing Sdn Bhd	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R) Tan Sri Dato' Seri Lodin Wok Kamaruddin Datuk Zakaria Sharif LTAT	Purchase of non-regulated petroleum products	2,397
Boustead Engineering Sdn Bhd	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R) Tan Sri Dato' Seri Lodin Wok Kamaruddin Datuk Zakaria Sharif LTAT	Purchase of equipment	Nil

Related party	Interested Director/ Connected party	Nature of transaction	Actual transaction RM'000
Boustead Realty Sdn Bhd	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R) Tan Sri Dato' Seri Lodin Wok Kamaruddin Datuk Zakaria Sharif LTAT	Office rental at Menara Boustead	1,270
Boustead Travel Services Sdn Bhd	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R) Tan Sri Dato' Seri Lodin Wok Kamaruddin Datuk Zakaria Sharif LTAT	Provision of travel agency services	853
Azzat & Izzat	Datuk Azzat Kamaludin, a director of BHB and a partner of Azzat & Izzat	Provision of legal services	1,605
Drew Ameroid (M) Sdn Bhd	Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R) Tan Sri Dato' Seri Lodin Wok Kamaruddin Datuk Zakaria Sharif LTAT	Provision of chemical products for raw and boiler water treatment	964

PROPERTIES OF THE GROUP

Location	Hectares	Description	Tenure	Age of buildings Years	Book value	Year of acquisition
Peninsular Malaysia						
Batu Pekaka Estate, Kuala Ketil, Kedah	968.7	Oil palm estate	Freehold		55.2	2013
Kuala Muda Estate (50%), Sungai Petani, Kedah	759.8	Oil palm estate	Freehold		17.1	2012
Stothard Estate, Kuala Ketil, Kedah	983.1	Oil palm estate	Freehold		24.1	2012
Kedah Oil Palms Estate, Kulim, Kedah	243.0	Oil palm estate	Freehold		7.4	2012
Bukit Mertajam Estate, Kulim, Kedah	2,164.8	Oil palm estate	Freehold		139.5	2013
Malakoff Estate, Tasek Glugor, Pulau Pinang	701.2	Oil palm estate	Freehold		52.5	2013
Taiping Rubber Plantation Estate, Trong, Perak	1,379.3	Oil palm estate & palm oil mill	Freehold	16	81.3	2013
Malaya Estate, Selama, Perak	906.5	Oil palm estate	Freehold		48.8	2013
Lepan Kabu Estate, Kuala Pahi, Kelantan	2,034.6	Oil palm estate & palm oil mill	Freehold	47	90.7	2013
Solandra Estate, Kemaman, Terengganu	395.9	Oil palm estate	1984-2054		3.6	1995
LTT-Terengganu Estate, Kemaman, Terengganu	1,810.7	Oil palm estate	1982-2054		21.1	1995
Sungai Jernih Estate, Pekan, Pahang	2,695.7	Oil palm estate & palm oil mill	1981-2091	26	63.7	2012
Bebar Estate, Muadzam Shah, Pahang	2,340.6	Oil palm estate	1984-2083		116.7	2013
Balau Estate, Semenyih, Selangor	247.4	Oil palm estate & molecular laboratory	Freehold	10	27.3	1983
Bekoh Estate, Tangkak, Johor	1,226.1	Oil palm estate	Freehold		70.9	2013
Eldred Estate, Bekok, Johor	1,799.7	Oil palm estate	Freehold		39.6	2012
Kulai Young Estate, Kulai, Johor	670.6	Oil palm estate	Freehold		53.7	2013
Chamek Estate, Kluang, Johor	814.6	Oil palm estate	Freehold		57.4	2013
Telok Sengat Estate, Kota Tinggi, Johor	3,690.1	Oil palm estate & palm oil mill	Freehold	31	280.3	2013

Location	Hectares	Description	Tenure	Age of buildings Years	Book value	Year of acquisition
Sabah						
Sungai Sungai 1, Sungai Sungai 2 and Sungai Sungai 3 Estates, Sugut	6,096.4	Oil palm estate & palm oil mill	1997-2098	12	160.6	2012, 2014, 2016
Kawananan Estate, Sugut	2,585.0	Oil palm estate	1997-2098		58.4	2012
Lembah Paitan Estate, Sugut	1,305.1	Oil palm estate	1997-2098		33.3	1997-2001
Resort Estate, Sandakan	1,106.6	Oil palm estate	1978-2071		16.1	2013
Nak Estate, Sandakan	1,348.9	Oil palm estate & palm oil mill	1965-2075	31	31.1	2012
Sutera Estate, Sandakan	2,200.7	Oil palm estate	1888-2887		142.8	2013
LTT Sabah Estate, Lahad Datu	2,023.0	Oil palm estate	1979-2077		38.0	2012
Segaria Estate, Semporna	4,746.2	Oil palm estate & palm oil mill	1965-2072	37	92.0	2012
Sungai Segamaha and Bukit Segamaha Estates, Lahad Datu	5,659.6	Oil palm estate & palm oil mill	1979-2077	21	109.3	2012
G&G Estate, Lahad Datu	2,409.8	Oil palm estate	1978-2077		179.7	2013
Sarawak						
Loagan Bunut Estate, Tinjar	3,982.9	Oil palm estate & palm oil mill	1991-2091	23	41.8	1994
Sungai Lelak Estate, Tinjar	3,726.0	Oil palm estate	1988-2088		34.7	1994
Bukit Limau Estate, Tinjar	4,814.0	Oil palm estate	1995-2094		36.6	1994
Pedai Estate, Sibu	3,412.8	Oil palm estate	1998-2058		56.1	1998
Jih Estate, Sibu	2,891.1	Oil palm estate	1998-2058		48.3	1998
Kanowit Palm Oil Mill, Sibu	45.3	Palm oil mill	1998-2058	14	5.9	2004
Kelimut Estate, Sibu	2,169.9	Oil palm estate	1998-2058		31.8	1998
Maong Estate, Sibu	1,274.6	Oil palm estate	1998-2058		8.6	1998
Mapai Estate, Sibu	2,426.8	Oil palm estate	1998-2058		32.6	1998
Bawan Estate, Sibu	1,781.1	Oil palm estate	1998-2058		32.2	1998
Total	**81,838.2**				**2,440.8**	

Book values are stated in RM million.

GROUP AGRICULTURAL STATISTICS

	2017	2016	2015	2014	2013
Planted area in hectares (ha)					
Past prime	**14,569**	12,234	13,138	13,464	9,631
Prime	**32,363**	33,199	33,533	38,436	42,922
Young	**12,179**	11,964	12,387	12,636	12,542
Total mature	**59,111**	57,397	59,058	64,536	65,095
Immature	**5,876**	7,071	6,622	6,042	5,243
Total planted	**64,987**	64,468	65,680	70,578	70,338
FFB crop metric tonnes (MT)	**973,513**	908,576	1,037,163	1,036,582	1,032,174
FFB yield (MT/ha)	**16.7**	15.6	17.6	16.2	16.4
Oil yield (MT/ha)	**3.5**	3.4	3.9	3.5	3.4
Mill production (MT)					
FFB processed	**1,080,390**	1,011,778	1,119,737	1,134,707	1,141,824
Crude palm oil	**226,843**	217,561	245,120	247,198	238,371
Palm kernel	**46,896**	44,035	51,444	51,533	52,927
Extraction rate (%)					
Crude palm oil	**21.0**	21.5	21.9	21.8	20.9
Palm kernel	**4.3**	4.4	4.6	4.5	4.6
Average selling price (RM/MT)					
FFB	**610**	598	458	511	486
Crude palm oil	**2,810**	2,584	2,148	2,401	2,353
Palm kernel	**2,505**	2,460	1,533	1,679	1,284

PLANTATION AREA STATEMENT

AREA STATEMENT

	2017		2016	
	Ha	**%**	**Ha**	**%**
Oil palms	**64,987**	**79.4**	64,468	78.1
Building sites, roads, unplantable areas, etc	**16,851**	**20.6**	18,048	21.9
Total	**81,838**	**100.0**	82,516	100.0

AGE PROFILE OF PALMS

2017

		Mature			
Region	**Immature < 3 years**	**Young 4 - 9 years**	**Prime 10 - 20 years**	**Past prime > 20 years**	**Total planted**
Peninsular Malaysia	**2,473**	**6,957**	**9,329**	**5,439**	**24,198**
Sabah	**3,370**	**4,902**	**12,759**	**6,175**	**27,206**
Sarawak	**33**	**320**	**10,275**	**2,955**	**13,583**
Total hectares	**5,876**	**12,179**	**32,363**	**14,569**	**64,987**

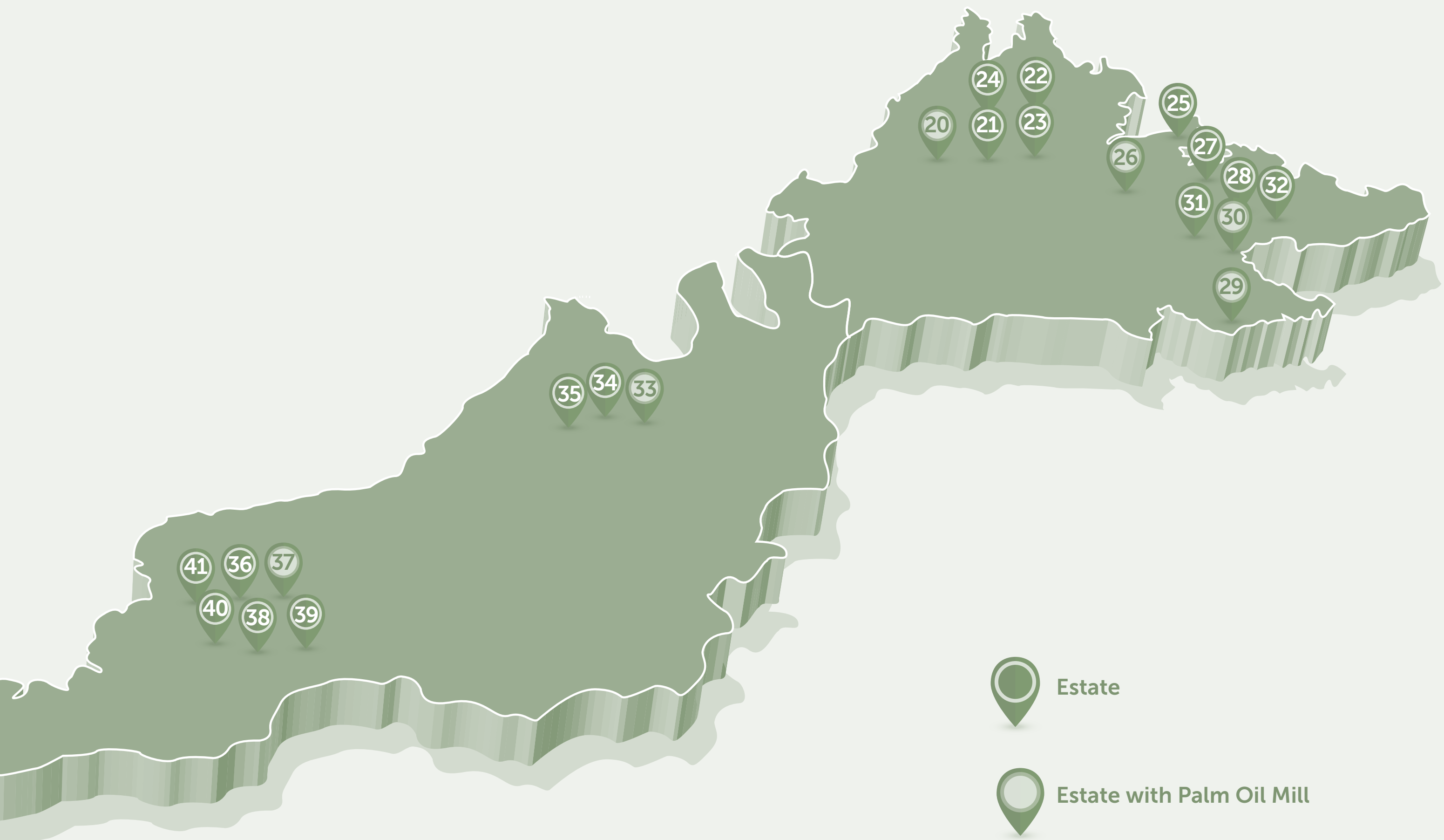
2016

		Mature			
Region	**Immature < 3 years**	**Young 4 - 9 years**	**Prime 10 - 20 years**	**Past prime > 20 years**	**Total planted**
Peninsular Malaysia	2,749	7,431	9,292	5,402	24,874
Sabah	4,052	4,533	13,544	5,092	27,221
Sarawak	270	–	10,363	1,740	12,373
Total hectares	7,071	11,964	33,199	12,234	64,468

LOCATION OF GROUP PLANTATIONS

Peninsular Malaysia

1. Batu Pekaka
2. Kuala Muda
3. Stothard
4. Kedah Oil Palms
5. Bukit Mertajam
6. Malakoff
7. Taiping Rubber Plantation
8. Malaya
9. Lepan Kabu
10. Solandra
11. LTT-Terengganu
12. Sungai Jernih
13. Bebar
14. Balau
15. Bekoh
16. Eldred
17. Kulai Young
18. Chamek
19 Telok Sengat



Sabah & Sarawak

20. Sungai Sungai 1
21. Sungai Sungai 2
22. Sungai Sungai 3
23. Kawananan
24. Lembah Paitan
25. Resort
26. Nak
27. Sutera
28. LTT-Sabah
29. Segaria
30. Sungai Segamaha
31. Bukit Segamaha
32. G&G
33. Loagan Bunut
34. Sungai Lelak
35. Bukit Limau
36. Pedai
37. Jih
38. Kelimut
39. Maong
40. Mapai
41. Bawan

SHAREHOLDING STATISTICS
AS AT 15 FEBRUARY 2018

Size of shareholdings	No. of holders	%	No. of shares	%
Less than 100	168	1.02	1,627	0.00
100 to 1,000	3,857	23.31	2,574,661	0.16
1,001 to 10,000	8,651	52.29	42,115,011	2.63
10,001 to 100,000	3,454	20.88	105,072,477	6.57
100,001 to less than 5% of issued shares	412	2.49	338,301,224	21.14
5% and above of issued shares	2	0.01	1,111,935,000	69.50
TOTAL	**16,544**	**100.00**	**1,600,000,000**	**100.00**

30 LARGEST SHAREHOLDERS

	Name of shareholders	No. of shares	%
1	BOUSTEAD HOLDINGS BERHAD *ACCOUNT NON-TRADING*	918,668,500	57.42
2	LEMBAGA TABUNG ANGKATAN TENTERA	193,266,500	12.08
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD*	73,632,200	4.60
4	LEMBAGA TABUNG HAJI	42,421,700	2.65
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR AIA BHD.*	32,719,300	2.05
6	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR CHE LODIN BIN WOK KAMARUDDIN (MY1862)*	25,600,000	1.60
7	LEMBAGA KEMAJUAN TANAH PERSEKUTUAN	8,820,000	0.55
8	LTG DEVELOPMENT SDN BHD	5,500,000	0.34
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD *BANK KERJASAMA RAKYAT (M) BERHAD (412803)*	4,150,000	0.26
10	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *YAYASAN WARISAN PERAJURIT*	2,567,400	0.16
11	KEY DEVELOPMENT SDN.BERHAD	2,320,000	0.15
12	CHINCHOO INVESTMENT SDN.BERHAD	2,241,000	0.14
13	WONG TAEK BOON @ GUAN TAEK BOON	2,238,800	0.14
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD *AMANAHRAYA INVESTMENT MANAGEMENT SDN BHD* *FOR MAJLIS AGAMA ISLAM NEGERI SEMBILAN (C417-260272)*	2,236,300	0.14
15	YEO ANN SECK	2,110,000	0.13
16	PALMHEAD HOLDINGS SDN. BHD.	2,000,000	0.13

30 LARGEST SHAREHOLDERS (CONT'D.)

	Name of shareholders	No. of shares	%
17	CITIGROUP NOMINEES (ASING) SDN BHD *CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES*	1,857,999	0.12
18	GAN TENG SIEW REALTY SDN.BERHAD	1,825,300	0.11
19	CITIGROUP NOMINEES (ASING) SDN BHD *CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND*	1,811,500	0.11
20	CITIGROUP NOMINEES (ASING) SDN BHD *CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC*	1,787,400	0.11
21	HONG LEONG ASSURANCE BERHAD *AS BENEFICIAL OWNER (LIFE PAR)*	1,669,700	0.10
22	YEAP AH KAU @ YEAP CHAN TOOI	1,640,000	0.10
23	LIM LEE LEE	1,627,800	0.10
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD *MOHD ISKANDAR LAU BIN ABDULLAH*	1,610,000	0.10
25	NAM HENG OIL MILL COMPANY SDN. BERHAD	1,601,000	0.10
26	C.L. YAP DAN KELUARGA SDN. BERHAD	1,600,000	0.10
27	MEGAT ABDUL RAHMAN BIN MEGAT AHMAD	1,590,000	0.10
28	AZZAT BIN KAMALUDIN	1,550,000	0.10
29	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR MOHD GHAZALI BIN CHE MAT*	1,500,000	0.09
30	AMSEC NOMINEES (TEMPATAN) SDN BHD *MTRUSTEE BERHAD FOR PACIFIC DIVIDEND FUND (UT-PM-DIV)*	1,419,200	0.09
	TOTAL	**1,343,581,599**	**83.97**

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct interest		Indirect interest	
	No. of holders	%	No. of shares	%
Boustead Holdings Berhad	918,668,500	57.42	-	-
Lembaga Tabung Angkatan Tentera	193,266,500	12.08	918,668,500	57.42

Class of shares	Ordinary share
Voting rights	1 vote per ordinary share

STATEMENT OF DIRECTORS' AND CEO'S INTERESTS

IN THE COMPANY AND RELATED CORPORATIONS AS AT 15 FEBRUARY 2018

	No. of shares	Direct %
Ordinary shares		
Boustead Plantations Berhad		
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	1,560,000	0.10
Tan Sri Dato' Seri Lodin Wok Kamaruddin	27,836,800	1.74
Dato' Mohzani Abdul Wahab	200,000	0.01
Dr. Raja Abdul Malek Raja Jallaludin	300,900	0.02
Datuk Zakaria Sharif	203,000	0.01
Fahmy Ismail	150,000	0.01
Boustead Holdings Berhad		
Tan Sri Dato' Seri Lodin Wok Kamaruddin	52,257,805	2.58
Pharmaniaga Berhad		
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	220,000	0.08
Tan Sri Dato' Seri Lodin Wok Kamaruddin	12,500,148	4.81
Fahmy Ismail	100	0.00
Boustead Heavy Industries Corporation Berhad		
Tan Sri Dato' Seri Lodin Wok Kamaruddin	2,000,000	0.80
Datuk Zakaria Sharif	400	0.00
Boustead Petroleum Sdn Bhd		
Tan Sri Dato' Seri Lodin Wok Kamaruddin	5,916,465	5.00
Affin Bank Berhad		
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	119,220	0.01
Tan Sri Dato' Seri Lodin Wok Kamaruddin	1,051,328	0.05

DIVIDEND POLICY

It is the policy of the Board in recommending dividends to allow shareholders to participate in the profits of Boustead Plantations Berhad, while taking into account the retention of adequate reserves for future growth.

The Company's income and therefore its ability to pay dividends is dependent upon income from plantation operations, dividends and other distributions from Subsidiaries, Associated Companies and joint operation plantation.

The payment of dividends by Subsidiaries and Associated Companies will depend upon their distributable profits, operating results, financial condition, capital expenditure, debt servicing and other obligations or business plans and applicable laws or agreements restricting their ability to pay dividends or make other distributions.

Under the dividend policy, it is the intention of the Board to adopt a dividend payout ratio of at least 60% of the Company's audited profit after tax attributable to shareholders for each financial year, after excluding the profit retained by Associated Companies, any unrealised income that are non-cash in nature and exceptional gains of non-operating nature where cash flow arising therefrom may be reinvested.

The above mentioned payout ratio that the Board intends to adopt in respect of dividend payment for a particular financial year or period will depend on the factors outlined below as well as any other factors deemed relevant by the Board. In considering the amount of dividend payment, if any, upon recommendation by the Board, the following factors are taken into account:

(i) level of cash, gearing and return on equity and retained earnings;

(ii) expected financial performance;

(iii) projected levels of capital expenditure, investment plans or growth/expansion strategy;

(iv) working capital requirements; and

(v) any contractual restrictions.

The dividend policy reflects the Board's current views on the Group's financial position and the said policy will be reviewed from time to time.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the One Hundred and Fifth Annual General Meeting of Boustead Plantations Berhad will be held at Mutiara Ballroom, Ground Floor, Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor on Thursday, 12 April 2018 at 9.00 a.m. for the purpose of transacting the following business:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors.
   (Please refer to Note 1)

2. To re-elect the following Directors who retire by rotation in accordance with Article 106 of the Company's Constitution, and being eligible, offer themselves for re-election:

   i) Maj. Gen. Dato' Hj. Khairuddin Abu Bakar (R) J.P. — **Resolution 1**

   ii) Datuk Zakaria Sharif — **Resolution 2**

3. To approve payment of Directors' fees of RM661,000 for Boustead Plantations Berhad and its subsidiary in respect of the financial year ended 31 December 2017. — **Resolution 3**

4. To approve Directors' meeting allowances of RM59,000 for Boustead Plantations Berhad for the financial year ended 31 December 2017. — **Resolution 4**

5. To approve payment of Directors' fees and meeting allowances for Boustead Plantations Berhad and its subsidiary from 1 January 2018 until the conclusion of the next Annual General Meeting of the Company. — **Resolution 5**

6. To re-appoint Messrs. Ernst & Young as auditors of the Company and to hold office until the conclusion of the next Annual General Meeting, at a remuneration to be determined by the Directors. — **Resolution 6**

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions:

7. **ORDINARY RESOLUTION**
   AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 **Resolution 7**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8. **ORDINARY RESOLUTION**
   PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS **Resolution 8**

   "THAT, subject always to the Companies Act 2016 (Act), the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the mandate granted by the shareholders of the Company on 5 April 2017, authorising the Company and/or its Subsidiaries to enter into recurrent transactions of a revenue or trading nature with the Related Parties as specified in Section 2.3.1 of the Circular to Shareholders dated 14 March 2018, provided that the transactions are:

   i) necessary for the day-to-day operations;

   ii) carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and

   iii) are not to the detriment of the minority shareholders.

   AND THAT such approval shall continue to be in force until:

   i) the conclusion of the next Annual General Meeting (AGM) of the Company, at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;

   ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

   iii) revoked or varied by a resolution passed by the Shareholders in a General Meeting;

   whichever is the earlier.

AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this Shareholders' Mandate."

9. To transact any other business of the Company of which due notice shall have been received.

By Order of the Board

TASNEEM MOHD DAHALAN
Secretary

Kuala Lumpur
14 March 2018

Notes

1. **Audited Financial Statements**

The Audited Financial Statements laid at this meeting pursuant to Section 340(1)(a) of the Companies Act 2016 are meant for discussion only. It does not require shareholders' approval, and therefore, shall not be put forward for voting.

2. **Ordinary Resolutions 1 and 2 – Proposed Re-election of Directors in accordance with Article 106 of the Company's Constitution**

Article 106 of the Company's Constitution provides amongst others that at least one-third of the Directors who are subject to retirement by rotation or, if their number is not three (3) or multiple of three (3), the number nearest to one-third shall retire from office provided always that all Directors shall retire from office once at least in every three (3) years and shall be eligible for re-election.

Directors who are standing for re-election pursuant to Article 106 of the Company's Constitution are as follows:

i) Maj. Gen. Dato' Hj. Khairuddin Abu Bakar (R) J.P.

ii) Datuk Zakaria Sharif

The Nominating Committee ("NC") of the Company has assessed the criteria and contribution of Maj. Gen. Dato' Hj. Khairuddin Abu Bakar (R) J.P. and Datuk Zakaria Sharif and recommended for their re-election. The Board endorsed the NC's recommendation that Maj. Gen. Dato' Hj. Khairuddin Abu Bakar (R) J.P. and Datuk Zakaria Sharif be re-elected as Directors of the Company. The profiles of the Directors who are standing for re-election are set out on page 13 and 15 of the Annual Report, while details of their interests in securities are set out on page 172 of the Annual Report.

3. **Ordinary Resolutions 3, 4 and 5 – Non-Executive Directors' Remuneration**

Section 230(1) of the Companies Act 2016 provides amongst others that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Board wishes to seek shareholders' approval for the following payments to the Non-Executive Directors (NEDs) of Boustead Plantations Berhad at the One Hundred and Fifth Annual General Meeting in three (3) separate resolutions as below:

Ordinary Resolution 3 seeks approval for payment of Directors' fees payable to NEDs in respect of the financial year ended 31 December 2017:

i) RM653,000 for Boustead Plantations Berhad.

ii) RM7,500 for subsidiary of Boustead Plantations Berhad.

Ordinary Resolution 4 seeks approval for payment of meeting allowances of RM59,000 payable to NEDs of Boustead Plantations Berhad in respect of the financial year ended 31 December 2017.

Ordinary Resolution 5 seeks approval for payment of Directors' fees and meeting allowances payable to NEDs from 1 January 2018 until the conclusion of the next Annual General Meeting of the Company comprising the following, with or without modifications:-

Boustead Plantations Berhad

		Directors' Fees (annual) (RM)	Meeting Allowance (per meeting) (RM)
Board	Chairman Non-Executive Director	110,000 90,000	1,500 1,000
Audit Committee	Chairman Member	30,000 15,000	1,500 1,000
Other Board Committees	Chairman Member	5,000 3,000	1,500 1,000

Subsidiary of Boustead Plantations Berhad

Name	Position Held	Fee Type	Amount (RM)
Gen. Tan Sri Dato' Mohd Ghazali Hj. Che Mat (R)	Boustead Estates Agency Sdn Bhd		
	• Chairman	Directors' Fee (annual)	7,500

4. **Ordinary Resolution 6 – Re-appointment of Auditors**

   The Board and Audit Committee of the Company are satisfied with the quality of service, adequacy of resources provided, communication, interaction skills and independence, objectivity and professionalism demonstrated by the External Auditors in carrying out their functions. Being satisfied with the External Auditors' performance, the Board recommends their re-appointment for shareholders' approval at the One Hundred and Fifth Annual General Meeting.

5. **Explanatory Notes to Special Business**

   a) **Ordinary Resolution 7 - Authority for Directors to Allot and Issue Shares**

   Ordinary Resolution 7, if passed, will give powers to the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting.

   The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the One Hundred and Fourth Annual General Meeting held on 5 April 2017, the mandate of which will lapse at the conclusion of the One Hundred and Fifth Annual General Meeting to be held on 12 April 2018.

   b) **Ordinary Resolution 8 - Recurrent Related Party Transactions**

   Ordinary Resolution 8, if passed, will enable the Company and/or its Subsidiaries to enter into recurrent transactions involving the interests of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

   Further information on the Mandate is set out in the Circular to Shareholders dated 14 March 2018.

6. **Appointment of Proxy**

   a) A member of the Company entitled to attend and vote at the meeting is entitled to appoint any person to be his proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.

   b) In the case of a Corporation, the proxy should be executed under the hand of a duly authorised officer.

   c) A member of the Company is entitled to appoint more than one proxy to attend and vote at the same meeting in his stead, provided that the member specifies the proportion of his shareholdings to be represented by each proxy.

   d) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

   e) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, should be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, located at Unit 32-01, Level 32, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, no later than Tuesday, 10 April 2018 at 9.00 a.m.

   f) Only members registered in the Record of Depositors as at 3 April 2018 shall be eligible to attend the meeting or appoint a proxy to attend and vote on his/her behalf.

   g) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by poll.

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PROXY FORM

BOUSTEAD PLANTATIONS BERHAD

I/We ____ NRIC (New)/Company No.: _______________________________
(INSERT FULL NAME IN BLOCK CAPITAL)

of ____
(FULL ADDRESS)

being a member of **BOUSTEAD PLANTATIONS BERHAD**, hereby appoint*____
(INSERT FULL NAME IN BLOCK CAPITAL)

NRIC (New) No.: _____________________ of ____
(FULL ADDRESS)

____
(FULL ADDRESS)

and/or ____ NRIC (New) No.: ____
(INSERT FULL NAME IN BLOCK CAPITAL)

____
(FULL ADDRESS)

*or failing him/her, the Chairman of the Meeting as my proxy to attend and vote for me on my behalf, at the One Hundred and Fifth Annual General Meeting of the Company to be held at Mutiara Ballroom, Ground Floor, Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor on Thursday, 12 April 2018 at 9.00 a.m. or any adjournment thereof, to vote as indicated below:

No.	Resolution	For	Against
1	Re-election of Maj. Gen. Dato' Hj. Khairuddin Abu Bakar (R) J.P.		
2	Re-election of Datuk Zakaria Sharif		
3	Approval of Directors' fees for Boustead Plantations Berhad and its subsidiary for the financial year ended 31 December 2017		
4	Approval of Directors' meeting allowances for Boustead Plantations Berhad for the financial year ended 31 December 2017		
5	Approval of Directors' fees and meeting allowances for Boustead Plantations Berhad and its subsidiary from 1 January 2018		
6	Re-appointment of Messrs. Ernst & Young as Auditors		
7	Approval for Directors to allot and issue shares		
8	Renewal of Shareholders' Mandate for recurrent related party transactions		

Dated this ______________ day of _______________ 2018

____
Signature of Member

No. of ordinary shares held:	
CDS account no. of authorised nominee:	
Proportion of shareholdings to be represented by proxies	First Proxy: ______% Second Proxy: ______%
Contact No.:	

Notes

(a) If you wish to appoint as a proxy some person other than the Chairman of the Meeting, please insert in block letters the full name and address of the person of your choice and initial the insertion at the same time deleting the words "the Chairman of the Meeting". A proxy need not be a member of the Company but must attend the Meeting in person to vote. Please indicate with an "X" in the appropriate box how you wish your vote to be cast in respect of each Resolution.

(b) In the case of a Corporation, the proxy should be executed under the hand of a duly authorised officer.

(c) A member of the Company is entitled to appoint more than one proxy to attend and vote at the same meeting in his stead, provided that the member specifies the proportion of his shareholdings to be represented by each proxy.

(d) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(e) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, should be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, located at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, no later than Tuesday, 10 April 2018 at 9.00 a.m.

(f) Only members registered in the Record of Depositors as at 3 April 2018 shall be eligible to attend the meeting or appoint a proxy to attend and vote on his/her behalf.

(g) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions will be put to vote by poll.

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STAMP

Share Registrar of Boustead Plantations Berhad
Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur

Fold here

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