BOUSTEAD PLANTATIONS BERHAD (1245-M)

UNAUDITED CONDENSED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

For the quarter ended 30 September 2018	Current Period		Cumulative Period	
(All figures are stated in RM'000)	2018	2017	2018	2017
Revenue	**131,095**	183,427	**427,451**	541,934
Operating cost	**(142,448)**	(136,931)	**(449,667)**	(426,695)
(Loss)/ Profit from operations	**(11,353)**	46,496	**(22,216)**	115,239
Gain on disposal of plantation asset	**-**	554,868	**-**	554,868
Interest income	**331**	3,748	**1,268**	10,410
Finance cost	**(13,049)**	(8,588)	**(23,137)**	(26,587)
Share of results of Associate	**911**	485	**2,517**	2,484
(Loss)/ Profit before taxation	**(23,160)**	597,009	**(41,568)**	656,414
Taxation	**(1,470)**	(41,082)	**(7,154)**	(62,972)
(Loss)/ Profit for the period	**(24,630)**	555,927	**(48,722)**	593,442
Other comprehensive (expense)/ income				
Share of exchange fluctuation of Associate	**-**	-	**(384)**	222
Total comprehensive (expense)/ income for the period	**(24,630)**	555,927	**(49,106)**	593,664
(Loss)/ Profit attributable to:				
Shareholders of the Company	**(21,897)**	557,657	**(38,877)**	597,998
Non-controlling interests	**(2,733)**	(1,730)	**(9,845)**	(4,556)
(Loss)/ Profit for the period	**(24,630)**	555,927	**(48,722)**	593,442
Total comprehensive (expense)/ income attributable to:				
Shareholders of the Company	**(21,897)**	560,004	**(39,261)**	598,220
Non-controlling interests	**(2,733)**	(4,077)	**(9,845)**	(4,556)
Total comprehensive (expense)/ income for the period	**(24,630)**	555,927	**(49,106)**	593,664
(Loss)/ Earnings per share - sen				
Basic	**(0.98)**	**24.90**	**(1.74)**	**26.70**

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

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

(All figures are stated in RM'000)	As at 30 September 2018	As at 31 December 2017	As at 1 January 2017
ASSETS			
Non-current assets			
Property, plant and equipment	**3,842,386**	3,120,060	3,188,988
Prepaid land lease payments	**46,328**	47,796	49,754
Investment in Associate	**26,496**	28,363	30,323
Goodwill on consolidation	**2,281**	2,281	2,281
Deferred tax assets	**2,990**	2,990	2,517
	3,920,481	3,201,490	3,273,863
Current assets			
Inventories	**41,480**	26,085	24,462
Biological assets	**23,459**	22,951	30,342
Receivables	**119,123**	169,540	88,027
Tax recoverable	**11,960**	2,394	2,438
Cash and bank balances	**13,839**	15,818	424,570
	209,861	236,788	569,839
Asset held for sale	**14,008**	14,008	60,085
	223,869	250,796	629,924
TOTAL ASSETS	**4,144,350**	3,452,286	3,903,787
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	**1,422,344**	1,422,344	800,000
Reserves	**1,381,874**	1,597,135	1,903,610
Shareholders' equity	**2,804,218**	3,019,479	2,703,610
Non-controlling interests	**(84,417)**	(74,572)	(68,082)
Total equity	**2,719,801**	2,944,907	2,635,528
Non-current liabilities			
Borrowings	**356,948**	-	100,000
Deferred tax liabilities	**260,366**	256,167	249,636
Payables	**5,966**	5,966	5,372
	623,280	262,133	355,008
Current liabilities			
Borrowings	**698,390**	140,016	801,152
Payables	**102,565**	96,140	105,362
Taxation	**314**	9,090	6,737
	801,269	245,246	913,251
Total liabilities	**1,424,549**	507,379	1,268,259
TOTAL EQUITY AND LIABILITIES	**4,144,350**	3,452,286	3,903,787

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

BOUSTEAD PLANTATIONS BERHAD (1245-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to Shareholders of the Company →						
		Non-distributable		Distributable			
For the financial period ended 30 September 2018	**Share Capital**	**Share Premium**	**Other Capital Reserve**	**Retained Profits**	**Total**	**Non-controlling interests**	**Total Equity**
(All figures are stated in RM'000)							
2018							
Balance at 1 January 2018	**1,422,344**	**-**	**222**	**1,596,913**	**3,019,479**	**(74,572)**	**2,944,907**
Total comprehensive income for the period	**-**	**-**	**(384)**	**(38,877)**	**(39,261)**	**(9,845)**	**(49,106)**
Transactions with owners:							
Dividends	**-**	**-**	**-**	**(176,000)**	**(176,000)**	**-**	**(176,000)**
Balance at 30 September 2018	**1,422,344**	**-**	**(162)**	**1,382,036**	**2,804,218**	**(84,417)**	**2,719,801**
2017							
Balance at 1 January 2017	800,000	622,344	-	1,281,266	2,703,610	(68,082)	2,635,528
Total comprehensive income for the period	-	-	222	597,998	598,220	(4,556)	593,664
Transactions with owners:							
Dividends	-	-	-	(144,000)	(144,000)	-	(144,000)
Transition in accordance with section 618(2) of the Companies Act 2016	622,344	(622,344)	-	-	-	-	-
Balance at 30 September 2017	1,422,344	-	222	1,735,264	3,157,830	(72,638)	3,085,192

Note:
The Companies Act 2016 ("the Act"), which took effect from 31 January 2017 abolished the concept of authorised share capital and par value for shares. Pursuant to the transition provisions set out in Section 618 (2) of the Act, the amount standing to the credit of the share premium account of RM622,344,000 has become part of the Company's share capital.

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

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

For the period ended 30 September 2018

(All figures are stated in RM'000)	**2018**	**2017**
Operating Activities		
Receipts from customers	**450,479**	562,613
Cash paid to suppliers and employees	**(372,514)**	(350,310)
Cash generated from operations	**77,965**	212,303
Tax paid	**(31,027)**	(38,814)
Net cash generated from operating activities	**46,938**	173,489
Investing Activities		
Purchase of property, plant and equipment	**(48,368)**	(46,924)
Acquisition of plantation assets	**(699,021)**	-
Proceeds from disposal of property, plant and equipment	**257**	33
Deposits received on proposed disposal of land	**9,523**	-
Proceeds from government acquisition of plantation asset	**6,409**	-
Proceeds from disposal of plantation asset	**-**	618,018
Deposit paid on proposed acquisition of plantation assets	**(39,700)**	(15,000)
Interest received	**1,268**	10,487
Dividend received	**4,000**	6,750
Net cash (used in)/ generated from investing activities	**(765,632)**	573,364
Financing Activities		
Drawdown of term loans	**400,000**	-
Increase/(decrease) in revolving credits	**501,000**	(435,000)
Repayment of term loan	**-**	(12,500)
Interest paid	**(25,740)**	(26,926)
Dividends paid	**(176,000)**	(144,000)
Dividends paid to non-controlling interest	**(462)**	**-**
Net cash generated from/ (used in) financing activities	**698,798**	(618,426)
Net (decrease)/ increase in cash and cash equivalents	**(19,896)**	128,427
Cash and cash equivalents at beginning of year	**15,802**	420,441
Cash and cash equivalents at end of period	**(4,094)**	548,868
Comprising:		
Cash and bank balances	**13,839**	548,891
Bank overdrafts	**(17,933)**	(23)
	(4,094)	548,868

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

BOUSTEAD PLANTATIONS BERHAD (1245-M)

Notes to the interim financial report for the quarter ended 30 September 2018

Part A - Explanatory Notes Pursuant to MFRS 134

1. Basis of Preparation

The interim financial statements is prepared in accordance with International Financial Reporting Standards compliant framework, Malaysian Financial Reporting Standards ("MFRS") applicable to the preparation of interim financial statements including MFRS 134 - Interim Financial Reporting and paragraph 9.22 Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements. The interim financial statements is unaudited and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2017.

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

2. Accounting Policies

2.1 The Group adopted all MFRS including MFRS 141 (revised) Agriculture and the adoption was carried out in accordance with MFRS1 "First-time adoption of Malaysian Financial Reporting Standards", using 1 January 2017 as the Transition Date.

2.2 The accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2017 except as discussed below:

a) Business Combinations

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

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

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

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

The Group's oil palms are classified as bearer plants.

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

As at the date, the carrying amount of property, plant and equipment (including bearer plants) increased by RM615,959,000 (30 September 2017: RM583,687,000; 31 December 2017: RM579,093,000) with corresponding increase in deferred tax liabilities of RM219,373,000 (30 September 2017: RM222,294,000; 31 December 2017: RM224,683,000) and corresponding decrease in non-controlling interests of RM99,018,000 (30 September 2017: RM100,402,000; 31 December 2017: RM100,852,000). The resulting adjustments were taken to retained earnings. Accordingly, amortisation net of replanting expenditure increased by RM32,272,000 (to-date September 2017) and RM36,866,000 (FYE 2017) and income tax expense increased by RM2,921,000 (to-date September 2017) and RM5,310,000 (FYE 2017).

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

c) Biological assets

Biological assets represent produce growing on oil palms.

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

2. Accounting Policies (cont'd.)

As at Transition Date, a sum of RM30,342,000 (30 September 2017: RM34,049,000; 31 December 2017: RM22,951,000) was taken up under biological assets with corresponding increase in deferred tax liabilities of RM6,150,000 (30 September 2017: RM7,332,000; 31 December 2017: RM4,928,000) and corresponding increase in non-controlling interests of RM1,887,000 (30 September 2017: RM1,400,000; 31 December 2017: RM967,000). The resulting adjustments were taken to retained earnings. Accordingly, increase in fair value of RM3,707,000 (to-date September 2017) and decrease in fair value of RM7,391,000 (FYE 2017) were recognised within operating cost and income tax expense increased by RM1,182,000 (to-date September 2017) and decreased by RM1,222,000 (FYE 2017).

d) Foreign exchange reserves

As at Transition Date, cumulative foreign currency translation differences are deemed to be zero. Accordingly, as at the date, the cumulative foreign currency translation differences of RM151,000 were taken to retained earnings.

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

2.3 Standards Issued but not yet Effective

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

	Effective Date
• Amendments to MFRS 3 - Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
• Amendments to MFRS 9 - Prepayment Features with Negative Compensation	1 January 2019
• Amendments to MFRS 10 and MFRS128 - Sale or Contribution of Assets between an Investor and its Associate or Joint-Venture	Deferred
• Amendments to MFRS 11 - Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
• MFRS 16 - Leases	1 January 2019
• MFRS 17 - Insurance Contracts	1 January 2021
• Amendments to MFRS 112 - Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
• Amendments to MFRS 119 - Plan Amendment, Curtailment or Settlement	1 January 2019
• Amendments to MFRS 123 - Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
• Amendments to MFRS 128 - Long-term interests in Associates and Joint Ventures	1 January 2019

Except for the MFRS 16 Leases there are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods.

MFRS 16 Leases

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

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

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

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

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

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

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

2.5 (i) Reconciliations of financial position and equity:

Condensed Consolidated Statement of Financial Position

	As at 1 January 2017			As at 30 September 2017			As at 31 December 2017		
	As stated under FRS RM'000	**Effects of MFRS RM'000**	**As stated under MFRS RM'000**	**As stated under FRS RM'000**	**Effects of MFRS RM'000**	**As stated under MFRS RM'000**	**As stated under FRS RM'000**	**Effects of MFRS RM'000**	**As stated under MFRS RM'000**
Non-current assets									
Property, plant and equipment	1,324,444	1,864,544 (i)	3,188,988	1,316,861	1,832,272 (i)	3,149,133	1,306,040	1,814,020 (i)	3,120,060
Biological assets	1,248,585	(1,248,585)	-	1,248,585	(1,248,585)	-	1,234,927	(1,234,927)	-
Other non-current assets	84,875	-	84,875	79,362	-	79,362	81,430	-	81,430
	2,657,904	615,959	3,273,863	2,644,808	583,687	3,228,495	2,622,397	579,093	3,201,490
Current assets									
Inventories	24,462	-	24,462	37,233	-	37,233	26,085	-	26,085
Biological assets	-	30,342	30,342	-	34,049	34,049	-	22,951	22,951
Other current assets	515,035	-	515,035	624,333	-	624,333	187,752	-	187,752
	539,497	30,342	569,839	661,566	34,049	695,615	213,837	22,951	236,788
Asset held for sale	60,085	-	60,085	-	-	-	14,008	-	14,008
Total assets	3,257,486	646,301	3,903,787	3,306,374	617,736	3,924,110	2,850,242	602,044	3,452,286
Equity attributable to equity holders of the Company									
Share capital	800,000	-	800,000	1,422,344	-	1,422,344	1,422,344	-	1,422,344
Reserves	1,385,701	517,909	1,903,610	1,248,374	487,112	1,735,486	1,124,817	472,318	1,597,135
	2,185,701	517,909	2,703,610	2,670,718	487,112	3,157,830	2,547,161	472,318	3,019,479
Non-controlling interests	29,049	(97,131)	(68,082)	26,364	(99,002)	(72,638)	25,313	(99,885)	(74,572)
	2,214,750	420,778	2,635,528	2,697,082	388,110	3,085,192	2,572,474	372,433	2,944,907
Non-current liabilities									
Deferred tax liabilities	24,113	225,523	249,636	24,086	229,626	253,712	26,556	229,611	256,167
Other non-current liabilities	105,372	-	105,372	92,872	-	92,872	5,966	-	5,966
	129,485	225,523	355,008	116,958	229,626	346,584	32,522	229,611	262,133
Total current liabilities	913,251	-	913,251	492,334	-	492,334	245,246	-	245,246
Total equity and liabilities	3,257,486	646,301	3,903,787	3,306,374	617,736	3,924,110	2,850,242	602,044	3,452,286

Note:

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

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

Condensed Statement of Consolidated Comprehensive Income

	Period ended 30 September 2017			Year ended 31 December 2017		
	As stated under FRS RM'000	Effects of MFRS RM'000	As stated under MFRS RM'000	As stated under FRS RM'000	Effects of MFRS RM'000	As stated under MFRS RM'000
Revenue	541,934	-	541,934	760,097	-	760,097
Operating cost	(398,130)	(28,565)	(426,695)	(570,594)	(44,257)	(614,851)
Other gains less finance cost	541,175	-	541,175	543,167	-	543,167
Profit before taxation	684,979	(28,565)	656,414	732,670	(44,257)	688,413
Taxation	(58,869)	(4,103)	(62,972)	(70,706)	(4,088)	(74,794)
Profit for the financial period/year	626,110	(32,668)	593,442	661,964	(48,345)	613,619
Other comprehensive income:						
Share of exchange fluctuation of Associate	222	-	222	222	-	222
	626,332	(32,668)	593,664	662,186	(48,345)	613,841
Profit/(loss) attributable to:						
Shareholders of the Company	628,795	(30,797)	597,998	665,238	(45,591)	619,647
Non-controlling interests	(2,685)	(1,871)	(4,556)	(3,274)	(2,754)	(6,028)
Profit for the period/year	626,110	(32,668)	593,442	661,964	(48,345)	613,619
Total comprehensive income/ (expense) attributable to:						
Shareholders of the Company	629,017	(30,797)	598,220	665,460	(45,591)	619,869
Non-controlling interests	(2,685)	(1,871)	(4,556)	(3,274)	(2,754)	(6,028)
Total comprehensive income for the period/year	626,332	(32,668)	593,664	662,186	(48,345)	613,841

Condensed Consolidated Statement of Cashflows

	Period ended 30 September 2017		
	As stated under FRS RM'000	Effects of MFRS RM'000	As stated under MFRS RM'000
Cash flows from operating activities			
Cash paid to suppliers and employees	(373,765)	23,455	(350,310)
Cash flows from investing activities			
Purchase of property, plant and equipment	(23,469)	(23,455)	(46,924)

3. Auditor's Report on Preceding Annual Financial Statements

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

4. Comments about Seasonal or Cyclical Factors

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

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

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

6. Change in Estimates

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

7. Dividends

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

(ii) On 27 June 2018, the Company paid 1st interim single tier dividend of 2.5 sen per share in respect of the current financial year ending 31 December 2018 amounting to RM56.0 million.

(iii) On 25 September 2018, the Company paid 2nd interim single tier dividend of 2.5 sen per share in respect of the current financial year ended 31 December 2018 amounting to RM56.0 million.

For the current quarter, the Directors have declared a single tier interim dividend of 2 sen per share in respect of the year ending 31 December 2018. The dividends will be paid on 4 January 2019 to shareholders registered in the Register of Members at the close of business on 7 December 2018.

8. Segmental Information

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

RM'000	**Peninsular Malaysia**	**Sabah**	**Sarawak**	**Total**
2018				
Revenue	**173,392**	**197,211**	**56,848**	**427,451**
Reportable segment operating profit/(loss)	**18,738**	**(23,364)**	**(17,590)**	**(22,216)**
Interest income				**1,268**
Finance cost				**(23,137)**
Share of results of Associate				**2,517**
Loss before taxation				**(41,568)**
Taxation				**(7,154)**
Loss for the period				**(48,722)**

RM'000	**Peninsular Malaysia**	**Sabah**	**Sarawak**	**Total**
2017				
Revenue	229,926	236,734	75,274	541,934
Reportable segment operating profit	63,291	48,110	504	111,905
Unrealised gain on foreign exchange				3,334
Gain on disposal of plantation asset				554,868
Interest income				10,410
Finance cost				(26,587)
Share of results of Associate				2,484
Profit before taxation				656,414
Taxation				(62,972)
Profit for the period				593,442

9. Debt and Equity Securities

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

The Company issued 639,999,895 bonus shares, thereby increasing the total number of issued shares to 2,239,999,895 from 1,600,000,000 on 2 May 2018.

10. Carrying Amount of Revalued Assets

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

11. Subsequent Events

There were no subsequent events as at 22 November 2018 that will materially affect the financial statements for the financial period under review.

12. Changes in Group Composition

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

13. Changes in Contingent Liabilities and Contingent Assets

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

14. Capital Commitments

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

	Cumulative period	
	2018	**2017**
	RM'000	**RM'000**
Capital expenditure		
- Authorised and contracted for	**357,300**	735,000
- Authorised but not contracted for	**85,672**	80,227
	442,972	815,227

15. Financial Risk Management

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

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

16. Performance Review

	Current Period				Cumulative Period			
	2018	**2017**	**Decrease**		**2018**	**2017**	**Decrease**	
	RM'000			**(%)**	**RM'000**			**(%)**
Revenue	**131,095**	183,427	(52,332)	(29%)	**427,451**	541,934	(114,483)	(21%)
(Loss)/ Profit from operations	**(11,353)**	46,496	(57,849)	(124%)	**(22,216)**	115,239	(137,455)	(119%)
(Loss)/ Profit before taxation	**(23,160)**	597,009	(620,169)	(104%)	**(41,568)**	656,414	(697,982)	(106%)
(Loss)/ Profit for the period	**(24,630)**	555,927	(580,557)	(104%)	**(48,722)**	593,442	(642,164)	(108%)
(Loss)/ Profit attributable to Shareholders of the Company	**(21,897)**	557,657	(579,554)	(104%)	**(38,877)**	597,998	(636,875)	(107%)

For the third quarter of 2018, the Group recorded a pre-tax loss of RM23.2 million as compared with a profit of RM597.0 million for the same period last year. The loss was attributed to the decline in palm product prices, lower crop production and increase in expenditure corresponding to a larger area under harvesting. The disparity in performance was also due to the gain on disposal of plantation assets of RM554.9 million recognised in the third quarter of 2017.

For the nine-months ended 30 September 2018, pre-tax loss of RM41.6 million was a reduction of RM698.0 million from the same period in 2017. Besides the decline in crop production and selling prices, the start-up expenses for Pertama Estates had also impacted performance. Amortisation charge for bearer plants and revalued leasehold land arising from the adoption of MFRS amounted to RM59.453 million (2017: RM55.726 million).

16. Performance Review (cont.)

FFB production for the nine-month period declined by 5% to 660,088 MT. OER was well supported at 21.1% as compared with 20.9% for the corresponding period last year. The average KER of 4.4% was also marginally higher than the rate for the corresponding period of 2017. CPO achieved an average selling price of RM2,391 per MT, down by RM480 per MT or 17% from RM2,871 per MT for the same period last year whilst PK's average price of RM1,924 per MT, was down by RM554 per MT or 22%.

Peninsular Malaysia region

Peninsular Malaysia region achieved a segment profit of RM18.7 million as compared with RM63.3 million for the same nine-month period in 2017. The decline in profit of RM44.6 million or 70% was mainly attributed to the downturn in prices and production. The region's FFB crop of 264,020 MT was down from 2017 by 14%.

Sabah region

Sabah region incurred a segment loss of RM23.3 million, down by RM71.4 million from profit of RM48.1 million for the corresponding nine months' period of 2017. Although FFB production of 304,253 MT was an increase of 3% because of the contribution of Pertama estates, the lower selling prices and increase in operating expenditure led to the decline in performance.

Sarawak region

Sarawak region incurred a segment loss of RM17.6 million as compared with profit of RM0.5 million for the nine-month period of 2017. The region's performance was impacted by lower palm product prices and FFB production of 91,815 MT which was down 5% from the corresponding period last year.

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

	Current Quarter	Immediate Preceding Quarter	Increase/ (Decrease)	
	RM'000	**RM'000**	**RM'000**	**(%)**
Revenue	**131,095**	141,752	(10,657)	(8%)
Loss from operations	**(11,353)**	(19,663)	(8,310)	(42%)
Loss before taxation	**(23,160)**	(26,224)	(3,064)	(12%)
Loss for the period	**(24,630)**	(26,438)	(1,808)	(7%)
Loss attributable to Shareholders of the Company	**(21,897)**	(22,239)	(342)	(2%)

For the current quarter, the unaudited loss before tax of RM23.2 million was an improvement of RM3.1 million from the immediate preceding quarter's loss of RM26.2 million. This was mainly because better crop production cushioned to some extent the falling selling prices.

The Group's revenue of RM131.1 million was lower than the immediate preceding quarter's revenue of RM141.8 million by 8%. CPO realised an average price of RM2,249 per MT, which fell by RM172 from the immediate preceding quarter while PK price of RM1,744 per MT dropped by RM47 per MT. FFB production of 228,739 MT was higher than the immediate preceding quarter by 12%.

18. Prospects for Rest of the Year

Crop production and selling prices are two key factors that influence the Group's profitability.

The Group's crop production is much affected by labour shortages and operating issues in the Sarawak region but supported by the contribution from the recently acquired Pertama estates.

CPO prices slid downwards during the third quarter in the midst of increased supplies and stockpiles. The trade war between China and United States had caused soy oil prices to fall and this also led to lower palm oil prices. However, demand remained lacklustre as the purchasing power of India was hit by its weak currency against US currency. The forecast of bumper soyabean production in Brazil for 2018/19 growing season is also putting a damper on CPO prices.

The price outlook for the remaining months of the year is expected to remain challenging due to high palm oil inventories and slow export growth.

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

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

20. Taxation

	Current Period 2018 RM'000	Cumulative Period 2018 RM'000
Malaysian taxation based on profit for the period:		
- Current	**(1,274)**	**4,089**
- Deferred	**3,878**	**4,199**
	2,604	**8,288**
Overprovision of prior year	**(1,134)**	**(1,134)**
	1,470	**7,154**

The Group's taxation for the cumulative quarter was due mainly to the non-availability of group relief for losses of subsidiaries and non-deductibility of expenses for income tax.

21. Status of Corporate Proposals

(i) Proposed Land Disposal

On 24 January 2018, CIMB Islamic Trustee Berhad (“CITB”), acting solely as trustee for the Company entered into separate sale and purchase agreements with Sunrich Conquest Sdn. Bhd. and Titanium Greenview Sdn. Bhd. for the disposal of 138.89 hectares of freehold land situated in Mukim 12, Daerah Seberang Perai Utara, Pulau Pinang for a total cash consideration of approximately RM136 million.

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

(ii) Proposed Land Acquisition

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

BRNSB has paid a 10% deposit. The acquisition is pending the fulfilment of conditions precedent set out in the SPA. The Proposed Acquisition is expected to be completed by the first quarter of 2019.

There were no other corporate proposals announced or pending completion as at 22 November 2018.

22. Changes in Material Litigations

As at 22 November 2018, there was no material litigation involving the Group or the Company.

23. Statement of Financial Position

As at 30 September 2018, property, plant and equipment and borrowings had increased by RM722 million and RM915 million respectively. The significant increase was largely attributable to the acquisition of Pertama estates.

24. Statement of Cash Flows

For the nine-month period ended 30 September 2018, as reflected in the cash flows, term loans and revolving credits amounting to a total of RM901 million were drawn down to fund the acquisition of plantation lands and working capital.

25. Earnings Per Share - Basic

	Current period		Cumulative period	
	2018	**2017**	**2018**	**2017**
Net (loss)/ profit for the period (RM'000)	**(21,897)**	557,657	**(38,877)**	597,998
Weighted average number of ordinary shares in issue ('000) (Note)	**2,240,000**	2,240,000	**2,240,000**	2,240,000
Basic (loss)/ earnings per ordinary share (Sen)	**(0.98)**	24.90	**(1.74)**	26.70

Note: Number of shares for 2017 is inclusive of bonus shares as explained in Note 9.

26. Group Borrowings

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

	At 30 September 2018 RM'000	At 31 December 2017 RM'000
Non-Current:		
Unsecured		
Term loan	**356,948**	-
Current:		
Unsecured		
Bank overdrafts	**17,933**	16
Revolving credits	**641,000**	140,000
Term loans	**39,457**	-
	698,390	140,016
Total borrowings	**1,055,338**	140,016

(i) The bank overdrafts bear interest at a weighted average of 7.82% (31.12.2017: 7.56%) per annum.
(ii) The revolving credits bear interest at a weighted average of 4.78% (31.12.2017: 4.35%) per annum.
(iii) During the previous quarter, RM350 million Islamic term loan and RM50 million term loan were drawndown. The Islamic term loan carries an average profit rate of 5.30% per annum whereas the term loan bears interest at 5.55% per annum.

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

27. Additional Disclosures

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

	Current Quarter		Cumulative Quarter	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Depreciation and amortisation	**(37,815)**	(29,126)	**(100,066)**	(88,248)
Foreign exchange gain/ (loss)	**-**	839	**(1)**	3,344

28. Plantation Statistics

	Cumulative Period	
	2018	**2017**
(a) Production and yield		
FFB (MT)	**660,088**	696,668
FFB (MT/ha)	**10.4**	11.9
CPO (MT)	**146,909**	160,073
PK (MT)	**30,663**	33,170
(b) Oil extraction rate (%)		
CPO	**21.1**	20.9
PK	**4.4**	4.3
(c) Average Selling Prices (RM per MT)		
FFB	**466**	629
CPO	**2,391**	2,871
PK	**1,924**	2,478

(d) Planted areas (hectares)

	At 30 September 2018	At 31 December 2017
Oil palms - past prime	**26,438**	14,569
- prime mature	**29,750**	32,363
- young mature	**12,481**	12,179
- immature	**6,363**	5,876
	75,032	64,987