

BOUSTEAD PLANTATIONS BERHAD (1245-M)

UNAUDITED CONDENSED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

For the quarter ended 30 June 2014 (All figures are stated in RM'000)	Current Period		Cumulative Period	
	2014	2013	2014	2013
Revenue	188,725	151,768	387,295	343,961
Operating cost	(153,168)	(165,859)	(297,133)	(324,140)
Profit from operations	35,557	(14,091)	90,162	19,821
Gain on disposal of subsidiaries	-	25	-	25
Interest income	966	3,811	2,274	7,439
Finance cost	(16,719)	(8,335)	(32,676)	(16,520)
Share of results of Associates	1,166	2,055	1,691	2,078
Profit before taxation	20,970	(16,535)	61,451	12,843
Taxation	(11,108)	1,073	(20,904)	(7,090)
Profit for the period	9,862	(15,462)	40,547	5,753
Other comprehensive income/(loss), net of tax				
Fair value changes of available-for-sale financial assets	-	-	-	6,719
Share of exchange fluctuation of Associate	(407)	-	(407)	-
Total comprehensive income for the period	9,455	(15,462)	40,140	12,472
Profit attributable to:				
Shareholders of the Company	9,435	(10,405)	39,562	11,719
Non-controlling interests	427	(5,057)	985	(5,966)
Profit for the period	9,862	(15,462)	40,547	5,753
Total comprehensive income attributable to:				
Shareholders of the Company	9,028	(10,405)	39,155	18,438
Minority interests	427	(5,057)	985	(5,966)
Total comprehensive income for the period	9,455	(15,462)	40,140	12,472
Earnings per share - sen				
Basic	0.90	(1.02)	3.82	1.15

The Unaudited Condensed Statement of Consolidated Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013.

BOUSTEAD PLANTATIONS BERHAD (1245-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30 June 2014	Audited As at 31 December 2013
As at 30 June 2014		
(All figures are stated in RM'000)		
ASSETS		
Non-current assets		
Property, plant and equipment	1,395,163	1,402,711
Biological assets	1,239,853	1,239,495
Prepaid land lease payments	58,263	59,263
Investment in Associates	31,491	32,207
Goodwill on consolidation	2,785	2,687
Deferred tax assets	31,714	32,466
	<u>2,759,269</u>	<u>2,768,829</u>
Current assets		
Inventories	39,828	42,983
Receivables	52,380	414,868
Tax recoverable	-	53
Cash and bank balances	537,541	32,302
	<u>629,749</u>	<u>490,206</u>
TOTAL ASSETS	<u>3,389,018</u>	<u>3,259,035</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	800,000	124,521
Reserves	1,541,367	1,265,348
Shareholders' equity	<u>2,341,367</u>	<u>1,389,869</u>
Non-controlling interests	60,084	59,099
Total equity	<u>2,401,451</u>	<u>1,448,968</u>
Non-current liabilities		
Borrowings	240,000	240,000
Deferred tax liabilities	27,872	27,750
Payables	4,094	4,094
	<u>271,966</u>	<u>271,844</u>
Current liabilities		
Borrowings	608,788	737,355
Payables	92,262	710,864
Taxation	14,551	-
Dividend payable	-	90,004
	<u>715,601</u>	<u>1,538,223</u>
Total liabilities	<u>987,567</u>	<u>1,810,067</u>
TOTAL EQUITY AND LIABILITIES	<u>3,389,018</u>	<u>3,259,035</u>

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013.

BOUSTEAD PLANTATIONS BERHAD (1245-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended	← Attributable to Shareholders of the Company →							Non-controlling interests	Total Equity
	← Non-distributable →			Distributable					
30 June 2014	Share Capital	Share Premium	Fair Value Adjustment Reserve	Other Capital Reserve	Retained Profits	Total			
(All figures are stated in RM'000)									
2014									
Balance at 1 January 2014	124,521	177,439	-	192	1,087,717	1,389,869	59,099	1,448,968	
Total comprehensive income for the period	-	-	-	-	39,155	39,155	985	40,140	
Total transactions with owners	675,479	444,903	-	30	(208,069)	912,343	-	912,343	
Issue of bonus shares	385,479	(177,440)	-	-	(208,039)	-	-	-	
Public issue:									
- Proceeds from public issue	290,000	638,000	-	-	-	928,000	-	928,000	
- Listing expenses	-	(15,657)	-	-	-	(15,657)	-	(15,657)	
Capital redemption reserve of a Subsidiary	-	-	-	30	(30)	-	-	-	
Balance at 30 June 2014	800,000	622,342	-	222	918,803	2,341,367	60,084	2,401,451	
2013									
Balance at 1 January 2013	124,521	177,439	270,265	192	864,374	1,436,791	61,705	1,498,496	
Total comprehensive income for the period	-	-	6,719	-	11,719	18,438	(5,966)	12,472	
Balance at 30 June 2013	124,521	177,439	276,984	192	876,093	1,455,229	55,739	1,510,968	

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 2013.

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

For the quarter ended 30 June 2014

(All figures are stated in RM'000)	2014	2013
Operating Activities		
Receipts from customers	393,854	328,542
Cash paid to suppliers and employees	(277,286)	(336,567)
	116,568	(8,025)
Tax paid	(5,425)	(12,797)
Net cash generated from/(used in) operating activities	111,143	(20,822)
Investing Activities		
Purchase of property, plant and equipment	(11,241)	(15,511)
Purchase of biological assets	(1,107)	(1,516)
Proceeds from disposal of property, plant and equipment	83	9
Proceeds from disposal of subsidiaries	-	51
Cash outflow arising from privatisation of BREIT	(564,521)	-
Interest received	2,274	245
Dividend received	53,746	18,475
Net cash (used in)/generated from investing activities	(520,766)	1,753
Financing Activities		
Advances and repayment of advances from Immediate Holding Company	650,000	20,000
Repayment of advances to Immediate Holding Company	(390,000)	-
Proceeds from issuance of shares, net of listing expenses	906,954	-
Movement in Related Companies balances, net	8,601	(19,099)
(Decrease)/Increase in revolving credits	(128,000)	41,500
Repayment of term loan	-	(12,500)
Interest paid	(32,705)	(16,096)
Dividend paid to unitholders of BREIT	(100,304)	-
Net cash generated from financing activities	914,546	13,805
Net increase in cash and cash equivalents	504,923	(5,264)
Foreign currency translation differences	-	(17)
Cash and cash equivalents at beginning of period	29,603	2,494
Cash and cash equivalents at end of period	534,526	(2,787)
Comprising:		
Cash and bank balances	537,541	4,196
Bank overdrafts	(3,015)	(6,983)
	534,526	(2,787)

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013.

*BREIT denotes Al-Hadharah Boustead REIT.

BOUSTEAD PLANTATIONS BERHAD (1245-M)

Notes to the interim financial report for the quarter ended 30 June 2014

Part A - Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2013. All figures are stated in RM'000, unless otherwise stated.

2. Accounting Policies

(i) Adoption of FRSs, Amendments to FRSs and IC Interpretations

On 1 January 2014, the Group adopted the following amended FRS:

ÉAmendments to FRS10, FRS 12 and FRS 127 - Investment Entities
ÉAmendments to FRS 132 - Offsetting Financial Assets and Financial Liabilities
ÉAmendments to FRS 7 Financial Instruments Disclosures: Mandatory Dates of FRS 9 and Transition Disclosures
ÉAmendments to FRS 136 - Recoverable Amount Disclosures for Non-Financial Assets
ÉAmendments to FRS 139 - Novation of Derivatives and Continuation of Hedge Accounting

Adoption of the above amendments did not have any material effect on the financial statements of the Group.

(ii) Standards Issued but not yet Effective

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

	Effective Date
ÉAmendments to FRS 119 Defined Benefits Plans: Employee Contributions	1 July 2014
ÉAnnual Improvements to FRSs 2010-2012 Cycle	1 July 2014
ÉAnnual Improvements to FRSs 2011-2013 Cycle	1 July 2014
ÉAmendments to FRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
ÉFRS 14 Regulatory Deferral Accounts	1 January 2016
ÉAmendments to FRS 116 and FRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
ÉFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced by MASB
ÉFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced by MASB

(iii) MFRS Framework

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is effective for annual periods beginning on or after 1 January 2012 for all entities except for entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called Transitioning Entities). On 7 August 2013, MASB announced that it will permit agriculture and real estate companies to defer the adoption of MFRS for an additional year, until annual periods beginning on or after 1 January 2015.

2. Accounting Policies (cont.)

(iii) MFRS Framework (cont.)

The Group falls under the scope definition of Transitioning Entities and has opted to adopt MFRS for annual periods beginning on 1 January 2015. When the Group presents its first MFRS financial statements in 1 January 2015, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made retrospectively against opening retained profits.

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

Plantation's result is influenced by both CPO prices and FFB crop production. The cropping pattern for oil palm is influenced by weather conditions. Fresh fruit bunches ("FFB") production normally starts with a trough and thereafter increases gradually to reach a peak in the second half year.

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

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

6. Change in Estimates

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

7. Dividends

On 15 January 2014, the Company paid interim single tier dividend of 72.28 sen per share in respect of the previous financial year ended 31 December 2013 amounting to RM90.0 million.

For the current quarter, the Directors have declared a single tier dividend of 2.0 sen per share in respect of the year ending 31 December 2014. The dividend will be paid on 24 September 2014 to shareholders registered in the Register of Members at the close of business on 8 September 2014.

8. Segmental Information

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

RM'000	Peninsular Malaysia	Sabah	Sarawak	Total
2014				
Revenue	146,540	170,334	70,421	387,295
Reportable segment operating profit	40,213	43,875	6,074	90,162
Interest income				2,274
Share of results of Associates				1,691
Finance cost				(32,676)
Profit before taxation				61,451
Taxation				(20,904)
Profit for the period				40,547

8. Segmental Information (cont.)

RM'000	Peninsular Malaysia	Sabah	Sarawak	Total
2013				
Revenue				
Third parties	139,132	136,391	49,963	325,486
Dividend income	18,475	-	-	18,475
Total revenue	<u>157,607</u>	<u>136,391</u>	<u>49,963</u>	<u>343,961</u>
Reportable segment operating profit	21,177	8,312	(9,668)	19,821
Interest income				7,439
Gain on disposal of subsidiaries				25
Share of results of Associates				2,078
Finance cost				<u>(16,520)</u>
Profit before taxation				12,843
Taxation				<u>(7,090)</u>
Profit for the period				<u>5,753</u>

9. Debt and Equity Securities

Following the listing of the Company's shares on the Main Market of Bursa Securities on 26 June 2014, the issued and paid up capital of the Company stands at RM800 million comprising 1,600 million shares of RM0.50 each. There were no other issuances and repayment of debt and equity securities, share buybacks, share cancellations, shares held as treasury shares and resale of treasury shares in the current financial period.

10. Carrying Amount of Revalued Assets

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

11. Subsequent Events

There were no subsequent events as at 20 August 2014 that will materially affect the financial statements of 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

The status of the contingent liabilities disclosed in the audited financial statements for year ended 31 December 2013 is updated under changes in material litigations in Note 22. No other contingent liability has arisen since the previous financial year end.

14. Capital Commitments

The Group has the following commitments as at 30 June 2014:

	Cumulative period	
	2014	2013
	RM'000	RM'000
Capital expenditure		
- Authorised and not contracted for	<u>54,261</u>	<u>59,599</u>

15. Financial Risk Management

All aspects of the Group financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2013.

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

16. Performance Review

For the second quarter of 2014, the Group posted an unaudited pre-tax profit of RM21.0 million which was a marked improvement from the loss for the corresponding quarter last year. Profit after tax for the quarter correspondingly increased to RM9.9 million from the loss of RM15.5 million recorded for the same period last year.

For the six months period ended 30 June 2014, the Group profit before tax before tax of RM61.5 million surpassed earnings for the corresponding period last year by RM48.6 million. The profit was driven by the improvement in revenue to RM387.3 million from RM344.0 million recorded for first half of 2013, which in turn was supported by better selling prices and crop production.

Crude palm oil (CPO) registered an average selling price of RM2,605 per MT for the first half year of 2014 compared with the achievement of RM2,328 per MT for the same period last year, representing an increase of RM277. Likewise, palm kernel's average price of RM1,958 per MT was an improvement of RM815 from the price for first half of 2013 of RM1,143.

FFB production for the six-month period was 498,929 MT, up by 5% from the same period last year, due mainly to the contribution from the newly acquired estate and improved crops from the Sabah region.

Peninsular region

Peninsular region achieved an operating profit of RM40.2 million for the first half year of 2014, an increase of RM19 million from the same period last year. The profit for the first half of 2013 was affected by dividend income and ijarah rental to BREIT. The current six-month profit was supported by improved CPO and PK prices and consistent crop production. FFB harvest at 202,115 MT or 99% of the previous six-month period, was largely influenced by continuous dry weather conditions since January and labour shortages at several estates.

Sabah region

Sabah region registered an operating profit of RM43.9 million, which was better than the result for the first six months of 2013 of RM8.3 million by RM35.6 million. The upswing in profit was likewise driven by the CPO and PK prices as well as improved crops from existing estates and output from the newly acquired G&G Estate. FFB crop for the 6-month period of 212,927 MT was better than the corresponding period last year by 18%. For the tall palm areas, production continued to be weighed down by shortage of harvesters.

Sarawak region

Sarawak region posted an operating profit for the first six-month period of RM6.1 million as compared with the loss of RM9.7 million for the same period last year. The profit was supported by the selling prices and the withdrawal of fertiliser applications for the blockade areas. Faced with blockades by natives and NCR landowners in some estates, FFB crop of 83,887 MT was at 93% of the same period last year.

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

The Group's pre-tax profit for second quarter 2014 of RM21.0 million was behind the immediate preceding quarter's profit of RM40.5 million due mainly to the reduction in sales volume, softening of CPO prices coupled with increased manuring and replanting expenditure.

Concerns over tightening world supplies of palm oil as a consequence of the threat of drought and the significant biodiesel initiative of the Indonesian Government had contributed to the market bullishness during first quarter of 2014. Crude palm oil prices corrected towards the end of second quarter when the export demand failed to keep up with the seasonal recovery of production in Malaysia. The weakening of prices was also attributed to the strengthening of Ringgit against US Dollar and the failure of both Malaysia and Indonesia in meeting their biodiesel mandates.

CPO ended the second quarter with an average price of RM2,581 per MT, a decline of RM48 or 2% from the price for the immediate preceding quarter of RM2,629. PK achieved an average of RM1,973 per MT as compared with the price for first quarter of RM1,945.

For the second quarter of 2014, FFB production declined by 3% to 245,821 MT from the immediate preceding quarter.

18. Prospects for Rest of the Year

The Group's prospect for the second half year will be driven by CPO and PK prices as well as production. Aside from El Nino concerns which may impact CPO prices depending on its timing and severity, the Group is positive that rising biodiesel mandates in a number of countries will help to support the market for palm oil. On production, the hot and dry weather conditions experienced during the first half year will continue to affect FFB crops for the next 12 to 18 months.

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

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

20. Taxation

	Current Period	Cumulative Period
	2014	2014
	RM'000	RM'000
Malaysian taxation based on profit for the period:		
- Current	11,103	19,903
- Deferred	5	819
	11,108	20,722
Under provision of prior years	-	182
	11,108	20,904

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

21. Status of Corporate Proposals

On 26 June 2014, the Company successfully listed its entire issued and paid up capital on the Main Market of Bursa Securities. Status of utilisation of proceeds raised from the Public Issue of RM928.0 million is as follows:

Purpose	Proposed	Actual	Intended Timeframe for Utilisation
	Utilisation	Utilisation	
	RM'000	RM'000	
Acquisitions of plantation lands	420,000	-	Within 36 months
Replanting and capital expenditure	96,000	-	Within 12 months
Repayment of amounts owing to Immediate Holding Company	390,000	390,000	Within 6 months
Fees and expenses for the IPO and the Listing	22,000	21,046	Within 6 months
Total gross proceeds	928,000	411,046	

There were no other corporate proposals announced or pending completion as at 20 August 2014.

22. Changes in Material Litigations

In respect of the litigation referred to in Note 36 of the audited financial statements for year ended 31 December 2013 and Section 15.5.1 of the Company's Prospectus dated 27 May 2014 in respect of the Sibü High Court (Civil Suit No. 21-7-2009) pertaining to Kadam a/k Embuyang & 4 others, Superintendent of Lands & Surveys (ö2nd Defendantö), State Government of Sarawak (ö3rd Defendantö), Boustead Plantations Berhad (ö4th Defendantö) and Boustead Pelita Kanowit Sdn Bhd ("BPK") (ö5th Defendantö), the Court of Appeal had on 6 August 2014 allowed the appeal by Defendants/Appellants against the Plaintiffs/Respondents.

The Court of Appeal had ruled in favour of the Company, BPK and the other appellants, hence, reversing the decision of the Sibü High Court on 30 April 2012.

23. Earnings Per Share - Basic

	Current period		Cumulative period	
	2014	2013	2014	2013
Net Profit for the period (RM'000)	9,435	(10,405)	39,562	11,719
Weighted average number of ordinary shares in issue ('000)	1,051,868	1,020,000	1,036,022	1,020,000
Basic earnings per ordinary share (Sen)	0.90	(1.02)	3.82	1.15

24. Group Borrowings

Total group borrowings as at 30 June 2014 are as follows:

	30.6.2014	31.12.2013	1.1.2013
	RM'000	RM'000	RM'000
Non-Current:			
Unsecured			
Term loans	150,000	150,000	-
Secured			
Term loans	90,000	90,000	-
	240,000	240,000	-

24. Group Borrowings (contd.)

Current:

Unsecured

Bank overdrafts	3,015	2,699	5,020
Revolving credits	15,000	143,000	173,391
Term loans			
- Denominated in RM	450,000	450,000	461,774
- Denominated in USD	40,773	41,656	38,862

Secured

Revolving credits	100,000	100,000	-
	608,788	737,355	679,047

Total borrowings

	848,788	977,355	679,047
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25. Retained Earnings

	30.6.2014	31.12.2013	1.1.2013
	RM'000	RM'000	RM'000
Total retained earnings of Boustead Plantations Berhad and its Subsidiaries			
Realised	768,463	921,215	479,898
Unrealised	11,329	11,128	(22,222)
	779,792	932,343	457,676
Total share of retained earnings of Associates			
Realised	28,024	28,682	23,447
Unrealised	137	196	196
	807,953	961,221	481,319
Consolidation adjustments	110,850	126,496	383,055
Total retained earnings of the Group as per consolidated accounts	918,803	1,087,717	864,374

26. Additional Disclosures

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

	Current Quarter		Cumulative Quarter	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	9,481	7,643	20,486	15,325
Reversal of impairment loss of other receivables	(86)	(16)	(131)	(32)
Impairment of biological assets	-	465	-	465
Foreign exchange (gain)/loss	(737)	1,143	(883)	1,505
Net fair value gain on derivatives	-	-	-	(35)

27. Plantation Statistics

	Cumulative Period	
	2014	2013
(a) Planted areas (hectares)		
Oil palm - past prime	13,609	11,156
- prime mature	38,879	38,982
- young mature	12,126	11,834
- immature	5,788	5,459
	70,402⁽¹⁾	67,431

⁽¹⁾ For the cumulative period of 2014, planted areas exclude 50% portion of Kuala Muda Estate belonging to Felda Holdings Berhad and Felda Marketing Services Sdn Bhd.

	Cumulative Period	
	2014	2013
(b) Crop Production (MT)		
FFB	498,929	474,239
(c) Average Selling Prices (RM per MT)		
FFB	573	469
CPO	2,605	2,328
PK	1,958	1,143