



Plantations

BOUSTEAD PLANTATIONS BERHAD

194601000012 (1245-M)

(A member of Boustead Group)

BOUSTEAD PLANTATIONS BERHAD 194601000012 (1245-M)**UNAUDITED CONDENSED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME**

For the quarter ended 30 June 2020	Current Period		Cumulative Period	
(All figures are stated in RM'000)	2020	2019	2020	2019
Revenue	167,058	123,948	329,747	258,860
Operating cost	(147,704)	(146,039)	(293,118)	(281,814)
Profit/ (Loss) from operations	19,354	(22,091)	36,629	(22,954)
Gain on disposal of plantation asset	-	119,454	-	119,454
Interest income	111	882	213	967
Finance cost	(15,772)	(16,767)	(32,804)	(30,688)
Share of results of Associate	1,077	2,659	2,012	3,310
Profit/ (Loss) before taxation	4,770	84,137	6,050	70,089
Taxation	(475)	(8,749)	(14,099)	(14,487)
Profit/ (Loss) for the period	4,295	75,388	(8,049)	55,602
Other comprehensive loss				
Share of exchange fluctuation of Associate	-	(228)	-	(228)
Total comprehensive income/(loss) for the period	4,295	75,160	(8,049)	55,374
Profit/ (Loss) attributable to:				
Shareholders of the Company	7,080	79,228	(2,473)	63,029
Non-controlling interests	(2,785)	(3,840)	(5,576)	(7,427)
Profit/ (Loss) for the period	4,295	75,388	(8,049)	55,602
Total comprehensive income/ (loss) attributable to				
Shareholders of the Company	7,080	79,000	(2,473)	62,801
Non-controlling interests	(2,785)	(3,840)	(5,576)	(7,427)
	4,295	75,160	(8,049)	55,374
Loss per share - sen				
Basic	0.32	3.54	(0.11)	2.81

The Unaudited Condensed Statement of Consolidated Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June	As at 31 December
(All figures are stated in RM'000)	2020	2019
ASSETS		
Non-current assets		
Property, plant and equipment	2,021,871	2,057,601
Right-of-use assets	1,942,785	1,959,890
Investment in Associate	29,547	27,536
Goodwill on consolidation	2,281	2,281
	<u>3,996,484</u>	<u>4,047,308</u>
Current assets		
Inventories	31,598	28,612
Biological assets	21,124	22,230
Receivables	90,382	80,585
Tax recoverable	293	393
Cash and bank balances	48,842	20,468
	<u>192,239</u>	<u>152,288</u>
TOTAL ASSETS	<u>4,188,723</u>	<u>4,199,596</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	1,422,344	1,422,344
Reserves	1,127,453	1,129,926
Shareholders' equity	<u>2,549,797</u>	<u>2,552,270</u>
Non-controlling interests	<u>(105,660)</u>	<u>(100,084)</u>
Total equity	<u>2,444,137</u>	<u>2,452,186</u>
Non-current liabilities		
Borrowings	621,962	655,134
Deferred tax liabilities	275,489	274,780
Payables	6,197	6,197
	<u>903,648</u>	<u>936,111</u>
Current liabilities		
Borrowings	739,794	722,246
Payables	90,882	83,669
Taxation	10,262	5,384
	<u>840,938</u>	<u>811,299</u>
Total liabilities	<u>1,744,586</u>	<u>1,747,410</u>
TOTAL EQUITY AND LIABILITIES	<u>4,188,723</u>	<u>4,199,596</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 2019.

BOUSTEAD PLANTATIONS BERHAD 194601000012 (1245-M)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended 30 June 2020	←Attributable to Shareholders of the Company→				Non- controlling interests	Total Equity
	Share Capital	Non- distributable Other Capital Reserve	Distributable Retained Profits	Total		
(All figures are stated in RM'000)						
2020						
Balance at 1 January 2020	1,422,344	(265)	1,130,191	2,552,270	(100,084)	2,452,186
Total comprehensive loss the period	-	-	(2,473)	(2,473)	(5,576)	(8,049)
Balance at 30 June 2020	1,422,344	(265)	1,127,718	2,549,797	(105,660)	2,444,137
2019						
Balance at 1 January 2019	1,422,344	(162)	1,295,716	2,717,898	(86,812)	2,631,086
Total comprehensive income/(loss) for the period	-	(228)	63,029	62,801	(7,427)	55,374
Transactions with owner:						
Dividends	-	-	(22,340)	(22,340)	-	(22,340)
Balance at 30 June 2019	1,422,344	(390)	1,336,405	2,758,359	(94,239)	2,664,120

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 2019.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2020

(All figures are stated in RM'000)	2020	2019
Operating Activities		
Receipts from customers	325,792	255,729
Cash paid to suppliers and employees	(230,456)	(202,790)
Cash generated from operations	95,336	52,939
Tax paid	(4,014)	(7,325)
Net cash generated from operating activities	91,322	45,614
Investing Activities		
Purchase of property, plant and equipment	(15,411)	(23,980)
Acquisition of plantation assets	-	(371,491)
Proceeds from disposal of property, plant and equipment	-	121,021
Interest received	213	979
Net cash used in investing activities	(15,198)	(273,471)
Financing Activities		
Drawdown of term loan	-	315,000
(Decrease)/Increase in revolving credits	-	(33,000)
Repayment of term loan	(16,000)	(1,000)
Interest paid	(31,740)	(27,555)
Dividends paid	-	(67,200)
Dividends paid to non-controlling interest	-	(112)
Net cash (used in)/ generated from financing activities	(47,740)	186,133
Net increase/(decrease) in cash and cash equivalents	28,384	(41,724)
Cash and cash equivalents at beginning of period	20,443	52,656
Cash and cash equivalents at end of period	48,827	10,932
Comprising:		
Cash and bank balances	48,842	10,968
Bank overdrafts	(15)	(36)
	48,827	10,932

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019.

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Notes to the interim financial report for the quarter ended 30 June 2020

Part A - Explanatory Notes Pursuant to MFRS 134

1. Basis of Preparation

The interim financial statements are prepared in accordance with requirements of paragraph 9.22 Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and complies with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134 - Interim Financial Reporting. 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 2019. All figures are stated in RM'000, unless otherwise stated.

2. Accounting Policies

(i) Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except in the current period, the Group adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2020:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

These amendments had no impact on the financial statements of the Group.

(ii) Standards Issued but not yet Effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's interim financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

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Description	Effective for annual periods beginning on or after
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 at the beginning of the year and thereafter increases gradually to reach a peak during the second half of the 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 the previous financial year.

7. Dividends

The Directors have not declared any dividend in respect of the quarter ended 30 June 2020.

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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
2020				
Revenue	120,137	177,295	32,315	329,747
Reportable segment operating profit/(loss)	34,210	10,268	(7,849)	36,629
Interest income				213
Finance cost				(32,804)
Share of results of Associate				2,012
Profit before taxation				6,050
Taxation				(14,099)
Loss for the year				(8,049)

RM'000	Peninsular Malaysia	Sabah	Sarawak	Total
2019				
Revenue	105,895	125,518	27,447	258,860
Reportable segment operating profit/(loss)	11,525	(21,378)	(13,101)	(22,954)
Gain on disposal of plantation asset				119,454
Interest income				967
Finance cost				(30,688)
Share of results of Associate				3,310
Profit before taxation				70,089
Taxation				(14,487)
Profit for the year				55,602

9. Debt and Equity Securities

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

10. Carrying Amount of Revalued Assets

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

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11. Subsequent Events

There were no subsequent events as at 25 August 2020 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 June 2020:

	Cumulative quarter	
	2020	2019
	RM'000	RM'000
Capital expenditure		
- Authorised and contracted for	34,572	34,572
- Authorised but not contracted for	96,779	120,869
	131,351	155,441

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 2019.

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

16. Performance Review

	Current Period				Cumulative Period			
	2020	2019	Increase/(Decrease)		2020	2019	Increase/(Decrease)	
	RM'000			(%)	RM'000			(%)
CPO Price	2,367	1,989	378	19%	2,558	2,003	555	28%
Revenue	167,058	123,948	43,110	35%	329,747	258,860	70,887	27%
Profit/ (Loss) from operations	19,354	(22,091)	41,445	188%	36,629	(22,954)	59,583	260%
Profit/ (Loss) before taxation	4,770	84,137	(79,367)	-94%	6,050	70,089	(64,039)	-91%
Profit/ (Loss) for the period	4,295	75,388	(71,093)	-94%	(8,049)	55,602	(63,651)	-114%
Profit/ (Loss) attributable to Shareholders of the Company	7,080	79,228	(72,148)	-91%	(2,473)	63,029	(65,502)	-104%

For the second quarter of 2020, the Group recorded an unaudited pre-tax profit of RM4.8 million as compared with losses of RM35.3 million for the corresponding quarter last year (excluding the exceptional gain on disposal of Seberang Perai Utara property of RM119.5 million).

Revenue increased by RM43.1 million from RM124.0 million to RM167.1 million due to improved prices of palm products which led to the profit from operations of RM19.4 million.

CPO realised an average selling price of RM2,367 per MT which surpassed last year's corresponding quarter of RM1,989 by RM378 per MT (19%). PK's average price of RM1,351 per MT was higher by RM252 per MT (23%).

FFB production for the quarter of 270,383 MT was higher than the production in the second quarter of 2019 of 229,202 MT. FFB yield improved from 3.3 MT/Ha in the second quarter of 2019 to 4.0 MT/Ha in second quarter this year. However, OER reduced from 21.4% to 21.0% whilst KER maintained at 4.3%.

Peninsular Malaysia region

Peninsular Malaysia region achieved a segment profit of RM34.2 million, an increase of RM22.7 million from a profit of RM11.5 million for the corresponding period last year. However, the region's FFB crop of 190,838 MT was down by 3% from 2019.

Sabah region

Sabah region recorded a segment profit of RM10.3 million for the first six months of 2020 against a loss of RM21.4 million for the corresponding period last year. Higher selling prices and lower

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depreciation charges were the main reasons for the improved performance. FFB production of 238,131 MT for the region was lower than the corresponding period last year of 240,401 MT.

Sarawak region

Sarawak region's segment loss of RM7.8 million was below last year corresponding period loss of RM13.1 million. FFB production of 51,271 MT was slightly lower than 51,584 MT achieved last year but higher selling prices reduced the losses in the current period.

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

	Current Quarter	Immediate Preceding Quarter	Increase/ (Decrease)	
	RM'000		(%)	
Revenue	167,058	162,689	4,369	3%
Profit/ (Loss) from operations	19,354	17,275	2,079	12%
Profit/ (Loss) before taxation	4,770	1,280	3,490	273%
Profit/ (Loss) for the period	4,295	(12,344)	16,639	135%
Profit/ (Loss) attributable to Shareholders of the Company	7,080	(9,553)	16,633	174%

For the current quarter, the unaudited profit before tax of RM4.8 million exceeded the immediate preceding quarter's profit of RM1.3 million. Better result was mainly attributable to the higher FFB production for the quarter.

Revenue for the current quarter of RM167.1 million increased by RM4.4 million from the revenue of the immediate preceding quarter of RM162.7 million due to higher crop production. FFB production of 270,383 MT was higher than the first quarter of 2020 by 29%. However, improved crop production was hampered by a lower CPO price. Average CPO price was RM2,367 per MT, a decrease of RM426 from the first quarter of 2020 price of RM2,793 per MT.

18. Prospects for Rest of the Year

The Group's profitability will be much driven by FFB production, selling prices and the Group's execution of transformation programme.

CPO prices for the rest of the year are expected to remain supportive with relatively steady demand for palm oil seen from China, India and Pakistan. Global palm oil production for this year is estimated to be lower than last year due to a slowing down in the increase in mature area, lack of replanting, reduced fertilizer applications and shortage of workers in many estates. The uncertainty of COVID-19 recovery will likely exacerbate issues on shortage of labour as new foreign workers recruitment remains restricted.

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However, the Group remains optimistic that efforts to improve both the operational and financial efficiency will not be hampered by the above issues.

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
	2020	2020
	RM'000	RM'000
Malaysian taxation based on (loss)/ profit for the period:		
- Current	5,216	10,805
- Deferred	(8,612)	-
	(3,396)	10,805
Underprovision of prior year - deferred tax	3,871	3,294
	475	14,099

The Group's effective tax rate for the cumulative quarter is higher than the statutory tax rate due mainly to non-deductibility of expenses and reversal of subsidiary deferred tax assets.

21. Status of Corporate Proposals

Proposed Land Acquisition

On 25 March 2019, Boustead Rimba Nilai Sdn Bhd entered into a sale and purchase agreement with Lubah Plantations (S) Sdn Bhd ("Lubah SPA") for the acquisition of Lubah property within the District of Labuk & Sugut comprising a land title measuring 499.3 hectares for a cash consideration of RM38.21 million. BRNSB has paid a 10% deposit.

The Lubah SPA has lapsed on 25 August 2020 due to the non-fulfillment of one (1) of the Condition Precedents stipulated in the Lubah SPA and the acquisition of Lubah property is now terminated.

There were no other corporate proposals announced or pending completion as at 25 August 2020.

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22. Changes in Material Litigations

CIMB Islamic Trustee Berhad ("First Plaintiff"), trustee for Boustead Plantations Berhad and Boustead Plantations Berhad ("Second Plaintiff") had on 28 December 2018 filed a Writ of Summons and Statement of Claim on Setia Fontaines Sdn Bhd ('Defendant') for breach of Sale and Purchase Agreement dated 22 December 2016. The claim is in respect of damages amounting to

RM37,207,353.35 for goods and services tax (GST) due from the Defendant together with interest at the rate of 8% per annum and other costs and relief deemed fit by the Court.

In consultation with the Company's solicitors, the Group is of the view that the Plaintiffs have a good case in this suit and are positive of the outcome of the litigation.

As at 25 August 2020, there was no other material litigation involving the Group or the Company.

23. Statement of Financial Position

There was no significant movement of balances as at 30 June 2020 compared to 31 December 2019.

24. Statement of Cash Flows

During the current quarter, higher collection from customers improved cash flows.

25. Earnings Per Share – Basic

	Current period		Cumulative period	
	2020	2019	2020	2019
Net profit/(loss) attributable to shareholders (RM'000)	7,080	79,228	(2,473)	63,029
Weighted average number of ordinary shares in issue ('000)	2,240,000	2,240,000	2,240,000	2,240,000
Basic loss per ordinary share (Sen)	0.32	3.54	(0.11)	2.81

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26. Group Borrowings

Total group borrowings as at 30 June 2020 are as follows:

	At 30 June 2020	At 31 December 2019
	RM'000	RM'000
Non-Current:		
<u>Unsecured</u>		
Term loans	621,962	655,134
Current:		
<u>Unsecured</u>		
Bank overdrafts	15	25
Revolving credits	691,000	691,000
Term loans	48,779	31,221
	739,794	722,246
Total borrowings	1,361,756	1,377,380

- (i) The bank overdrafts bear interest at a weighted average rate of 7.75% (31.12.2019: 7.84%) per annum.
- (ii) The revolving credits bear interest at a weighted average rate of 4.46% (31.12.2019: 4.90%) per annum.
- (iii) The RM350 million Islamic term loan carries an average profit rate of 4.15% (31.12.2019: 5.15%) per annum whereas the RM365 million term loan carries an average profit rate ranging at 4.50% to 5.25% (31.12.2019: 4.98% to 5.55%) per annum.

The debt for the current year and last year comprised wholly of floating interest rate debt and denominated in Malaysian Ringgit.

27. Additional Disclosures

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

	Current Quarter		Cumulative Quarter	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	33,050	36,436	66,422	79,058

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28. Plantation Statistics

	Cumulative Period	
	2020	2019
(a) Production and yield		
FFB (MT)	480,240	488,198
FFB (MT/ha)	7.2	7.1
CPO (MT)	115,381	105,317
PK (MT)	23,552	21,803
(b) Oil extraction rate (%)		
CPO	21.0	21.4
PK	4.3	4.4
(c) Average Selling Prices (RM per MT)		
FFB	500	379
CPO	2,558	2,003
PK	1,505	1,202
(d) Planted areas (hectares)		
	At	At
	30 June	31 December
	2020	2019
Past prime	32,952	32,505
Prime mature	21,672	27,167
Young mature	12,223	13,183
Immature	6,647	6,551
	73,494	79,406