



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 2023 (All figures are stated in RM'000)	Current Quarter		Cumulative Period	
	2023	2022	2023	2022
Revenue	201,233	348,958	400,975	673,114
Operating cost	(199,739)	(236,438)	(377,707)	(409,321)
Profit from operations	1,494	112,520	23,268	263,793
Gain on disposal of plantation assets	(11)	3,669	19	367,746
Interest income	606	1,572	1,720	2,744
Finance cost	(9,644)	(7,677)	(19,484)	(16,462)
Share of results of Associate	1,356	1,562	1,749	3,344
(Loss)/profit before taxation and zakat	(6,199)	111,646	7,272	621,165
Taxation	263	(35,258)	(10,204)	(106,520)
Zakat	(1,589)	(2,711)	(1,589)	(5,422)
(Loss)/profit for the period	(7,525)	73,677	(4,521)	509,223
Other comprehensive loss:				
Share of other comprehensive loss of Associate	(25)	-	(25)	-
Total comprehensive (loss)/income for the period	(7,550)	73,677	(4,546)	509,223
(Loss)/profit attributable to:				
Shareholders of the Company	(5,519)	73,217	(304)	508,375
Non-controlling interests	(2,006)	460	(4,217)	848
(Loss)/profit for the period	(7,525)	73,677	(4,521)	509,223
Total comprehensive (loss)/income attributable to:				
Shareholders of the Company	(5,544)	73,217	(329)	508,375
Non-controlling interests	(2,006)	460	(4,217)	848
Total comprehensive (loss)/income for the period	(7,550)	73,677	(4,546)	509,223
Earnings per share - sen				
Basic	(0.25)	3.27	(0.01)	22.70

The Unaudited Condensed Statement of Consolidated Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022.

BOUSTEAD PLANTATIONS BERHAD 194601000012 (1245-M)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2023	As at 31 December 2022
(All figures are stated in RM'000)		
ASSETS		
Non-current assets		
Property, plant and equipment	1,860,782	1,861,858
Right-of-use assets	1,855,076	1,868,776
Investment in Associate	25,295	30,535
Goodwill on consolidation	2,281	2,281
Deferred tax assets	-	2,765
	3,743,434	3,766,215
Current assets		
Inventories	100,986	136,488
Biological assets	25,321	31,835
Receivables	48,623	133,333
Tax recoverable	14,803	2,243
Cash and bank balances	96,076	165,618
	285,809	469,517
TOTAL ASSETS	4,029,243	4,235,732
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	1,422,344	1,422,344
Reserves	1,453,624	1,550,274
Shareholders' equity	2,875,968	2,972,618
Non-controlling interests	(118,548)	(114,331)
Total equity	2,757,420	2,858,287
Non-current liabilities		
Borrowings	328,255	394,757
Deferred tax liabilities	294,176	299,327
Payables	16,266	14,007
	638,697	708,091
Current liabilities		
Borrowings	511,904	462,096
Payables	117,018	183,520
Taxation	4,204	23,738
	633,126	669,354
Total liabilities	1,271,823	1,377,445
TOTAL EQUITY AND LIABILITIES	4,029,243	4,235,732

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022.

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

For the financial period ended 30 June 2023	← 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)							
2023							
Balance at 1 January 2023	1,422,344	(273)	1,550,547	2,972,618	(114,331)	2,858,287	
Total comprehensive loss for the period	-	(25)	(304)	(329)	(4,217)	(4,546)	
Transactions with owners:							
Dividends	-	-	(96,321)	(96,321)	-	(96,321)	
Balance at 30 June 2023	1,422,344	(298)	1,453,922	2,875,968	(118,548)	2,757,420	
2022							
Balance at 1 January 2022	1,422,344	(285)	1,294,596	2,716,655	(107,816)	2,608,839	
Total comprehensive income for the period	-	-	508,375	508,375	848	509,223	
Transactions with owners:							
Dividends	-	-	(253,123)	(253,123)	-	(253,123)	
Balance at 30 June 2022	1,422,344	(285)	1,549,848	2,971,907	(106,968)	2,864,939	

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 2022.

BOUSTEAD PLANTATIONS BERHAD 194601000012 (1245-M)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2023

(All figures are stated in RM'000)	2023	2022
Operating Activities		
Receipts from customers	412,414	669,912
Cash paid to suppliers and employees	(357,996)	(349,225)
Cash generated from operations	54,418	320,687
Defined benefit obligations paid	(378)	(254)
Tax refund	2,430	-
Tax and zakat paid	(36,658)	(69,230)
Net cash generated from operating activities	19,812	251,203
Investing Activities		
Purchase of property, plant and equipment	(40,224)	(25,382)
Purchase of right-of-use assets	(97)	-
Proceeds from disposal of property, plant and equipment	88,209	377,887
Real property gains tax paid	(9,245)	-
Dividend received	7,000	6,000
Interest received	1,757	2,744
Net cash generated from investing activities	47,400	361,249
Financing Activities		
Increase/(decrease) in revolving credits	22,900	(138,100)
Repayment of term loan	(49,500)	(49,500)
Drawdown of term loan	9,500	-
Interest paid	(21,317)	(18,467)
Payment of principal portion of lease liabilities	(2,005)	(729)
Dividends paid	(96,321)	(253,123)
Transaction cost on borrowing	(10)	-
Net cash used in financing activities	(136,753)	(459,919)
Net (decrease)/increase in cash and cash equivalents	(69,541)	152,533
Cash and cash equivalents at beginning of period	165,605	82,175
Cash and cash equivalents at end of period	96,064	234,708
Comprising:		
Cash and bank balances	96,076	234,721
Bank overdrafts	(12)	(13)
	96,064	234,708

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022.

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Notes to the interim financial report for the period ended 30 June 2023

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 2022. 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 2023:

Description	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts (including amendments on Initial Application of MFRS 17 and MFRS 9 – Comparative Information)	1 January 2023
Amendments to MFRS 101 and MFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112: International Tax Reform – Pillar Two Modules Rules	1 January 2023

The adoption of the above new and amended MFRSs did not have any significant financial impact to the Group.

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2. Accounting Policies (Cont'd.)

(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 and the Company's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendment to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of application.

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.

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7. Dividends

- (i) On 22 March 2023, the Company paid the 4th interim single tier dividend of 3.3 sen per share in respect of the previous financial year ending 31 December 2022 amounting to RM73.9 million.
- (ii) On 23 June 2023, the Company paid the 1st interim single tier dividend of 1.0 sen per share in respect of the year ended 31 December 2023 amounting to RM22.4 million.

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
2023				
Revenue	158,463	219,184	23,328	400,975
Reportable segment operating profit/(loss)	19,550	14,795	(11,077)	23,268
Gain on disposal of plantation assets				19
Interest income				1,720
Finance cost				(19,484)
Share of results of Associate				1,749
Profit before taxation and zakat				7,272
Taxation				(10,204)
Zakat				(1,589)
Loss for the year				(4,521)
RM'000	Malaysia	Sabah	Sarawak	Total
2022				
Revenue	272,263	342,622	58,229	673,114
Reportable segment operating Profit	144,487	111,230	8,076	263,793
Gain on disposal of plantation assets				367,746
Interest income				2,744
Finance cost				(16,462)
Share of results of Associate				3,344
Profit before taxation and zakat				621,165
Taxation				(106,520)
Zakat				(5,422)
Profit for the year				509,223

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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. Subsequent Events

There were no subsequent events as at 24 August 2023 that will materially affect the financial statements for the financial period under review.

11. Changes in Group Composition

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

12. Changes in Contingent Liabilities and Contingent Assets

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

13. Capital Commitments

The Group has the following commitments as at 30 June 2023:

	Cumulative Period	
	2023	2022
	RM'000	RM'000
Capital expenditure		
- Authorised but not contracted for	165,501	266,096

14. 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 2022.

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

15. Performance Review

	Current Quarter				Cumulative Period			
	2023	2022	Increase/(Decrease)		2023	2022	Increase/(Decrease)	
	RM'000		(%)		RM'000		(%)	
CPO Price	3,926	6,611	(2,685)	-41%	3,971	6,327	(2,356)	-37%
Revenue	201,233	348,958	(147,725)	-42%	400,975	673,114	(272,139)	-40%
Profit from operations	1,494	112,520	(111,026)	-99%	23,268	263,793	(240,525)	-91%
(Loss)/profit before taxation and zakat	(6,199)	111,646	(117,845)	-106%	7,272	621,165	(613,893)	-99%
(Loss)/profit for the period	(7,525)	73,677	(81,202)	-110%	(4,521)	509,223	(513,744)	-101%
(Loss)/profit attributable to Shareholders of the Company	(5,519)	73,217	(78,736)	-108%	(304)	508,375	(508,679)	-100%

During the second quarter of 2023, the Group reported an unaudited loss before taxation and zakat amounting to RM6.2 million. This marked a decline of RM117.8 million compared to the profit of RM111.6 million achieved in the corresponding quarter of the previous year. The loss was primarily attributed to a significant reduction in palm product prices, which had a cascading effect on both revenue and the valuation of closing stock.

The average CPO price for the second quarter of 2023 stood at RM3,926 per MT, reflecting a decrease of RM2,685 per MT (41%) from the average price of RM6,611 per MT recorded in the same quarter last year. Similarly, the average PK price experienced a decline by 43% settling at RM2,108 per MT.

The Group harvested 180,726 MT of FFB during the second quarter of 2023, 8% decrease from the FFB production of 196,354 MT recorded in the same quarter of 2022. The yield per Ha exhibited a slight improvement to 3.0 MT per Ha as compared to 2.9 MT per Ha achieved in the same quarter of the previous year. The improvement of the yield was attributable to a reduction in past prime mature areas resulting from replanting. The OER increased from 20.6% in the corresponding quarter last year to 20.7% in the second quarter of 2023. Conversely, the KER reduced from 4.0% to 3.9% during the same period.

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15. Performance Review (Cont'd.)

During the first half of 2023, the Group achieved an unaudited profit before taxation and zakat amounting to RM7.3 million as compared to the profit recorded in the corresponding period of the previous year, which amounted to RM621.2 million (include gain on disposal of Kulai Young land of RM364.1 million and gain on government land acquisition at Telok Sengat Estate of RM3.6 million). The decline in profitability observed for the current period was primarily attributable to substantial drop in palm product prices, which consequently affected the valuation of both closing stock and FFB.

Average CPO price for the six-month period settled at RM3,971 per MT, a decrease of RM2,356 per MT (37%) in comparison to the average price of RM6,327 per MT recorded during the same period last year. Similarly, PK average price experienced a significant reduction by RM2,078 per MT (50%) to RM2,118 per MT. The downward trend in palm product prices had reduced the Group's overall revenue by 40% or RM272.1 million when compared to the corresponding period last year.

In terms of production, the Group harvested 371,126 MT of FFB during the first six months of 2023. This figure represents a decrease from the same period last year of 392,236 MT. FFB production in Sabah region recorded an improvement which cushioned the decline in production in both Peninsular Malaysia and Sarawak. Despite the decline in production, the yield per Ha demonstrated a modest improvement to 6.0 MT per Ha from 5.8 MT per Ha achieved during the same period last year. This improvement in yield was attributed to the reduction in past prime mature areas, primarily driven by replanting, particularly in Sabah. Furthermore, there were reductions in both OER and KER from 20.6% to 20.5% and from 4.1% to 4.0% respectively.

Peninsular Malaysia region

The Peninsular Malaysia region achieved a segment profit of RM19.6 million, marking a decrease of RM124.9 million as compared to the profit of RM144.5 million achieved in the corresponding period last year. The decrease in FFB crop alongside the reduction in OER and KER collectively contributed to decline in overall profit. The region harvested 142,990 MT of FFB as compared to 166,886 MT recorded in the previous year. Both the OER and KER reduced from 21.2% to 20.7% and from 3.9% to 3.8% respectively.

Sabah region

In Sabah region, the segment registered a profit of RM14.8 million during the initial six months, signifying a decrease of RM96.4 million as compared to RM111.2 million achieved last year. This reduction in profit was attributed to the impact of lower palm product prices. FFB production in the region exhibited growth, totaling 201,637 MT from 191,655 MT recorded during the same period last year despite a reduction in past prime mature areas due to replanting. The OER was maintained at 20.7% whereas KER decreased from 4.1% last year to 4.0% in the current period.

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15. Performance Review (Cont'd.)

Sarawak region

In Sarawak region, a segment loss of RM11.1 million was recorded, contrasting with the profit of RM8.1 million achieved in the previous year. The loss was attributed to the combine effects of lower palm product prices and decreased production levels. FFB production decreased from 33,696 MT recorded last year to 26,499 MT this year mainly attributed to the factors of ageing palm trees and shortage of workers.

16. Material Changes in Quarterly Results Compared to the Results of the Immediately Preceding Quarter

	Current Quarter	Immediate Preceding Quarter	Increase/ (Decrease)	
	RM'000			(%)
Revenue	201,233	199,743	1,490	1%
Profit from operations	1,494	21,774	(20,280)	-93%
(Loss)/profit before taxation and zakat	(6,199)	13,471	(19,670)	-146%
(Loss)/profit for the period	(7,525)	3,004	(10,529)	-351%
(Loss)/profit attributable to Shareholders of the Company	(5,519)	5,215	(10,734)	-206%

For the current quarter, the Group recorded an unaudited loss before taxation and zakat amounted to RM6.2 million, presenting a shift to the immediate preceding quarter's profit of RM13.5 million mainly due to decrease in FFB production.

The profit from operations for the current quarter stood at RM1.5 million, reflecting a significant decrease of 93% compared to immediate preceding quarter's profit of RM21.8 million. This decline can be attributed to several factors, including a decrease in FFB production, elevated manuring cost resulting from higher fertiliser application and lower valuation of closing stock.

The average CPO price for the current quarter was recorded at RM3,926 per MT, a decrease RM91 as compared to RM4,017 per MT observed in the first quarter of 2023. FFB production decreased to 180,726 MT from 190,400 MT during the immediate preceding quarter. Despite this reduction, The FFB yield remain consistent with the immediate preceding quarter at 3.0 MT per Ha. The OER increased to 20.7% from 20.4% whilst KER decreased to 3.9% from 4.0%.

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17. Prospects for Rest of the Year

The outlook for the Group's profitability in the current year is contingent upon the trends in CPO prices and the performance of crop production. Output is expected to rise through Q3 on the back of seasonal trend and easing labour shortages. Palm prices will likely remain stable in the short term on positive sentiments following the crude oil price increase and uncertainties surrounding soft oil production.

On the weather front, the slowdown in rainfall so far is conducive for harvesting. However, the industry is concerned about the upcoming El Nino event, which will bring prolonged dry conditions to plantations in Indonesia and Malaysia. Fortunately, production for this year is unlikely to be affected by El Nino since the impact on yield usually comes with a time delay.

Considering all the factors that may impose limitations, the Group expects FY2023 performance to remain challenging.

18. 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.

19. Taxation

	Current Quarter	Cumulative Period
	2023	2023
	RM'000	RM'000
Malaysian taxation based on profit for the period:		
- Current tax	4,037	12,581
- Deferred tax	(5,577)	(2,545)
	(1,540)	10,036
Under-provision of prior year current tax	848	106
Under-provision of prior year deferred tax	429	62
	(263)	10,204

The Group's effective tax rate for the first half is higher than the statutory tax rate mainly due to certain subsidiaries were in the loss-making position and some expenses were non-deductible for tax purposes.

20. Status of Corporate Proposals

As at 24 August 2023, there were no corporate proposal involving the Group.

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21. Changes in Material Litigations

As at 24 August 2023, there were no material litigation involving the Group.

22. Statement of Financial Position

The Group's receivables saw reduction to RM48.6 million from RM133.3 million. This decline can be attributed to the settlement of outstanding balance of proceeds of plantation land disposal. Concurrently, short-term borrowings experienced an increase, rising to RM511.9 million from RM462.1 million primarily due to a utilisation of revolving credit.

Furthermore, cash and bank balances underwent a decrease of RM69.5 million, while payables saw a reduction of RM66.5 million. The Debt-to-Equity ratio remained consistent at 0.29 times, mirroring the position recorded as of 31 December 2022.

In addition to the above changes, there were no significant movement in balance as of 30 June 2023 in comparison to the position at 31 December 2022.

23. Statement of Cash Flows

During the period, lower collection from customers due to weaker CPO price had negatively impacted the cash position at the period end. Cash generated from operation for the period was RM19.8 million as compared to the same period last year of RM251.2 million.

24. Earnings Per Share – Basic

	Current Quarter		Cumulative Period	
	2023	2022	2023	2022
Net (loss)/profit attributable to shareholders (RM'000)	(5,519)	73,217	(304)	508,375
Weighted average number of ordinary shares in issue ('000)	2,240,000	2,240,000	2,240,000	2,240,000
Basic (loss)/earnings per ordinary share (Sen)	(0.25)	3.27	(0.01)	22.70

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25. Group Borrowings

Total group borrowings as at 30 June 2023 are as follows:

	At 30 June 2023	At 31 December 2022
	RM'000	RM'000
Non-Current:		
<u>Unsecured</u>		
Term loans	328,255	394,757
Current:		
<u>Unsecured</u>		
Bank overdrafts	12	13
Revolving credits	368,300	345,400
Term loans	143,592	116,683
	511,904	462,096
Total borrowings	840,159	856,853

- (i) The bank overdrafts bear interest at a weighted average rate of 6.30% (2022: 7.32%) per annum.
- (ii) The revolving credits bear interest at a weighted average rate of 4.54% (2022: 3.73%) per annum.
- (iii) Included in term loans of the Group of RM474.0 million (2022: RM514.0 million) is an Islamic term loan of the Group of RM161.0 million (2022: RM189.0 million) which bears an average profit rate of 5.60% (2022: 4.69%) per annum. The remaining term loans of the Group of RM313.0 million (2022: RM325.0 million) bears interest rates which range from 5.25% to 5.60% (2022: 3.42% to 5.15%) per annum.

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

26. Additional Disclosures

The Group's profit before taxation is stated after debiting the following:

	Current Quarter		Cumulative Period	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of PPE and ROU	29,972	30,605	60,440	62,505

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27. Plantation Statistics

	Cumulative Period	
	2023	2022
(a) Production and yield		
FFB (MT)	371,126	392,237
FFB (MT per Ha)	6.0	5.8
CPO (MT)	86,552	95,297
PK (MT)	16,735	18,928
b) Oil extraction rate (%)		
CPO	20.5	20.6
PK	4.0	4.1
(c) Average Selling Prices (RM per MT)		
FFB	720	1,454
CPO	3,971	6,327
PK	2,118	4,196
(d) Planted areas (hectares)		
	At	At
	30 June	31 December
	2023	2022
Past prime	29,330	32,964
Prime mature	21,204	19,991
Young mature	10,317	12,639
Immature	11,356	6,697
	72,207	72,291