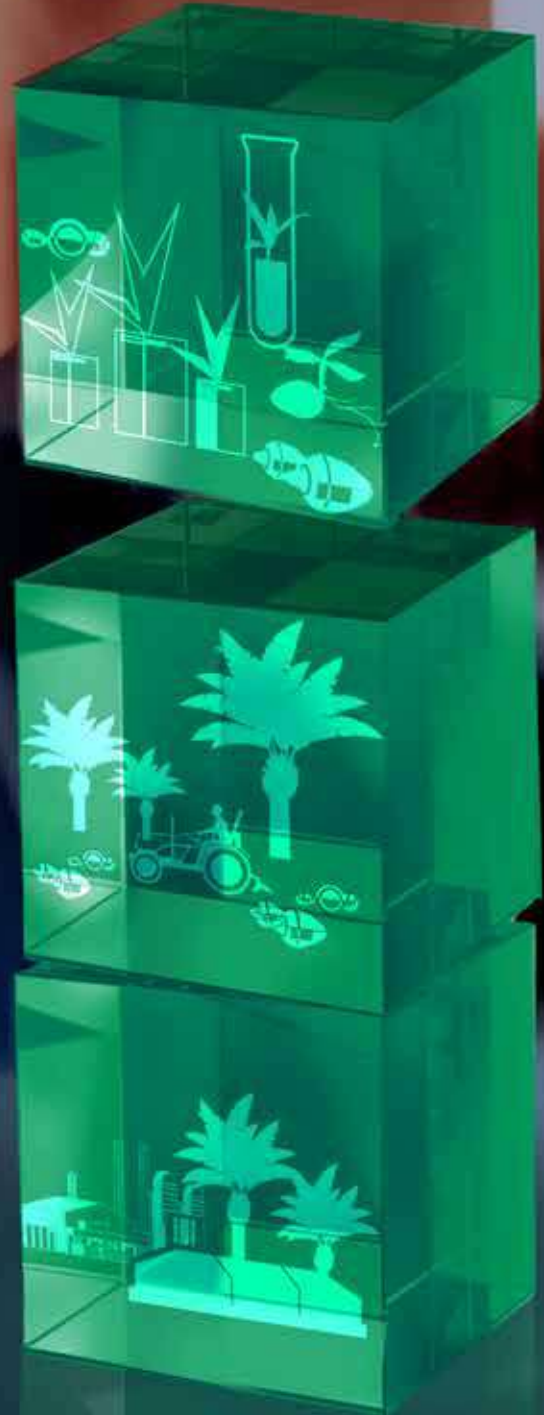




**Plantations**

*(A member of Boustead Group)*



# **BUILDING ON RESILIENCE**

---

INTEGRATED REPORT **2022**

# 110<sup>th</sup>

## Annual General Meeting

---



Online Platform:  
TIIH Online Website at  
<https://tiih.online> with  
Remote Participation and  
Voting Facilities



Broadcast Venue:  
Amphitheatre  
Level 23, The Bousteador  
No.10 Jalan PJU 7/6  
Mutiara Damansara  
47800 Petaling Jaya



**Date**  
12 June 2023



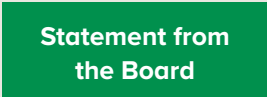









**Time**  
9.30 a.m.

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# INSIDE THIS REPORT

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### INTEGRATED REPORT 2022 COVER RATIONALE



Boustead Plantations Berhad (BPlant or the Company and its subsidiaries collectively referred to as the Group) is committed to overcoming challenges and adapting flexibly to dynamic circumstances. The Group sees obstacles as opportunities to develop resilience and is dedicated to ensuring our long-term sustainability by developing strategies that can withstand potential disruptions.

With a focus on resilience, the Group is committed to adapting to evolving situations and providing value-driven approaches to stakeholders. Guided by the Reinventing Boustead Strategy, the Group is undergoing a transformation that prioritises the adoption of Environmental, Social and Governance (ESG) principles throughout our operations.

We recognise the importance of sustainability in the current business climate, and the Reinventing Boustead Strategy serves as a clarion call to secure a stronger future. By implementing ESG principles and leveraging technology-driven solutions to optimise our operations, the Group is well-positioned to ensure long-term success and maximise value for our shareholders.

# ABOUT THIS REPORT

## INTEGRATED REPORTING APPROACH

As one of the listed companies on the Main Market of Bursa Malaysia Securities Berhad (Bursa Malaysia), our operations have a significant impact on our stakeholders. These stakeholders are important to us and to strengthen the trust they have in Boustead Plantations Berhad (BPlant), we seek to provide clarity on our business direction, strategies and performance while articulating our business and material risks. This Integrated Report has been produced to satisfy that purpose. It provides a holistic and material assessment of our ability to create value in the short, medium and long term.

In line with the Reinventing of BPlant, we have adopted an integrated reporting format since 2021. Guided by International Integrated Reporting Council's reporting approach, we strive to communicate to our stakeholders how our strategies, values and governance enable us to create short, medium and long-term value, alongside the risks and opportunities that arise in our business.

We aim to place information accessibility at the forefront of our reporting. To this end, we have continued to augment the report with various icons and links for the ease and convenience of our stakeholders and readers.

## SCOPE AND BOUNDARY

In alignment with the reporting frameworks listed on page 3, this Integrated Report presents information on financial and non-financial performance, key activities and events during the 2022 fiscal year, beginning from 1 January 2022 to 31 December 2022. This includes our subsidiaries in which we own a majority shareholding and hold a significant influence.

## MATERIALITY

In determining matters that are material to BPlant, the Directors and Management weigh stakeholders' expectations, needs and concerns, taking into consideration internal and external factors as well as BPlant's strategy. This report focuses on these identified material matters, which are instrumental to our value creation and our ability to fulfill our core purpose.

## FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements that express the Group's expectations pertaining to its future performance. These forward statements are premised on current conditions, which are subject to change and uncertainty. Subsequently, actual results may differ substantially from the results expressed in these forward-looking statements.

## CROSS REFERENCES



This report and additional information on BPlant can be accessed through our corporate website.

<https://www.bousteadplantations.com.my>

## DIRECTORS' RESPONSIBILITY STATEMENT

The Integrated Report provides a fair representation of the Group's performance throughout the fiscal year 2022 and key material matters pertaining to our value creation processes.

In line with the Board of Directors' responsibility to ensure the integrity of the BPlant Integrated Report 2022, this report was approved by the Board on 11 April 2023.

## REPORTING FRAMEWORK

This report has been guided by the principles and requirements of the:

- International Integrated Reporting Framework issued by the International Integrated Reporting Council
- Main Market Listing Requirements of Bursa Malaysia
- Malaysian Code on Corporate Governance 2021 issued by the Securities Commission Malaysia
- Companies Act 2016
- Malaysian Financial Reporting Standards
- International Financial Reporting Standards

The Sustainability Statement, meanwhile, has been guided by the:

- Main Market Listing Requirements of Bursa Malaysia
- Bursa Malaysia Sustainability Reporting Guide
- Global Reporting Initiative Standards

## NAVIGATION ICONS

### OUR CAPITALS

- Financial Capital
- Manufactured Capital
- Intellectual Capital
- Human Capital
- Social and Relationship Capital
- Natural Capital

### MATERIAL MATTERS

- Business Continuity
- Research and Development and Yield Improvement
- High Conservation Value Areas and Biodiversity
- Air, Water, Waste and Effluents Management
- Workforce Management
- Creating Business Opportunities
- Traceability and Supply Chain
- Climate Change and Greenhouse Gas Emissions
- Occupational Safety and Health
- Social Welfare and Community Investment

### STAKEHOLDERS

- Shareholders and Investors
- Employees
- Customers
- Vendors
- Union
- Regulatory Bodies
- Business Partners
- Local Communities

### RISKS

- Human Capital Risk
- Operational Productivity Risk
- Strategic Risk
- Legal and Compliance Risk
- Financial Risk
- Cost Risk
- Market Risk

## SUSTAINABLE DEVELOPMENT GOALS



# OVERVIEW

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SECTION

01



► Aerial view of Segaria Estate, Sabah



# VISION

Boustead Plantations Berhad (BPlant or the Company and its subsidiaries collectively referred to as the Group) adopted a strategy to steer the Group not only towards optimising efficiency, productivity and profitability but also commitment towards environmental protection and conservation of biodiversity.

# MISSION

- ▶ To remain committed in our focus on research and development and implement breakthroughs at all levels and processes to maintain our technological edge.
- ▶ To achieve greater economies of scale by seizing opportunities to expand our landbank in Malaysia and the region.
- ▶ To enhance our efficiency and productivity via effective cost management and excellent managerial and agronomic practices to maximise productivity per unit area.
- ▶ To provide optimal coaching and training to all levels of employees, the primary engine that drives our business.
- ▶ To explore new business opportunities that will yield the highest returns.

## OVERVIEW OF BOUSTEAD PLANTATIONS BERHAD

# VALUES

- ▶ We are committed towards environmental protection and conservation of biodiversity.
- ▶ We will conduct ourselves with the highest standards of integrity and honesty.
- ▶ We strive to be open-minded and receptive to new and diverse ideas, driven by information technology and innovation.
- ▶ We are committed to being a preferred provider by meeting, if not, surpassing the quality and standards set by our customers.
- ▶ We are dedicated to the mutually beneficial relationship with our suppliers and contractors, who are our partners.
- ▶ We acknowledge and respect local cultures and values surrounding our operations.
- ▶ We are committed to ensuring sustainable long-term growth and the highest returns for our shareholders by steadfastly being productive and competitive.



# WHO WE ARE

BPlant is a subsidiary of Boustead Holdings Berhad (BHB), one of Malaysia's leading diversified conglomerates. Following its relisting on Bursa Malaysia on 26 June 2014, BPlant's market capitalisation now stands at RM1.5 billion as at 31 December 2022. Equipped with over 100 years of experience in the plantations industry, BPlant has grown to become one of the most established upstream oil palm plantation companies in Malaysia supported by 5,154 workers across the nation.

## Revenue



**RM1.2 BILLION**

(2021: RM1.1 Billion)

## EBITDA



**RM425 MILLION**

(2021: RM522 Million)

## Profit Before Taxation and Zakat



**RM729 MILLION**

(2021: RM345 Million)

## Profit for the Year



**RM589 MILLION**

(2021: RM242 Million)

## Total Assets



**RM4.2 BILLION**

(2021: RM4.1 Billion)

## Capital Expenditure



**RM86 MILLION**

(2021: RM52 Million)

## Presence



**Peninsular Malaysia, Sabah and Sarawak**

# KEY HIGHLIGHTS

## FINANCIAL HIGHLIGHTS



EARNINGS  
PER SHARE

26.6  
SEN

(2021: 10.8 Sen)



RETURN  
ON EQUITY

20.9%

(2021: 9.1%)



NET ASSETS  
PER SHARE

133  
SEN

(2021: 121 Sen)



DIVIDEND

RM324  
MILLION

(2021: RM187 Million)



BORROWINGS

RM857  
MILLION

(2021: RM1.0 Billion)



GEARING  
RATIO

0.3  
TIMES

(2021: 0.4 Times)

## BUSINESS HIGHLIGHTS

Drive the **execution** of **digitalisation** and **technology initiatives**

HIGHLIGHT 1

Implementation of **Plantation Performance Improvement Programme (PPIP 2.0)**

HIGHLIGHT 2

Execution of **25-Year Replanting Programme**

HIGHLIGHT 3

Embarked on obtaining the **ISO 37001:2016**

**Anti-Bribery Management Systems (ABMS)** Certification in 2022

(Obtained ABMS Certification on 8 February 2023)

HIGHLIGHT 4

**All** of our palm oil mills and operating estates are **Malaysian Sustainable Palm Oil (MSPO)** certified, while six out of 10 palm oil mills and 19 estates are Roundtable on Sustainable Palm Oil (RSPO) certified

HIGHLIGHT 5

**All mills** are **ISO 9001:2015** certified (FY2021: nine out of 10 mills certified)

HIGHLIGHT 6

Mechanisation of estate operations increased from **27,800** hectares (ha) in FY2021 to **50,900** ha in FY2022

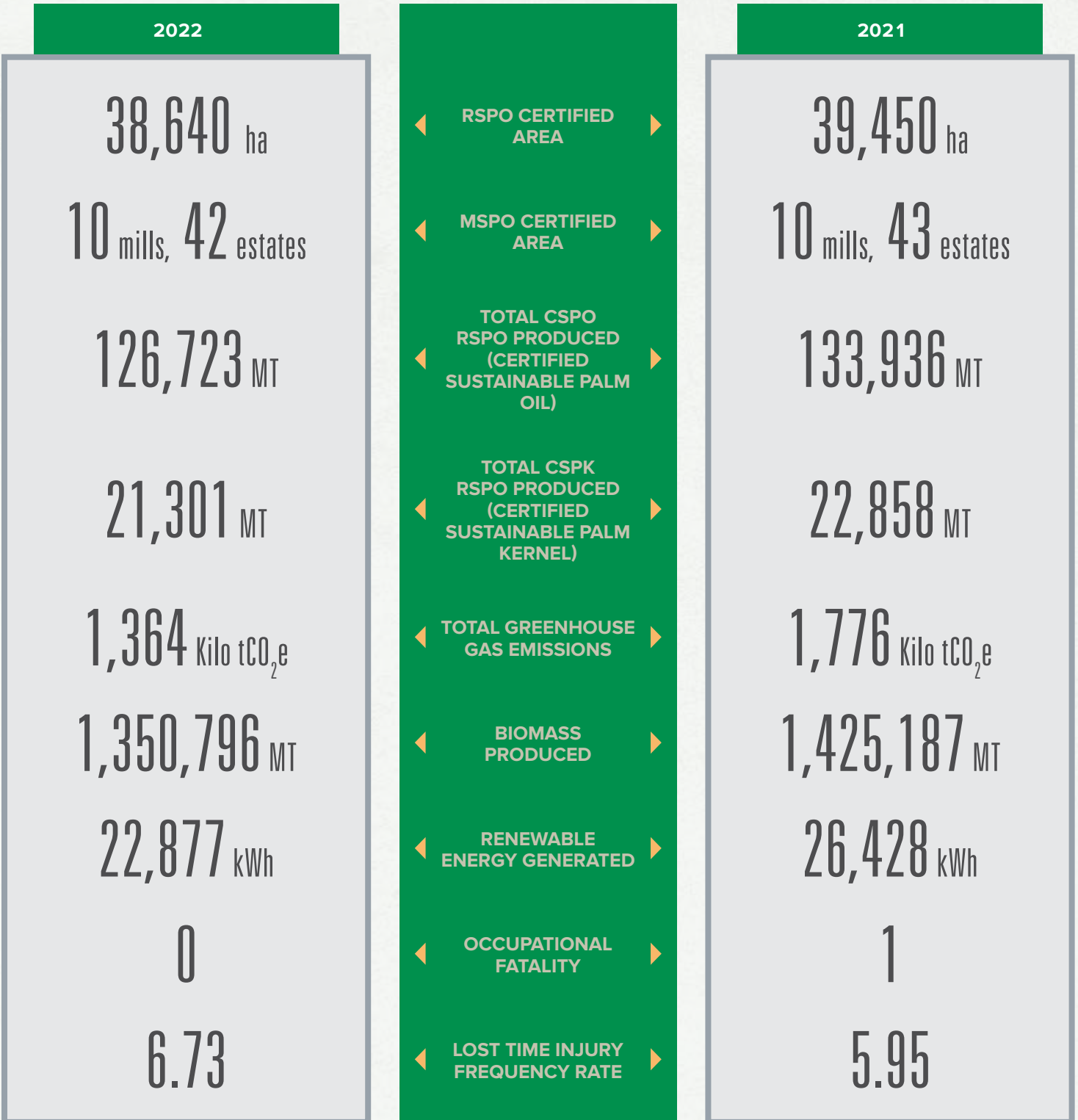
HIGHLIGHT 7

Listed on the **FTSE4Good** Bursa Malaysia Index and **FTSE4Good** Bursa Malaysia Shariah Index

HIGHLIGHT 8

## KEY HIGHLIGHTS

### SUSTAINABILITY HIGHLIGHTS



# OUR CREDIT RATINGS



## BPLANT PERFORMANCE

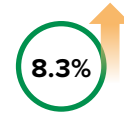
ACTUAL FY2020

53.3%



ACTUAL FY2021

52.9%



ACTUAL FY2022

61.2%

## AWARDS AND RECOGNITION



**1. Best Quality PK Supplier**  
 • Individual Mill Category – Rimba Nilai Palm Oil Mill

**2. FTSE4GOOD** Bursa Malaysia Index and  
**FTSE4GOOD** Bursa Malaysia Shariah Index

# WHAT WE DO

BPlant is principally involved in the upstream segment of crude palm oil (CPO), with a portfolio of 42 operating oil palm plantation estates under its management, including 16 plantation estates in Peninsular Malaysia, as well as 26 in Sabah and Sarawak. In tandem, BPlant also manages 10 palm oil mills across Malaysia, comprising three mills in Peninsular Malaysia, five in Sabah and two in Sarawak. 72,300 ha of our landbank is utilised for oil palm cultivation, representing 74% of our total landbank of 97,400 ha. This consists of 23,300 ha in Peninsular Malaysia, 38,700 ha in Sabah and 10,300 ha in Sarawak.

With the support of our research and development (R&D) arm, Applied Agricultural Resources Sdn Bhd (AAR), we have successfully driven our plantation operations over the years with the best planting materials and sustainable agricultural practices. Through our wholly-owned subsidiary, Boustead Estates Agency Sdn Bhd, the Group also provides design and consultancy services for palm oil mills.



## PLANTATION PENINSULAR



Our Peninsular Malaysia operations comprise of 20,600 ha of mature oil palm areas.

### → FRESH FRUIT BUNCHES (FFB) PRODUCTION

**366,724** MT  
(FY2021: 355,991 MT)

### → AVERAGE OIL EXTRACTION RATE (OER)

**20.8** %  
(FY2021: 21.6%)

### → AVERAGE YIELD

**17.3** MT per ha  
(FY2021: 16.1 MT per ha)



## PLANTATION SABAH



Our Sabah operations comprise of 34,600 ha of mature oil palm areas.

### → FFB PRODUCTION

**432,404** MT  
(FY2021: 481,844 MT)

### → AVERAGE OER

**21.0** %  
(FY2021: 21.4%)

### → AVERAGE YIELD

**12.2** MT per ha  
(FY2021: 13.1 MT per ha)



**PLANTATION SARAWAK**



Our Sarawak operations comprise of 10,300 ha of mature oil palm areas.



**FFB PRODUCTION**

**72,159 MT**  
(FY2021: 85,636 MT)



**AVERAGE OER**

**18.1 %**  
(FY2021: 18.8%)



**AVERAGE YIELD**

**7.0 MT per ha**  
(FY2021: 8.4 MT per ha)



**RESEARCH AND DEVELOPMENT**

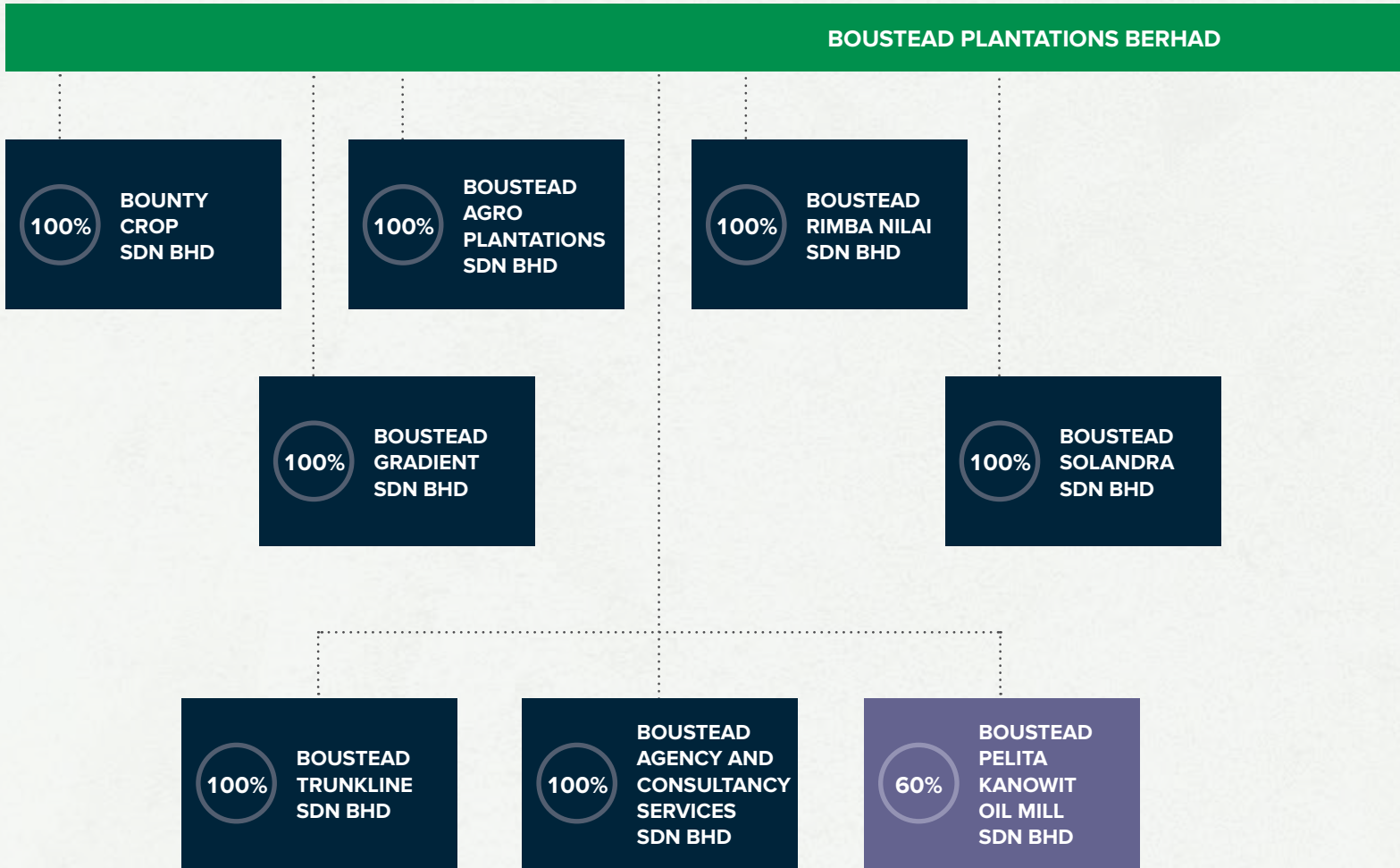


Leveraging on more than 35 years of expertise and experience of our R&D arm AAR, we are guided in our ongoing drive to plant only the best planting materials and adopt the best sustainable planting practices to increase the yield, extraction rate and profitability of our estates. Our breeding efforts are supported by experienced tissue culturists and biotechnologists in collaboration with University of Nottingham Malaysia Campus. Our sustainable practices are backed by scientific research and advice from experienced agronomists, entomologists, pathologists, microbiologists, geographic information system and remote sensing specialists, information technology experts and data analysts, including professionals from universities.

**RECENT ACHIEVEMENTS OF AAR**

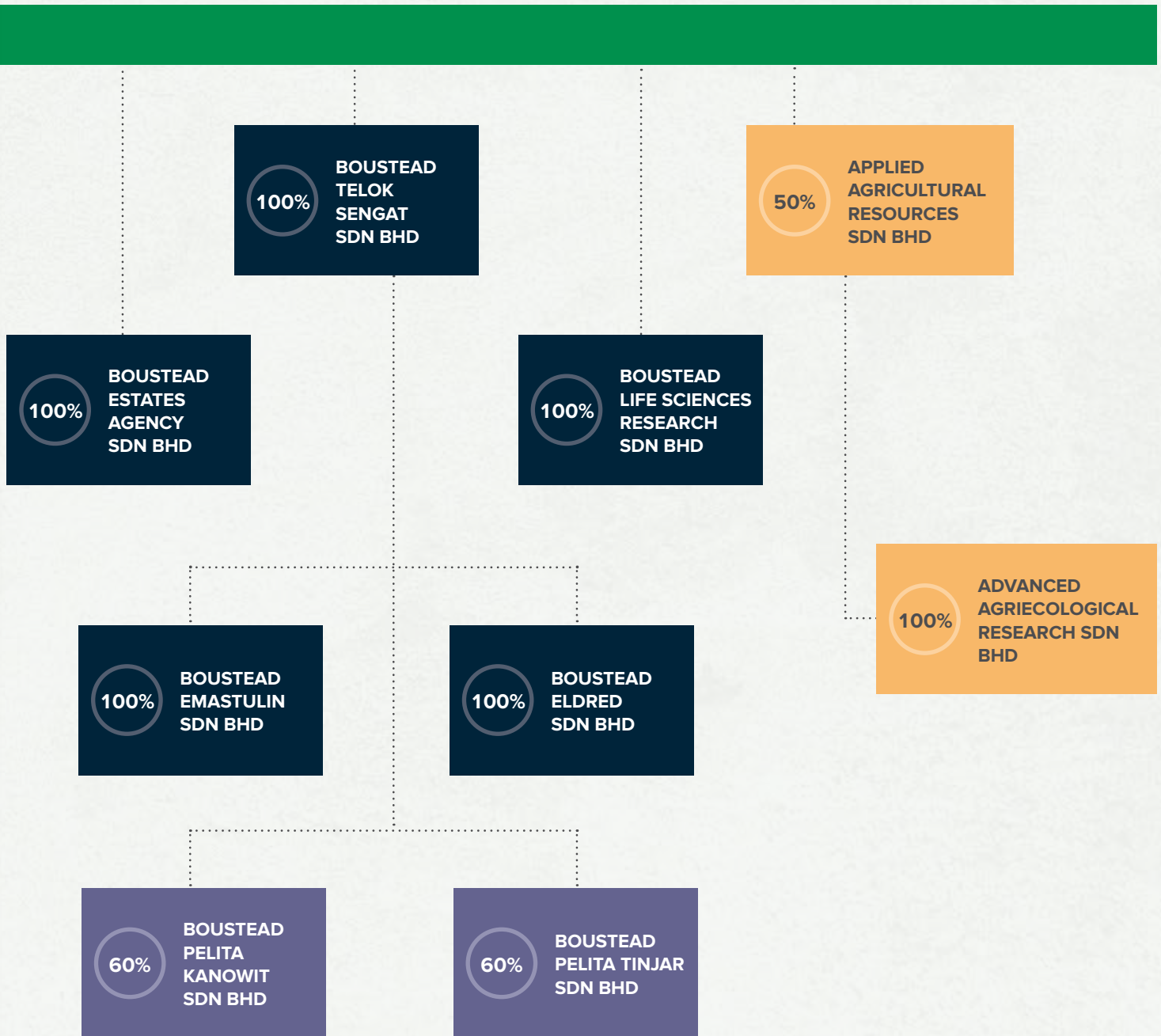
- Integrating Fourth Industrial Revolution technologies into the plantations for data-driven decision-making.
- Propagation and dissemination of beneficial microbes to improve soil health and control basal stem rot disease of oil palm.
- Evaluation of sensors or cameras, and fabricating data-logging hubs and communication protocols to automate and intensify data collection in the field.

# GROUP STRUCTURE



- Wholly-owned subsidiary
- Non wholly-owned subsidiary
- Associate





# WHERE WE OPERATE



## PENINSULAR MALAYSIA

1. Batu Pekaka
2. Kuala Muda
3. Stothard
4. Kedah Oil Palms
5. Bukit Mertajam
6. Taiping Rubber Plantation
7. Malaya
8. Lapan Kabu
9. Solandra
10. LTT-Terengganu
11. Sungai Jernih
12. Bebar
13. Balau (*Not in operations*)
14. Bekoh
15. Eldred
16. Chamek
17. Telok Sengat



NO. OF MILLS

10



NO. OF OPERATING ESTATES

42



PLANTED AREAS

72,300 ha



MATURED AREAS

65,600 ha



TOTAL LANDBANK

97,400 ha



SABAH AND SARAWAK

- |                     |                           |
|---------------------|---------------------------|
| 18. Sungai Sungai 1 | 31. Boustead Pertama      |
| 19. Sungai Sungai 2 | 32. Boustead Ruku Ruku    |
| 20. Sungai Sungai 3 | 33. Boustead Sapa Payau   |
| 21. Kawananan       | 34. Boustead Sungai Lokan |
| 22. Lembah Paitan   | 35. Boustead Lokan Baru   |
| 23. Nak             | 36. Boustead Tawai 1      |
| 24. Resort          | 37. Boustead Tawai 2      |
| 25. Sutera          | 38. Loagan Bunut          |
| 26. LTT-Sabah       | 39. Jih                   |
| 27. Segaria         | 40. Pedai                 |
| 28. Sungai Segamaha | 41. Kelimut               |
| 29. Bukit Segamaha  | 42. Bawan                 |
| 30. G&G             | 43. Mapai                 |

LEGEND



Estate



Estate with  
Palm Oil Mill



Tissue culture  
laboratory

### INDICES REPRESENTATION



### OUR CERTIFICATIONS

RSPO CERTIFIED

MSPO CERTIFIED

ISO 9001:2015 CERTIFIED

ISO 37001:2016 CERTIFIED

### OUR COLLABORATIONS

#### VENDORS



- Fertilisers
- Engineering
- Agricultural Vehicles and Machinery
- Logistics

#### SMALLHOLDERS



#### OUTGROWERS



Crude Palm Oil  
and Palm Kernel Buyers  
Local Major Refineries



## OUR COMPETITIVE ADVANTAGE



# INTEGRATED VALUE CHAIN



## FFB HARVESTING



- ⌚ Ensuring all available FFB are harvested at optimum ripeness standards.
- ⌚ Maintaining consistently high yields of FFB tonnage per ha by carrying out harvesting activities at reasonable intervals.
- ⌚ Ensuring that adequate workforce and machinery are deployed on the fields.
- ⌚ Re-aligning harvested bunches for evacuation.



## FFB EVACUATION



- ⌚ Transferring loose fruits and FFB to roadside FFB stations or into a bin or trailer, using manual methods such as wheelbarrows or mechanical loading methods such as Badang or Mini Tractor Grabber.
- ⌚ Re-aligning harvested bunches and loose fruits for evacuation.



## FFB TRANSPORTATION



- ⌚ Maintaining optimum productivity and efficiency through a harmonised and synchronised internal and external transporting system.
- ⌚ Upholding timely delivery of FFB to mills in order to achieve the optimal extraction rate, thus minimising the formation of free fatty acids to prevent significant loss of yield.





### FFB PROCESSING



⌚ Processing of FFB and loose fruits at the palm oil mill with the highest oil extraction rate to produce good quality crude palm oil (CPO) and palm kernel (PK) products.

### ON-PAR CPO AND PK PRODUCTS



⌚ Satisfying consumers' demand for quality CPO and PK products, RSPO and MSPO certifications, as well as other relevant requirements for our products.



# CORPORATE MILESTONES

## 1800s

**1828**  
Boustead & Company was established in Singapore

## 1900s

**1910**  
The Barlow family involved in large scale agriculture, primarily rubber and palm oil, in Malaya

## 1940s to 1950s

**1946**  
Incorporated as a public limited company under the name of The Kuala Sidim Rubber Company Limited (KSRL)



## 1960s

- 1960**
- Boustead & Company was split into Boustead Plc in London and Boustead Holdings Berhad (BHB), which held the assets in Singapore and Malaysia
  - KSRL began converting rubber crops to oil palm
- 1966**
- Changed name to The Kuala Sidim Rubber Company Berhad (KSRCB)
  - Barlow Boustead Estates Agency Limited (BBEA) was established through a merger between BHB and Barlow & Company
- 1969**
- BBEA became a substantial shareholder of KSRCB and assumed role of managing agent

## 1990s

**1993**  
Became the principal listed vehicle for BHB Group's plantation interests

**1990**  
Delisted from the Singapore Stock Exchange

## 1980s

**1987**  
Disposed entire interest in HRU

**1986**  
Co-founded Applied Agricultural Resources Sdn Bhd, an agricultural research and advisory services unit

**1982**  
BHB acquired all interest in BBEA. Renamed it to Boustead Estates Agency Sdn Bhd (BEA)

## 1970s

**1977**  
Nationalisation of BBEA with shares purchased by BHB, FELDA, Lembaga Tabung Haji and LTAT

**1976**  
BHB became a wholly-owned Malaysian entity with Lembaga Tabung Angkatan Tentera (LTAT) as its shareholder

- 1973**
- BHB was split into BHB, which held the Malaysia assets and Taiping Singapore Pte Ltd, which held the Singapore, Hong Kong and Brunei assets
  - KSRCB was listed on Bursa Malaysia and Singapore Stock Exchange
  - KSRCB established Highland Research Unit Sdn Bhd (HRU), a joint venture agricultural research entity

**1970**  
KSRCB began acquiring landbank in Sabah





**1994**

- Changed name to Kuala Sidim Berhad
- Began expanding oil palm business in Sarawak
- Expanded directly-owned plantation interests

**2000s**

**2003**

Delisted from Bursa Malaysia following takeover offer by BHB

**2004**

Changed name to Boustead Plantations Berhad (BPlant)



**2007**

Al-Hadharah Boustead REIT listed on the Main Market of Bursa Malaysia

**2010s to 2021**

**2013**

- Acquired 2,400 ha of oil palm plantations land in Lahad Datu, Sabah
- Privatisation of Al-Hadharah Boustead REIT
- Acquired BEA from BHB

**2014**

Relisting of BPlant on Bursa Malaysia

**2017**

Disposal of 678 ha Malakoff Estate, Penang

**2018**

Acquired 11,579 ha of oil palm plantation land in Labuk and Sugut, Sabah

**2019**

- Disposal of 139 ha Malakoff Estate, Penang
- Acquired 4,415 ha of palm plantation land and palm oil mill in Beluran, Kinabatangan and Labuk and Sugut, Sabah

**2021**

- Reinventing Boustead Strategy was introduced
- BPlant achieved a record-high revenue of above RM1.0 billion, the first since relisting on Bursa Malaysia in 2014

**2022**

**31 December**

Registered a record-high revenue of RM1.2 billion in financial year 2022, highest since relisting on Bursa Malaysia in 2014

**20 December**

Completion of the condition precedent for the partial disposal of land in Bukit Mertajam Estate

**13 December**

Listed on FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index

**25 August**

Boustead Tawai Palm Oil Mill awarded with ISO 9001:2015, completing the certification for all 10 mills

**7 June**

Entered into a RM45 million green financing agreement with China Construction Bank (Malaysia) Berhad for replanting programme

**29 March**

Signing of Document of Understanding with Cargill Palm Products Sdn Bhd for the long-term supply of high-quality and sustainable crude palm oil

**1 March**

Initiated move towards certification of ISO 37001:2016 Anti-Bribery Management Systems for oil palm estate and mill operations, as well as corporate services

**27 January**

Completed disposal of Kulai Young land



# KEY MESSAGES

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Chief Executive Officer's Statement	028
Chief Financial Officer's Statement	032

SECTION

02



► *View of Trong Palm Oil Mill, Perak*



# STATEMENT FROM THE BOARD



► River flowing at Sungai Segamaha Estate, Sabah

## Dear Shareholder,

The financial year (FY) under review saw Boustead Plantations Berhad (BPlant or the Company and its subsidiaries collectively referred to as the Group) uphold our commitment to responsibly-produced palm oil in an industry that demands a deforestation-free environment supported by checks and balances. We are pleased to inform that we achieved a second year of record earnings despite higher operating expenses.

This Statement has been penned by the Board of Directors of BPlant, following the resignation of our former Chairman Dato' Haji Ismail Haji Lasim in January 2023. The report emphasises advancements in global reporting standards and incorporates the guidelines of the Integrated Reporting Framework.

## OUR OPERATING LANDSCAPE

Despite the Russia-Ukraine conflict, weaker external demand, and slower trade, Malaysia's economy grew by 8.7% in 2022 due to higher domestic demand as well as local labour market and employment rate improvements across most industries.

However, labour shortages continued to affect the nation's plantation sector, which relies on foreign workers, particularly for fresh fruit bunches (FFB) production. The cost of production increased as a result of the revised minimum wage and higher fertiliser cost. Nevertheless, the oil palm industry benefitted from higher crude palm oil (CPO) prices in 2022 compared with 2021, with the Malaysian Palm Oil Board's average price rising by 15% to RM5,088 per tonne.

## FINANCIAL PERFORMANCE

The Group delivered another stellar performance primarily due to high CPO prices in the first half of 2022. We registered a revenue of RM1.2 billion, an increase from RM1.1 billion in FY2021. This marked two consecutive years of delivering a revenue that surpassed the RM1.0 billion milestone, with profit before taxation and zakat of RM729 million, more than double that from the previous year and the highest earnings to-date since our relisting in 2014. Our commendable results also included the gains realised from the disposal of land.

This enabled us to declare total dividends of 14.45 sen, outperforming last year's total dividend payout of 8.35 sen.

## UPHOLDING GOOD ESG PRACTICES

As a prominent player in the plantation industry, we are firmly committed to our Environmental, Social and Governance (ESG) Strategy Framework. To transform into a greener entity, we are focusing on reducing our carbon footprint via our biogas plant at our Telok Sengat Palm Oil Mill. Alongside this, we are actively working to preserve biodiversity in our plantation estates.

In tandem with strengthening labour practices, we implemented various training and upskilling programmes to enhance the capabilities of our workforce, with average training hours per employee increasing during the financial year. In addition, we have enhanced our ethical recruitment processes to be aligned with best practices.

Prioritising corporate governance, integrity and corruption prevention, the Boustead Group introduced the Boustead Integrity and Governance Plan 2022–2025. Solidifying our stand, the Board of Directors of BPlant also signed an Integrity Pledge. On 8 February 2023, BPlant has successfully attained the ISO 37001:2016 Anti-Bribery Management Systems Certification.

Reflecting our dedicated ESG efforts, BPlant was listed on the FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index. In an effort to continue demonstrating our dedication to enhancing ESG practices, the Board wishes to inform that the Integrated Report 2022 is prepared using the Global Reporting Initiative (GRI) standards as a guide.

## OUTLOOK

Our pursuit to become a leading sustainable technology-based plantation entity is a key agenda as we move forward. This will be supported by our Plantation Performance Improvement Programme initiatives, as well as improving cost efficiencies. We will also pursue mill integration by identifying value creation initiatives that align with our ESG agenda along with optimising unutilised land, as well as continue to digitalise and develop more technology-based operational and management processes.

With these plans in place, the Group is well-placed to drive sustainable growth.

## ACKNOWLEDGEMENT

The Board would like to express our appreciation to our former Chairman, Dato' Haji Ismail Haji Lasim, for his leadership. Our gratitude as well to our former Chief Executive Officer (CEO), Zainal Abidin Shariff, who resigned in November 2022. We wish both gentlemen the very best.

The Board would like to take this opportunity to also thank former Board members, Dato' Dr. Haji Din Adam, Mohd Azahar Ibrahim, Datuk Haji Shah Headan Ayoob Hussain Shah, Dato' Indera Haji Mustaffar Kamal Haji Ab Hamid, Datuk Mustapa Kamal Mohd Yusoff, Datuk Haji Abdul Ghani Abdul Rashid, and Ahmad Shahredzuan Mohd Shariff.

It is with pleasure that we welcome back our previous CEO Fahmy Ismail, who was with us from 2014 to 2018. He has now taken on the role of Acting CEO. An integral part of the Group for many years, he brings sound knowledge of our operations and well-rounded industry expertise.

The commitment of our employees and senior management has also been pivotal to transforming the Group and growing sustainably.

Our thanks as well to our shareholders and external stakeholders, including and not limited to our financiers, business associates and partners, and the regulatory authorities for their continued support.

# CHIEF EXECUTIVE OFFICER'S STATEMENT

**Dear Shareholder,**

With record-breaking revenue, Boustead Plantations Berhad closed out 2022 on a high note, two consecutive years of revenue of more than RM1.0 billion after its relisting in 2014.

We are pleased with the outstanding performance demonstrated in 2022 which showed us achieving profit for the year of RM589 million.

**Fahmy Ismail**

Acting Chief Executive Officer



**TOTAL ASSETS**

**RM4.2 BILLION**

(2021: RM4.1 Billion)



**GEARING RATIO**

**0.3 TIMES**

(2021: 0.4 Times)



**CAPITAL EXPENDITURE**

**RM86 MILLION**

(2021: RM52 Million)

## CHIEF EXECUTIVE OFFICER'S STATEMENT



► Lines of oil palm trees at Kuala Muda Estate, Kedah

The Group's results were boosted by higher-than-expected prices for both CPO and PK, with the former fetching an average of RM5,066 per metric tonne (MT) and the latter averaging RM3,156 per MT.

We were able to reduce our gearing ratio to 0.3 times and increase our earnings per share by more than 2.5 times year-on-year, while our market capitalisation maintained at RM1.5 billion as at 31 December 2022.

### OPERATIONAL OVERVIEW

The Group engages in the full spectrum of the palm oil value chain, from planting and replanting to harvesting FFB and producing CPO and PK. In terms of the Group's landbank, 72,300 hectares (ha) have been planted with oil palms, covering Peninsular Malaysia, Sabah and Sarawak.

Our older palms are disproportionately high across all of our estates, and this is especially true in Sarawak and selected areas in Sabah. In line with our commitment to strengthening our operations to ensure the sustainability of our business, we have embarked on a multipronged approach to address this issue.

The roadmap to transform the Group continued with the enhanced Plantations Performance Improvement Programme 2.0 (PPIP 2.0), emphasising digitalisation and mechanisation to boost yield maximisation following the success of the initial PPIP blueprint. PPIP 2.0 is premised on four strategic and innovative thrusts intended to boost business processes through business unit collaborations, creative transformation of the existing system, as well as incorporation of technology and digitalisation measures.

The Group has embarked on a 25-year Replanting Programme to secure a more ideal age profile for our estates. We are driven by our replanting blueprint which will enhance our field infrastructure to optimise our mechanisation initiative, in order to improve the overall yield profile of our estates. During the period under review, we were able to replant 2,400 ha of our estates.

In tandem with our replanting efforts, we inked a green financing agreement, which will enable us to enhance our plantation assets.

**In line with our commitment to strengthening our operations to ensure the sustainability of our business, we have embarked on a multipronged approach to address the age profile of our estates.**





We have also augmented the replanting exercise by disposing selected plantations as part of our asset rebalancing strategy to bring us closer to gaining a more balanced profile in the years ahead by bringing our total acreage of trees older than 20 years down to a more manageable level.

Our research and development arm, Applied Agricultural Resources Sdn Bhd, provides us with expertise in sustainable agronomic practices as well as high-quality planting materials, which has further increased our yield.

In line with our focus on integrating Fourth Industrial Revolution technologies for data-driven decision-making, we have been able to obtain accurate information from spatial data to enhance yield and crop recovery. With the data we have gathered employing artificial intelligence (AI), we have been able to zero in on problem areas and take care of underperforming palms and other site-yield limiting factors.

The effectiveness of patented potential Ganoderma disease suppressive microbes was put to the test in the field for the first time in 2022, marking the beginning of this phase of testing.

In 2022, one of the cutting-edge research frontiers we were exploring was the use of thermal cameras and AI algorithms to quantify rats in images as a more accurate estimate of the rat population in a given area, allowing for more effective integrated pest management recommendations.

We have adopted the use of a variety of equipment that is contributing to greater efficiencies in harvesting operations, infield crop evacuation, and external crop transportation. These efficiencies are helping us produce more with less.

Our unwavering commitment to sustainability and quality has not gone unnoticed. During the year, we signed an understanding with Cargill Palm Products Sdn Bhd for the long-term supply of high-quality, sustainably-produced palm oil. Additionally, our dedication to upholding excellence was recognised with Boustead Tawai Palm Oil Mill earning ISO 9001:2005 certification, completing the certification of all 10 mills in our portfolio. These achievements further solidify our position as a leading player in the palm oil industry.

## OUTLOOK

Erratic supply circumstances, geopolitical volatility, and CPO's price competitiveness relative to other edible oils are expected to keep supporting the price of CPO. By 2023, it is anticipated that Indonesia's biodiesel programme will have increased domestic demand for palm oil, thereby offsetting the country's surplus production.

For the year ahead, to achieve a higher standard of planting and a higher sustainable yield, we intend to continue capitalising on the availability of higher-yielding semi-clonal and bi-clonal planting materials, well-selected superior palms for cloning with lower mantling rates, and improved planning and monitoring thanks to available spatial information technologies.

We are also focused on maximising the effectiveness of fertiliser application and minimising nutrient loss through the use of smart fertiliser spreaders in addition to further exploring the use of our in-house nitrogen-fixing bacteria and Ganoderma disease suppressive microbes.

In addition, we plan to raise the bar for collecting weather data, designing efficient drainage systems, and keeping an eye on the water table so that we can maximise the yield productivity in potentially acid sulphate soils and other flood-prone areas.

Our focus in 2023 will remain on asset rebalancing and PPIP 2.0 initiatives by enhancing yield and estate efficiency, as well as improving cost efficiencies. We intend to pursue the optimisation of unutilised land, alongside increasing digitalisation and introducing advanced technologies across our operations and organisational processes. In addition, we anticipate palm oil production to remain strong, supported by the reduction of labour shortage concerns.

Along with increasing mechanisation, we intend to continue replanting programme and strategically disposing of selected plantations in order to reduce the acreage of ageing palms.

I would like to express the appreciation to our former Chairman, Dato' Haji Ismail Haji Lasim, for his leadership and also to my predecessor, Zainal Abidin Shariff, for his stewardship in managing the Group.

## Fahmy Ismail

Acting Chief Executive Officer

# CHIEF FINANCIAL OFFICER'S STATEMENT

**Dear Shareholder,**

Boustead Plantations Berhad delivered a higher profit before taxation of RM729 million for the financial year ended 31 December 2022. This was mainly attributable to gains on disposal of plantation land and higher palm product prices, mitigating the impact of lower FFB production coupled with higher operating costs and unfavourable fair value movement of FFB. As a result, profit for the year saw a significant improvement to RM589 million.

To strengthen our reporting standard for FY2022 Integrated Report, we have included the GRI content index of which the details can be found on pages 262 to 266.

**Mohamad Mahazir Mustaffa**

Chief Financial Officer



**REVENUE**

**RM1.2 BILLION**

(2021: RM1.1 Billion)



**EBITDA**

**RM425 MILLION**

(2021: RM522 Million)



**PROFIT BEFORE TAXATION  
AND ZAKAT**

**RM729 MILLION**

(2021: RM345 Million)

## CHIEF FINANCIAL OFFICER'S STATEMENT

### STRENGTHENING BALANCE SHEET

In line with our consistent drive to ensure prudent debt and balance sheet management, the Group recorded lower borrowings of RM857 million. This was supported by scheduled instalments of term loans and repayment of short-term loans utilising proceeds from the disposal of our Kulai Young land.

### ASSET MONETISATION

To unlock value during the year, we undertook the strategic disposal of plantation land, netting a one-off gain of RM459 million.

This included the disposal of the Kulai Young land and partial disposal of land at our Bukit Mertajam Estate. In addition, our land at Telok Sengat Estate was also acquired by the Government.

### REVIEW OF INCOME STATEMENTS

#### ⊕ Revenue

The Group registered a record-high revenue of RM1.2 billion for the year, marking an improvement from RM1.1 billion in the previous financial year. This was primarily driven by higher palm product prices.

#### ⊕ Operating Costs

Total operating costs increased to RM882 million. This was mainly attributable to higher fertiliser and diesel prices, as well as the revised minimum wage policy and adverse impact of FFB valuation.

#### ⊕ Gains on Disposal of Land

During the year, the Group recorded gains on the disposal of land totalling RM459 million. This was primarily from the sale of our Kulai Young land for a gain of RM364 million. Meanwhile, the partial disposal of land at our Bukit Mertajam Estate delivered a gain of RM91 million, while the Government acquisition of our Telok Sengat Estate land netted the Group a gain of RM4 million.

#### ⊕ Finance Costs

Finance costs were reduced to RM34 million compared to RM48 million in the previous fiscal year. This was largely due to effective capital management which had a direct knock-on effect on reducing our borrowings for the year.

#### ⊕ Taxation and Zakat

Taxation and zakat increased to RM140 million as a result of the impact of Cukai Makmur. However, the effective tax rate for the Group was lower than the statutory tax rate due to the lower tax rates applicable to gains on disposal of land.

### REVIEW OF STATEMENTS OF FINANCIAL POSITION

The Group's total assets and total equity for the year improved to RM4.2 billion and RM2.9 billion respectively, while net assets per share increased to RM1.33.

#### ⊕ Total Assets

Total assets rose to RM4.2 billion compared with RM4.1 billion in the previous financial year. Total receivables increased to RM132 million, arising from the proceeds of the sale of our Bukit Mertajam land. Our cash balance also grew to RM166 million due to the balance of proceeds from the disposal of our Kulai Young land.

#### ⊕ Total Liabilities

The Group's total liabilities came in at RM1.4 billion, slightly lower than RM1.5 billion in the last financial year. This was as a result of a reduction in our borrowings for the year.

#### ⊕ Total Equity

Total equity increased to RM2.9 billion. This was mainly due to the higher shareholders' equity of RM3.0 billion, compared with RM2.7 billion last year. The driving factor was the improved profitability for the year.



▶ View from our nursery at Batu Pekaka Estate, Kedah



**The Group generated positive cash flow for the year, recording a net increase in cash and cash equivalents to RM83 million, up from RM38 million in the previous year.**

### REVIEW OF STATEMENTS OF CASH FLOW

The Group generated positive cash flow for the year, recording a net increase in cash and cash equivalents to RM83 million, from RM38 million in the previous year.

Contributing to this was the higher collection from customers due to higher palm product prices, as well as the proceeds from the disposal of the Kulai Young land. This allowed the Group to fund our working capital internally and pare down borrowings, whilst cushioning the impact of our lower net cash inflow from operations for the year, which reduced to RM320 million owing to increased operating expenses and higher taxation and zakat paid.

### OUTLOOK

Moving forward in 2023, the global economy faces a challenging outlook on the back of headwinds and rising inflation. Despite this, the plantation sector continues to hold positive prospects as palm product prices are expected to stabilise following market volatility in 2022. Despite the uncertainty in vegetable oil prices, we expect CPO prices to remain moderate in 2023 as palm oil production in Malaysia is forecasted to increase with recovery in labour supply.

Leveraging our solid foundation, we will continue to ensure effective cost and cash flow management, while maintaining a healthy balance sheet to support the sustainable growth of the Group.

### Mohamad Mahazir Mustaffa

Chief Financial Officer

# VALUE CREATION

Our Key Capitals	038
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SECTION

03



► *Newly harvested fresh fruit bunches at Batu Pekaka Estate, Kedah, waiting to be transported*

