

# BOUSTEAD PLANTATIONS BERHAD (1245-M)

## UNAUDITED CONDENSED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

| <b>For the quarter ended 30 September 2014</b>            | <b>Current Period</b> |             | <b>Cumulative Period</b> |             |
|---|-----------------------|-------------|--------------------------|-------------|
| <b>(All figures are stated in RM'000)</b>                 | <b>2014</b>           | <b>2013</b> | <b>2014</b>              | <b>2013</b> |
| <b>Revenue</b>  | <b>162,868</b>        | 176,789     | <b>550,163</b>           | 520,750     |
| Operating cost  | <b>(136,769)</b>      | (144,520)   | <b>(433,902)</b>         | (468,660)   |
| Profit from operations                                    | <b>26,099</b>         | 32,269      | <b>116,261</b>           | 52,090      |
| Gain on disposal of Subsidiaries                          | -                     | -           | -                        | 25          |
| Interest income   | <b>4,451</b>          | 3,751       | <b>6,725</b>             | 11,190      |
| Finance cost  | <b>(10,593)</b>       | (9,076)     | <b>(43,269)</b>          | (25,596)    |
| Share of results of Associates                            | <b>778</b>            | 1,952       | <b>2,469</b>             | 4,030       |
| <b>Profit before taxation</b>                             | <b>20,735</b>         | 28,896      | <b>82,186</b>            | 41,739      |
| Taxation  | <b>(3,726)</b>        | (3,603)     | <b>(24,630)</b>          | (10,693)    |
| <b>Profit for the period</b>                              | <b>17,009</b>         | 25,293      | <b>57,556</b>            | 31,046      |
| <b>Other comprehensive income/(loss), net of tax</b>      |                       |             |                          |             |
| Fair value changes of available-for-sale financial assets | -                     | 63,824      | -                        | 70,543      |
| Share of exchange fluctuation of Associate                | <b>(82)</b>           | -           | <b>(489)</b>             | -           |
| <b>Total comprehensive income for the period</b>          | <b>16,927</b>         | 89,117      | <b>57,067</b>            | 101,589     |
| <b>Profit attributable to:</b>                            |                       |             |                          |             |
| Shareholders of the Company                               | <b>18,561</b>         | 23,179      | <b>58,123</b>            | 34,898      |
| Non-controlling interests                                 | <b>(1,552)</b>        | 2,114       | <b>(567)</b>             | (3,852)     |
| <b>Profit for the period</b>                              | <b>17,009</b>         | 25,293      | <b>57,556</b>            | 31,046      |
| <b>Total comprehensive income attributable to:</b>        |                       |             |                          |             |
| Shareholders of the Company                               | <b>18,479</b>         | 87,003      | <b>57,634</b>            | 105,441     |
| Minority interests  | <b>(1,552)</b>        | 2,114       | <b>(567)</b>             | (3,852)     |
| <b>Total comprehensive income for the period</b>          | <b>16,927</b>         | 89,117      | <b>57,067</b>            | 101,589     |
| <b>Earnings per share - sen</b>                           |                       |             |                          |             |
| Basic   | <b>1.16</b>           | <b>2.27</b> | <b>4.74</b>              | <b>3.42</b> |

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<br>As at<br>30 September<br>2014 | Audited<br>As at<br>31 December<br>2013 |
|---|--|---|
| <b>As at 30 September 2014</b>                              |  |   |
| <b>(All figures are stated in RM'000)</b>                   |  |   |
| <b>ASSETS</b>   |  |   |
| <b>Non-current assets</b>                                   |  |   |
| Property, plant and equipment                               | 1,394,409                                  | 1,402,711                               |
| Biological assets   | 1,240,687                                  | 1,239,495                               |
| Prepaid land lease payments                                 | 58,967                                     | 59,263                                  |
| Investment in Associates                                    | 32,187                                     | 32,207                                  |
| Goodwill on consolidation                                   | 2,785                                      | 2,687                                   |
| Deferred tax assets   | 31,714                                     | 32,466                                  |
|   | <u>2,760,749</u>                           | <u>2,768,829</u>                        |
| <b>Current assets</b>                                       |  |   |
| Inventories   | 51,691                                     | 42,983                                  |
| Receivables   | 61,314                                     | 414,868                                 |
| Tax recoverable   | -  | 53                                      |
| Cash and bank balances                                      | 537,078                                    | 32,302                                  |
|   | <u>650,083</u>                             | <u>490,206</u>                          |
| <b>TOTAL ASSETS</b>   | <u>3,410,832</u>                           | <u>3,259,035</u>                        |
| <b>EQUITY AND LIABILITIES</b>                               |  |   |
| <b>Equity attributable to equity holders of the Company</b> |  |   |
| Share capital   | 800,000                                    | 124,521                                 |
| Reserves  | 1,527,847                                  | 1,265,348                               |
| <b>Shareholders' equity</b>                                 | <u>2,327,847</u>                           | <u>1,389,869</u>                        |
| <b>Non-controlling interests</b>                            | 58,532                                     | 59,099                                  |
| <b>Total equity</b>   | <u>2,386,379</u>                           | <u>1,448,968</u>                        |
| <b>Non-current liabilities</b>                              |  |   |
| Borrowings  | 150,000                                    | 240,000                                 |
| Deferred tax liabilities                                    | 27,872                                     | 27,750                                  |
| Payables  | 4,094                                      | 4,094                                   |
|   | <u>181,966</u>                             | <u>271,844</u>                          |
| <b>Current liabilities</b>                                  |  |   |
| Borrowings  | 724,450                                    | 737,355                                 |
| Payables  | 117,740                                    | 710,864                                 |
| Taxation  | 297  | -                                       |
| Dividend payable  | -  | 90,004                                  |
|   | <u>842,487</u>                             | <u>1,538,223</u>                        |
| <b>Total liabilities</b>                                    | <u>1,024,453</u>                           | <u>1,810,067</u>                        |
| <b>TOTAL EQUITY AND LIABILITIES</b>                         | <u>3,410,832</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         |                  |                  |                           |                  |
|  | Share Capital                               | Share Premium  | Fair Value Adjustment Reserve | Merger Deficit | Other Capital Reserve | Retained Profits | Total            |                           |                  |
| <b>30 September 2014</b>                   |   |                |                               |                |                       |                  |                  |                           |                  |
| <b>(All figures are stated in RM'000)</b>  |   |                |                               |                |                       |                  |                  |                           |                  |
| <b>2014</b>                                |   |                |                               |                |                       |                  |                  |                           |                  |
| 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  | -   | -              | -                             | -              | -                     | 57,634           | 57,634           | (567)                     | 57,067           |
| Total transactions with owners             | 675,479                                     | 444,905        | -                             | -              | 30                    | (240,070)        | 880,344          | -                         | 880,344          |
| Issue of bonus shares                      | 385,479                                     | (177,439)      | -                             | -              | -                     | (208,040)        | -                | -                         | -                |
| Public issue:                              |   |                |                               |                |                       |                  |                  |                           |                  |
| - Proceeds from public issue               | 290,000                                     | 638,000        | -                             | -              | -                     | -                | 928,000          | -                         | 928,000          |
| - Listing expenses                         | -   | (15,656)       | -                             | -              | -                     | -                | (15,656)         | -                         | (15,656)         |
| Capital redemption reserve of a Subsidiary | -   | -              | -                             | -              | 30                    | (30)             | -                | -                         | -                |
| Dividends                                  | -   | -              | -                             | -              | -                     | (32,000)         | (32,000)         | -                         | (32,000)         |
| Balance at 30 September 2014               | <b>800,000</b>                              | <b>622,344</b> | -                             | -              | <b>222</b>            | <b>905,281</b>   | <b>2,327,847</b> | <b>58,532</b>             | <b>2,386,379</b> |
| <b>2013</b>                                |   |                |                               |                |                       |                  |                  |                           |                  |
| 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  | -   | -              | 70,543                        | -              | -                     | 34,898           | 105,441          | (3,852)                   | 101,589          |
| Total transactions with owners             | -   | -              | -                             | -              | -                     | (19,817)         | (19,817)         | (27)                      | (19,844)         |
| Acquisition of subsidiaries                | -   | -              | -                             | (19,817)       | -                     | -                | (19,817)         | -                         | (19,817)         |
| Disposal of subsidiaries                   | -   | -              | -                             | -              | -                     | -                | -                | (27)                      | (27)             |
| Transfer to retained earnings              | -   | -              | -                             | 19,817         | -                     | (19,817)         | -                | -                         | -                |
| Balance at 30 September 2013               | 124,521                                     | 177,439        | 340,808                       | -              | 192                   | 879,455          | 1,522,415        | 57,826                    | 1,580,241        |

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 September 2014**

| (All figures are stated in RM'000)                        | 2014             | 2013      |
|---|------------------|-----------|
| <b>Operating Activities</b>                               |                  |           |
| Receipts from customers                                   | 560,373          | 497,899   |
| Cash paid to suppliers and employees                      | (404,217)        | (478,689) |
|   | <b>156,156</b>   | 19,210    |
| Tax paid  | (23,405)         | (16,320)  |
| Net cash generated from operating activities              | <b>132,751</b>   | 2,890     |
| <b>Investing Activities</b>                               |                  |           |
| Purchase of property, plant and equipment                 | (21,380)         | (27,760)  |
| Purchase of biological assets                             | (1,863)          | (16,952)  |
| Purchase of prepaid land lease                            | -                | (1,765)   |
| Acquisition of subsidiary                                 | -                | (17,572)  |
| Proceeds from disposal of property, plant and equipment   | 69               | 90        |
| Net proceeds from disposal of assets held for sale        | -                | 5,365     |
| Net cash outflow on disposal of a Subsidiary              | -                | (13)      |
| Cash outflow arising from privatisation of BREIT          | (564,521)        | -         |
| Interest received   | 6,725            | 11,087    |
| Dividend received   | 55,746           | 31,912    |
| Net cash used in investing activities                     | <b>(525,224)</b> | (15,608)  |
| <b>Financing Activities</b>                               |                  |           |
| Advances from Immediate Holding Company                   | 650,000          | 27,527    |
| 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            | (7,178)   |
| Repayment of term loan                                    | (90,000)         | -         |
| (Decrease)/Increase in revolving credits                  | (13,000)         | 41,500    |
| Repayment of term loan                                    | -                | (12,500)  |
| Interest paid   | (43,205)         | (24,970)  |
| Dividend paid on ordinary shares                          | (32,000)         | -         |
| Dividend paid to unitholders of BREIT                     | (100,304)        | -         |
| Net cash generated from financing activities              | <b>897,046</b>   | 24,379    |
| Net increase in cash and cash equivalents                 | <b>504,573</b>   | 11,661    |
| Cash and cash equivalents at beginning of period          | <b>29,603</b>    | 2,494     |
| <b>Cash and cash equivalents at end of period</b>         | <b>534,176</b>   | 14,155    |
| Comprising:   |                  |           |
| Cash and bank balances                                    | 537,078          | 21,097    |
| Bank overdrafts   | (2,902)          | (6,942)   |
|   | <b>534,176</b>   | 14,155    |

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 September 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:

|   | <b>Effective Date</b>   |
|---|-------------------------|
| ÉAmendments to FRS 119 Defined Benefits Plans: Employee Contributions                                   | 1 July 2014             |
| ÉAnnual Improvements to FRSSs 2010-2012 Cycle   | 1 July 2014             |
| ÉAnnual Improvements to FRSSs 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 2 September 2014, MASB announced that Transitioning Entities can further defer the application of MFRS Framework until annual periods beginning on or after 1 January 2017.

## **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 2017. When the Group presents its first MFRS financial statements in 1 January 2017, 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**

- (i) On 15 January 2014, the Company paid interim single tier dividend of 72.28 sen per share in respect of the financial year ended 31 December 2013 amounting to RM90.0 million.
- (ii) On 24 September 2014, the Company paid 1st interim single tier dividend of 2.0 sen per share in respect of the current financial year ending 31 December 2014 amounting to RM32.0 million.

For the current quarter, the Directors have declared 2nd interim single tier dividend of 2 sen per share in respect of the year ending 31 December 2014. The dividend will be paid on 24 December 2014 to shareholders registered in the Register of Members at the close of business on 5 December 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:

| <b>RM'000</b>                              | <b>Peninsular<br/>Malaysia</b> | <b>Sabah</b>   | <b>Sarawak</b> | <b>Total</b>   |
|--|--------------------------------|----------------|----------------|----------------|
| <b>2014</b>                                |                                |                |                |                |
| <b>Revenue</b>                             | <b>215,387</b>                 | <b>239,238</b> | <b>95,538</b>  | <b>550,163</b> |
| <b>Reportable segment operating profit</b> | <b>61,650</b>                  | <b>48,361</b>  | <b>6,250</b>   | <b>116,261</b> |
| Interest income                            |                                |                |                | 6,725          |
| Share of results of Associates             |                                |                |                | 2,469          |
| Finance cost                               |                                |                |                | (43,269)       |
| Profit before taxation                     |                                |                |                | 82,186         |
| Taxation                                   |                                |                |                | (24,630)       |
| Profit for the period                      |                                |                |                | 57,556         |

| <b>RM'000</b>                              | <b>Peninsular<br/>Malaysia</b> | <b>Sabah</b>  | <b>Sarawak</b> | <b>Total</b>  |
|--|--------------------------------|---------------|----------------|---------------|
| <b>2013</b>                                |                                |               |                |               |
| <b>Revenue</b>                             |                                |               |                |               |
| Third parties                              | 209,887                        | 193,932       | 85,019         | 488,838       |
| Dividend income                            | 31,912                         | -             | -              | 31,912        |
| Total revenue                              | 241,799                        | 193,932       | 85,019         | 520,750       |
| <b>Reportable segment operating profit</b> | <b>42,102</b>                  | <b>12,109</b> | <b>(2,121)</b> | <b>52,090</b> |
| Interest income                            |                                |               |                | 11,190        |
| Gain on disposal of Subsidiaries           |                                |               |                | 25            |
| Share of results of Associates             |                                |               |                | 4,030         |
| Finance cost                               |                                |               |                | (25,596)      |
| Profit before taxation                     |                                |               |                | 41,739        |
| Taxation                                   |                                |               |                | (10,693)      |
| Profit for the period                      |                                |               |                | 31,046        |

## 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 19 November 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 September 2014:

|                                     | Cumulative period |               |
|-------------------------------------|-------------------|---------------|
|                                     | 2014              | 2013          |
|                                     | RM'000            | RM'000        |
| Capital expenditure                 |                   |               |
| - Authorised and contracted for     | 27,450            | -             |
| - Authorised and not contracted for | 48,872            | 59,599        |
|                                     | <u>76,322</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 third quarter of 2014, the Group posted an unaudited pre-tax profit of RM20.7 million as compared with the earnings for the corresponding quarter last year of RM28.9 million. The reduction in profit for the current quarter was attributed to dividend income earned from BREIT in the previous quarter of 2013 of RM13.4 million.

Profit after tax for the current quarter was RM17.0 million versus RM25.3 million for the corresponding quarter of 2013. Cumulative profit after tax was RM57.6 million as compared with RM31.0 million for corresponding period last year.

For the nine months period ended 30 September 2014, the Group profit before tax of RM82.2 million was an increase of 97% from the profit achieved for the same period last year. Driven by both better production and selling prices of CPO as well as PK, revenue for nine-month period increased to RM550.2 million from RM520.8 million recorded for the same period in 2013.

FFB production for the nine-month period was 773,937 MT, up by 4% from the same period last year, due largely to better crops from Sabah region which compensated for the shortfalls in the Sarawak estates. CPO production for the same period increased by 8% to 183,930 MT, supported by the 4% increase in oil extraction rate (OER) to 21.7% as compared with 20.9% achieved during the previous nine-month period.

CPO registered an average selling price of RM2,477 per MT for the nine months period ended 30 September 2014, which was higher than the achievement of RM2,333 per MT for the corresponding period last year. Likewise, PK achieved an average price of RM1,802 per MT, which was also better than the price for the corresponding period last year by RM612.



## 16. Performance Review (cont.)

### Peninsular region

Peninsular region achieved an operating profit of RM61.7 million for the nine-month period ending 2014. The improvement of 47% from the same period last year was largely on the account of better CPO and PK prices coupled with increased OER of 21.9%. FFB registered marginal decline in crops as production was dampened by extremely dry weather conditions during the first half of the year and labour shortages. FFB crop ended the nine-month period at 324,954 MT, which was marginally lower than the same period last year.

### Sabah region

Sabah region registered an operating profit of RM48.4 million, which was 4 times of the profit for the same period last year. The profit was backed by better palm product prices, improved crops from existing estates and contribution from the newly acquired G&G Estate as well as improved OER of 22.1%. FFB crop for the nine-month period of 319,731 MT surpassed crop for the corresponding period last year by 19%.

### Sarawak region

Sarawak region posted an operating profit of RM6.2 million as compared with the loss of RM2.1 million for the same period last year. The profit was largely supported by higher selling prices and lower maintenance for areas under blockade. FFB crop of 129,253 MT, was a reduction of 12% from the same period last year.

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

The Group's revenue for third quarter 2014 of RM162.9 million was lower than the immediate preceding quarter by 14% while profit before tax of RM20.7 million was marginally lower.

The reduction in revenue during the current quarter was mainly due to the softening of CPO prices and lower sales volume. CPO price hit a 5-year low of RM1,940 on 2 September. One of the main reasons for the downturn in prices was the stronger Malaysian Ringgit against US Dollar. During nine-month period of 2014, exports to China also declined by 25% due to the crackdown on commodity financing for property speculation. Despite the challenging market conditions, the Group achieved an average selling price for CPO of RM2,220 per MT for third quarter 2014 as compared with RM2,581 for the second quarter. PK average price for the third quarter 2014 was RM1,495 per MT versus RM1,973 for the second quarter.

Pre-tax profit for third quarter 2014 was comparable with second quarter 2014 mainly because the larger crop volume had compensated for the decline in selling prices. FFB production for the third quarter 2014 increased by 12% to 275,008 MT from the immediate preceding quarter.

## 18. Prospects for Rest of the Year

The Group's profitability for the rest of the year will be much influenced by the volatile prices for CPO while operating conditions in certain areas of Sabah and Sarawak remains challenging. During the third quarter 2014, CPO came under selling pressure arising from the non-fulfilment of biodiesel targets by Malaysia/Indonesia coupled with bearish supply/demand factors. The Government of Malaysia had achieved some success in containing the downward spiral in CPO prices with the implementation of zero export taxes for CPO from September to December 2014. Nonetheless, competition from Indonesian palm oil as well as from other edible oils, possible hike in import duty on vegetable oils by India in order to raise support for local oilseed prices may dampen the prospects for a strong price recovery for the rest of the year.

## 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

|  | <b>Current<br/>Period</b> | <b>Cumulative<br/>Period</b> |
|--|---------------------------|------------------------------|
|  | <b>2014</b>               | <b>2014</b>                  |
|  | <b>RM'000</b>             | <b>RM'000</b>                |
| Malaysian taxation based on profit for the period: |                           |                              |
| - Current  | 4,695                     | 24,598                       |
| - Deferred   | (819)                     | -                            |
|  | <b>3,876</b>              | <b>24,598</b>                |
| (Over)/Under provision of prior years              | <b>(150)</b>              | <b>32</b>                    |
|  | <b>3,726</b>              | <b>24,630</b>                |

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 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<br>Utilisation | Actual<br>Utilisation | Intended Timeframe for<br>Utilisation |
|--|-------------------------|-----------------------|---------------------------------------|
|  | RM'000                  | RM'000                |                                       |
| Acquisitions of plantation lands                           | 420,000                 | 3,050                 | Within 36 months                      |
| Replanting and capital expenditure                         | 96,000                  | 47,429                | Within 12 months                      |
| Repayment of amounts owing to<br>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                       |
| <b>Total gross proceeds</b>                                | <b>928,000</b>          | <b>461,525</b>        |                                       |

On 22 September 2014, Boustead Rimba Nilai Sdn Bhd, a Subsidiary, is in the process of acquiring the beneficial ownership of 513.0 hectares of leasehold lands for a total cash consideration of RM30,500,000. A deposit of RM3,050,000 amounting to 10% of purchase consideration was paid. The acquisition is expected to complete by December 2014 where the balance purchase price of RM27,450,000 will be paid.

There were no other corporate proposals announced or pending completion as at 19 November 2014.

## 22. Changes in Material Litigations

As at 19 November 2014, there was no change in material litigation disclosed in previous quarter report ended 30 June 2014.

## 23. Earnings Per Share - Basic

|   | Current period |           | Cumulative period |           |
|---|----------------|-----------|-------------------|-----------|
|   | 2014           | 2013      | 2014              | 2013      |
| Net Profit for the period (RM'000)                            | 18,561         | 23,179    | 58,123            | 34,898    |
| Weighted average number of ordinary shares in<br>issue ('000) | 1,600,000      | 1,020,000 | 1,226,081         | 1,020,000 |
| Basic earnings per ordinary share (Sen)                       | 1.16           | 2.27      | 4.74              | 3.42      |

## 24. Group Borrowings

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

|                         | <b>30.9.2014</b> | <b>31.12.2013</b> | <b>1.1.2013</b> |
|-------------------------|------------------|-------------------|-----------------|
|                         | <b>RM'000</b>    | <b>RM'000</b>     | <b>RM'000</b>   |
| <b>Non-Current:</b>     |                  |                   |                 |
| <b><u>Unsecured</u></b> |                  |                   |                 |
| Term loan               | 150,000          | 150,000           | -               |
| <b><u>Secured</u></b>   |                  |                   |                 |
| Term loan               | -                | 90,000            | -               |
|                         | <b>150,000</b>   | <b>240,000</b>    | <b>-</b>        |
| <b>Current:</b>         |                  |                   |                 |
| <b><u>Unsecured</u></b> |                  |                   |                 |
| Bank overdrafts         | 2,902            | 2,699             | 5,020           |
| Revolving credits       | 230,000          | 143,000           | 173,391         |
| Term loans              |                  |                   |                 |
| - Denominated in RM     | 450,000          | 450,000           | 461,774         |
| - Denominated in USD    | 41,548           | 41,656            | 38,862          |
| <b><u>Secured</u></b>   |                  |                   |                 |
| Revolving credits       | -                | 100,000           | -               |
|                         | <b>724,450</b>   | <b>737,355</b>    | <b>679,047</b>  |
| <b>Total borrowings</b> | <b>874,450</b>   | <b>977,355</b>    | <b>679,047</b>  |

## 25. Retained Earnings

|   | <b>30.9.2014</b> | <b>31.12.2013</b> | <b>1.1.2013</b> |
|---|------------------|-------------------|-----------------|
|   | <b>RM'000</b>    | <b>RM'000</b>     | <b>RM'000</b>   |
| Total retained earnings of Boustead Plantations Berhad and its Subsidiaries |                  |                   |                 |
| Realised  | 774,752          | 921,215           | 479,898         |
| Unrealised  | 10,554           | 11,128            | (22,222)        |
|   | <b>785,306</b>   | <b>932,343</b>    | <b>457,676</b>  |
| Total share of retained earnings of Associates                              |                  |                   |                 |
| Realised  | 28,885           | 28,682            | 23,447          |
| Unrealised  | 137              | 196               | 196             |
|   | <b>814,328</b>   | <b>961,221</b>    | <b>481,319</b>  |
| Consolidation adjustments   | 90,953           | 126,496           | 383,055         |
| Total retained earnings of the Group as per consolidated accounts           | <b>905,281</b>   | <b>1,087,717</b>  | <b>864,374</b>  |

## 26. Additional Disclosures

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

|  | Current Quarter |                | Cumulative Quarter |                |
|--|-----------------|----------------|--------------------|----------------|
|  | 2014<br>RM'000  | 2013<br>RM'000 | 2014<br>RM'000     | 2013<br>RM'000 |
| Depreciation and amortisation                    | 10,189          | 7,437          | 30,675             | 22,762         |
| Impairment loss of receivables                   | -               | (10)           | -                  | (10)           |
| Reversal of written down of inventories          | -               | (321)          | -                  | (321)          |
| Reversal of impairment loss of other receivables | (58)            | (46)           | (189)              | (78)           |
| Impairment of biological assets                  | -               | -              | -                  | 465            |
| and equipment and biological assets              | (3)             | (8)            | (3)                | (8)            |
| Foreign exchange (gain)/loss                     | 775             | 960            | (108)              | 2,465          |
| Net fair value gain on derivatives               | -               | -              | -                  | (35)           |

## 27. Plantation Statistics

|                                     | Cumulative Period           |               |
|-------------------------------------|-----------------------------|---------------|
|                                     | 2014                        | 2013          |
| <b>(a) Planted areas (hectares)</b> |                             |               |
| Oil palm - past prime               | 13,277                      | 12,041        |
| - prime mature                      | 39,085                      | 39,194        |
| - young mature                      | 12,190                      | 11,834        |
| - immature                          | 5,810                       | 5,459         |
|                                     | <b>70,362<sup>(1)</sup></b> | <b>68,528</b> |

<sup>(1)</sup> 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>(b) Crop Production (MT)</b>               |                   |         |
| FFB   | 773,937           | 743,621 |
| <b>(c) Average Selling Prices (RM per MT)</b> |                   |         |
| FFB   | 530               | 475     |
| CPO   | 2,477             | 2,333   |
| PK  | 1,802             | 1,190   |