

BOUSTEAD PLANTATIONS BERHAD (1245-M)

UNAUDITED CONDENSED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

For the quarter ended 30 June 2017 (All figures are stated in RM'000)	Current Period		Cumulative Period	
	2017	2016	2017	2016
Revenue	169,487	174,923	358,507	311,899
Operating cost	(136,343)	(150,524)	(263,320)	(270,542)
Profit from operations	33,144	24,399	95,187	41,357
Gain on disposal of plantation land	-	89,593	-	124,170
Interest income	3,480	3,699	6,662	7,315
Finance cost	(9,010)	(10,541)	(17,999)	(21,563)
Share of results of Associate	1,149	(278)	1,999	(57)
Profit before taxation	28,763	106,872	85,849	151,222
Taxation	(7,737)	(10,751)	(20,598)	(13,968)
Profit for the period	21,026	96,121	65,251	137,254
Other comprehensive income				
Share of exchange fluctuation of Associate	222	295	222	295
Total comprehensive income for the period	21,248	96,416	65,473	137,549
Profit/(loss) attributable to:				
Shareholders of the Company	22,695	97,549	66,371	140,135
Non-controlling interests	(1,669)	(1,428)	(1,120)	(2,881)
Profit for the period	21,026	96,121	65,251	137,254
Total comprehensive income/ (expense) attributable to:				
Shareholders of the Company	22,917	97,844	66,593	140,430
Non-controlling interests	(1,669)	(1,428)	(1,120)	(2,881)
Total comprehensive income for the period	21,248	96,416	65,473	137,549
Earnings per share - sen				
Basic	1.42	6.10	4.15	8.76

The Unaudited Condensed Statement of Consolidated Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016.

BOUSTEAD PLANTATIONS BERHAD (1245-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30 June 2017	Audited As at 31 December 2016
As at 30 June 2017		
(All figures are stated in RM'000)		
ASSETS		
Non-current assets		
Property, plant and equipment	1,319,099	1,324,444
Biological assets	1,248,585	1,248,585
Prepaid land lease payments	48,776	49,754
Investment in Associate	25,794	30,323
Goodwill on consolidation	2,281	2,281
Deferred tax assets	2,517	2,517
	<u>2,647,052</u>	<u>2,657,904</u>
Current assets		
Inventories	30,684	24,462
Receivables	55,262	88,027
Tax recoverable	2,405	2,438
Cash and bank balances	391,105	424,570
	<u>479,456</u>	<u>539,497</u>
Asset held for sale	60,085	60,085
	<u>539,541</u>	<u>599,582</u>
TOTAL ASSETS	<u>3,186,593</u>	<u>3,257,486</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	1,422,344	800,000
Reserves	733,950	1,385,701
Shareholders' equity	<u>2,156,294</u>	<u>2,185,701</u>
Non-controlling interests	27,929	29,049
Total equity	<u>2,184,223</u>	<u>2,214,750</u>
Non-current liabilities		
Borrowings	87,500	100,000
Deferred tax liabilities	24,086	24,113
Payables	5,372	5,372
	<u>116,958</u>	<u>129,485</u>
Current liabilities		
Borrowings	729,549	801,152
Payables	139,239	105,362
Taxation	16,624	6,737
	<u>885,412</u>	<u>913,251</u>
Total liabilities	<u>1,002,370</u>	<u>1,042,736</u>
TOTAL EQUITY AND LIABILITIES	<u>3,186,593</u>	<u>3,257,486</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 2016.

BOUSTEAD PLANTATIONS BERHAD (1245-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period ended	← Attributable to Shareholders of the Company →						Total Equity
	Non-distributable		Distributable		Non-controlling interests		
	Share Capital	Share Premium	Other Capital Reserve	Retained Profits		Total	
30 June 2017							
(All figures are stated in RM'000)							
2017							
Balance at 1 January 2017	800,000	622,344	151	763,206	2,185,701	29,049	2,214,750
Total comprehensive income for the period	-	-	222	66,371	66,593	(1,120)	65,473
Transactions with owners:							
Dividends	-	-	-	(96,000)	(96,000)	-	(96,000)
Transition in accordance with section 618(2) of the Companies Act 2016 (Note)	622,344	(622,344)	-	-	-	-	-
Balance at 30 June 2017	1,422,344	-	373	733,577	2,156,294	27,929	2,184,223
2016							
Balance at 1 January 2016	800,000	622,344	(143)	759,415	2,181,616	46,448	2,228,064
Total comprehensive income for the period	-	-	294	140,136	140,430	(2,881)	137,549
Transactions with owners:							
Dividends	-	-	-	(96,000)	(96,000)	-	(96,000)
Balance at 30 June 2016	800,000	622,344	151	803,551	2,226,046	43,567	2,269,613

Note:

(i) Pursuant to section 74 of the Companies Act, 2016 ('the Act'), the Company's shares no longer have a par or nominal value with effect from 31 January 2017. In accordance with the transitional provision set out in Section 618 of the Act, any amount standing to the credit of the share premium account becomes part of the Company's share capital.

(ii) There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition. During the financial period, the Company did not utilise the credit in the share premium account which are now part of share capital.

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 2016.

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

For the quarter ended 30 June 2017

(All figures are stated in RM'000)

	2017	2016
Operating Activities		
Receipts from customers	384,867	314,614
Cash paid to suppliers and employees	(251,159)	(244,594)
Cash generated from operations	133,708	70,020
Tax paid	(12,504)	(10,140)
Net cash generated from operating activities	121,204	59,880
Investing Activities		
Purchase of property, plant and equipment	(15,408)	(11,585)
Purchase of biological assets	-	(425)
Proceeds from disposal of property, plant and equipment and biological assets	-	43,422
Acquisition of plantation assets	-	(29,977)
Deposits received on disposal of land	43,409	-
Interest received	6,403	7,936
Dividend received	6,750	-
Net cash generated from investing activities	41,154	9,371
Financing Activities		
(Decrease)/Increase in revolving credits	(65,000)	50,000
Repayment of term loan	(12,500)	(12,500)
Interest paid	(18,209)	(20,658)
Dividend paid	(96,000)	(96,000)
Net cash used in financing activities	(191,709)	(79,158)
Net decrease in cash and cash equivalents	(29,351)	(9,907)
Foreign currency translation difference	-	33
Cash and cash equivalents at beginning of period	420,441	412,244
Cash and cash equivalents at end of period	391,090	402,370
Comprising:		
Cash and bank balances	391,105	408,363
Bank overdrafts	(15)	(5,993)
	391,090	402,370

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016.

BOUSTEAD PLANTATIONS BERHAD (1245-M)

Notes to the interim financial report for the quarter ended 30 June 2017

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 2016. 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 2017, the Group adopted the following new and amended FRS:

- Amendments to FRS 107 - Statement of Cash Flows: Disclosure Initiative
- Amendments to FRS 112 - Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to 2014-2016 Cycle

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

(ii) Standards Issued but not yet Effective

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

	Effective Date
• FRS 9 - Financial Instruments	1 January 2018
• Amendments to FRS 2 - Classification and Measurement of Share-based Payment Transactions	1 January 2018
• Amendments to FRS 4 - Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts	1 January 2018
• Amendments to FRS 140 - Transfer of Investment Property	1 January 2018
• IC Interpretation 22 - Foreign Currency Transactions and Advance Consideration	1 January 2018
• Annual Improvements to 2014-2016 Cycle	1 January 2018
• Amendments to FRS 10 and FRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

(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). Adoption of the MFRS Framework by Transitioning Entities will only be mandatory for annual periods beginning on or after 1 January 2018.

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 2018. When the Group presents its first MFRS financial statements in 1 January 2018, 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

The Group's operating result is influenced by both CPO prices and FFB crop production. The cropping pattern for oil palm is influenced by weather conditions. FFB production normally starts with a trough and thereafter increases gradually to reach a peak during 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 16 March 2017, the Company paid 4th interim single tier dividend of 3.5 sen per share in respect of the financial year ended 31 December 2016 amounting to RM56.0 million.
- (ii) On 16 June 2017, the Company paid 1st interim single tier dividend of 2.5 sen per share in respect of the current financial year ending 31 December 2017 amounting to RM40.0 million.

For the current quarter, the Directors have declared a dividend of 3 sen per share in respect of the year ending 31 December 2017. The dividend will be paid on 19 September 2017 to shareholders registered in the Register of Members at the close of business on 8 September 2017.

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
2017				
Revenue	150,476	155,791	52,240	358,507
Reportable segment operating profit	45,394	41,077	6,223	92,694
Unrealised gain on foreign exchange				2,493
Interest income				6,662
Finance cost				(17,999)
Share of results of Associate				1,999
Profit before taxation				85,849
Taxation				(20,598)
Profit for the period				65,251

RM'000	Peninsular Malaysia	Sabah	Sarawak	Total
2016				
Revenue	132,050	133,754	46,095	311,899
Reportable segment operating profit	22,159	17,669	(1,921)	37,907
Unrealised gain on foreign exchange				3,450
Gain on disposal of plantation land				124,170
Interest income				7,315
Finance cost				(21,563)
Share of results of Associate				(57)
Profit before taxation				151,222
Taxation				(13,968)
Profit for the period				137,254

9. Debt and Equity Securities

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

10. Carrying Amount of Revalued Assets

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

11. Subsequent Events

There were no subsequent events as at 22 August 2017 that will materially affect the financial statements for the financial period under review.

12. Changes in Group Composition

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

13. Changes in Contingent Liabilities and Contingent Assets

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

14. Capital Commitments

The Group has the following commitments as at 30 June 2017:

	Cumulative period	
	2017	2016
	RM'000	RM'000
Capital expenditure		
- Authorised but not contracted for	47,645	52,317
	<u>47,645</u>	<u>52,317</u>

15. Financial Risk Management

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2016.

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

16. Performance Review

For the second quarter of 2017, the Group achieved an unaudited pre-tax profit of RM28.7 million as compared with RM106.9 million for the corresponding quarter last year. The profit declined by 73% mainly because of the gain on disposal of plantation land included in 2016 which amounted to RM89.6 million. Better FFB production and CPO prices contributed positively to the current quarter's profit.

For the first half-year of 2017, the Group's unaudited pre-tax profit of RM85.8 million was down by 43% from the corresponding period in 2016. Excluding the gain on disposal of plantation land of RM124.2 million, the profit was an improvement of 217% from 2016. The main contributing factors were the sturdy palm product prices and lower interest expense.

FFB production for the six-month period increased by 10% to 440,075 MT. The crop uptrend was largely attributed to improvement in yields post El-Nino. OER averaged at 20.8% as compared with 21.4% for first half of 2016. The average KER of 4.3% was marginally behind the rate for last year.

CPO achieved an average selling price of RM2,969 per MT for the six-month period this year, an increase of RM545 per MT or 22% from RM2,424 per MT from the corresponding period last year whilst PK achieved an average price of RM2,620 per MT, up by RM500 per MT or 24%.

Peninsular Malaysia region

Peninsular Malaysia region achieved a segment profit of RM45.4 million as compared with RM22.1 million for the six-month period ended 30 June 2016. The increase in profit of RM23.3 million or 105% was mainly attributed to improved selling prices of palm products. The region's FFB crop of 186,260 MT was up from 2016 by 9%.

Sabah region

Sabah region achieved a higher segment profit of RM41.1 million, up by 132% from RM17.7 million profit for the corresponding period last year. FFB crop increased by 15% to 189,690 MT due to crop uptrend despite the shortage of skilled harvesters for tall palms and unfavourable weather.

Sarawak region

Sarawak region registered a segment profit of RM6.2 million as compared with a loss of RM1.9 million for the six-month period ended 30 June 2016. The turnaround in the results was mainly contributed by better selling prices of palm products. The region produced 64,125 MT of FFB, up 3% from the same period last year.

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

For the current quarter, the unaudited profit before tax of RM28.7 million was down by 50% from the immediate preceding quarter of RM57.1 million. The reduction in profit was largely a consequence of the weakening palm products prices and higher operating expenditure but was partly supported by a stronger crop production.

The Group's revenue of RM169.5 million was lower than the immediate preceding quarter of RM189.0 million by 10%. CPO average price of RM2,786 per MT decreased by RM380 from the immediate preceding quarter while PK price of RM2,068 per MT declined by RM1,137 per MT. On the other hand, FFB production increased by 10% to 230,549 MT from the immediate preceding quarter.

18. Prospects for Rest of the Year

The Group's profitability is dependent on the price direction of CPO and crop production. FFB yields are improving in Peninsular Malaysia and Sabah regions but labour shortage coupled with difficult ground conditions in Sarawak may hamper crop production.

During the second quarter of 2017, lower CPO inventory and increased palm oil demand for Ramadan and Eid festivals helped to lend support to the price of CPO. The downward pressure on prices in the second half year is very likely amid slower demand from the traditional markets, projected increase in CPO production and reduction in biodiesel production in Indonesia. The price direction of palm oil will also be influenced by soybean production in the United States where lower yields could widen CPO discount to soybean oil thus improving its appeal in price sensitive markets.

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

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

20. Taxation

	Current Period	Cumulative Period
	2017	2017
	RM'000	RM'000
Malaysian taxation based on profit for the period:		
- Current	7,848	20,844
- Deferred	(315)	(231)
	7,533	20,613
Overprovision of prior years	204	(15)
	7,737	20,598

21. Status of Corporate Proposals

i) Utilisation of Proceeds from Initial Public Offering (IPO)

On 26 June 2014, the Company raised RM928 million from its IPO exercise and listed its entire issued and paid up capital on the Main Market of Bursa Securities. The status of utilisation of proceeds raised from the IPO is as follows:

Purpose	Proposed	Actual	Intended Timeframe for Utilisation from listing date
	Utilisation	Utilisation	
	RM'000	RM'000	
Acquisitions of plantation lands	420,000	63,808	Within 36 months
Replanting and capital expenditure	96,000	96,000	Within 12 months
Repayment to Immediate Holding Company	390,000	390,000	Within 6 months
IPO and Listing expenses	22,000	21,046	Within 6 months
Total gross proceeds	928,000	570,854	

(ii) Proposed Land Disposal

On 22 December 2016, CIMB Islamic Trustee Berhad ("CITB"), acting as trustee for the Company and Setia Recreation Sdn. Bhd. ("SRSB") entered into a sale and purchase agreement for the disposal of 677.78 hectares of freehold land situated in Mukim 6, Daerah Seberang Perai Utara, Pulau Pinang by the Company to SRSB for cash consideration of approximately RM620 million. The Company has received a 7% deposit for the proposed sale. The Estate Land Board's approval of the disposal was obtained on 21 June 2017. The Economic Planning Unit approval remains pending. Completion of the disposal is expected in the third quarter 2017.

There were no other corporate proposals announced or pending completion as at 22 August 2017.

22. Changes in Material Litigations

As at 22 August 2017, there was no material litigation involving the Group or the Company.

23. Earnings Per Share - Basic

	Current period		Cumulative period	
	2017	2016	2017	2016
Net profit for the period (RM'000)	22,695	97,549	66,371	140,135
Weighted average number of ordinary shares in issue ('000)	1,600,000	1,600,000	1,600,000	1,600,000
Basic earnings per ordinary share (Sen)	1.42	6.10	4.15	8.76

24. Group Borrowings

Total group borrowings as at 30 June 2017 are as follows:

	30.6.2017 RM'000	31.12.2016 RM'000	1.1.2016 RM'000
Non-Current:			
<u>Unsecured</u>			
Term loan	87,500	100,000	125,000
	87,500	100,000	125,000
Current:			
<u>Unsecured</u>			
Bank overdrafts	15	4,129	15,014
Revolving credits	650,000	715,000	695,000
Term loans			
- Denominated in RM	25,000	25,000	25,000
- Denominated in USD	54,534	57,023	54,508
	729,549	801,152	789,522
Total borrowings	817,049	901,152	914,522

25. Retained Earnings

	30.6.2017 RM'000	31.12.2016 RM'000	1.1.2016 RM'000
Total retained earnings of the Company and Subsidiaries			
- Realised	315,801	356,581	339,232
- Unrealised	(27,842)	(30,359)	(471)
	287,959	326,222	338,761
Total share of retained earnings of Associate			
- Realised	21,847	26,514	22,433
- Unrealised	466	550	497
	310,272	353,286	361,691
Consolidation adjustments	423,305	409,920	397,724
Total retained earnings of the Group as per consolidated accounts	733,577	763,206	759,415

26. Additional Disclosures

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

	Current Quarter		Cumulative Quarter	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Depreciation and amortisation	(10,832)	(10,698)	(21,731)	(21,485)
Foreign exchange gain/ (loss)	1,683	(1,276)	2,505	3,456

27. Plantation Statistics

	Cumulative Period	
	2017	2016
(a) Crop Production (MT)		
FFB	440,075	398,418
(b) Average Selling Prices (RM per MT)		
FFB	651	545
CPO	2,969	2,424
PK	2,620	2,120
(c) Planted areas (hectares)		
	At	At
	30 June	31 December
	2017	2016
Oil palm - past prime	13,353	12,234
- prime mature	32,596	33,199
- young mature	12,480	11,964
- immature	5,970	7,071
	64,399	64,468