

BOUSTEAD PLANTATIONS BERHAD (1245-M)

UNAUDITED CONDENSED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

For the quarter ended 31 March 2019 (All figures are stated in RM'000)	Current Period		Cumulative Period	
	2019	2018	2019	2018
Revenue	134,912	154,604	134,912	154,604
Operating cost	(135,775)	(145,804)	(135,775)	(145,804)
Loss from operations	(863)	8,800	(863)	8,800
Interest income	85	259	85	259
Finance cost	(13,921)	(1,804)	(13,921)	(1,804)
Share of results of Associate	651	561	651	561
(Loss)/Profit before taxation	(14,048)	7,816	(14,048)	7,816
Taxation	(5,738)	(5,470)	(5,738)	(5,470)
(Loss)/Profit for the period	(19,786)	2,346	(19,786)	2,346
(Loss)/Profit attributable to:				
Shareholders of the Company	(16,199)	5,259	(16,199)	5,259
Non-controlling interests	(3,587)	(2,913)	(3,587)	(2,913)
(Loss)/Profit for the period	(19,786)	2,346	(19,786)	2,346
Total comprehensive (loss)/income attributable to:				
Shareholders of the Company	(16,199)	5,259	(16,199)	5,259
Non-controlling interests	(3,587)	(2,913)	(3,587)	(2,913)
Total comprehensive (loss)/income for the period	(19,786)	2,346	(19,786)	2,346
(Loss)/Earnings per share - sen				
Basic	(0.72)	0.23	(0.72)	0.23

The Unaudited Condensed Statement of Consolidated Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018.

BOUSTEAD PLANTATIONS BERHAD (1245-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 March	As at 31 December
(All figures are stated in RM'000)	2019	2018
ASSETS		
Non-current assets		
Property, plant and equipment	3,624,225	3,655,138
Investment in Associate	29,670	29,019
Goodwill on consolidation	2,281	2,281
Deferred tax assets	2,557	2,557
	<u>3,658,733</u>	<u>3,688,995</u>
Current assets		
Inventories	34,701	36,034
Biological assets	15,107	15,662
Receivables	121,090	125,241
Tax recoverable	3,146	4,186
Cash and bank balances	46,021	57,799
	<u>220,065</u>	<u>238,922</u>
Asset held for sale	237,419	237,419
	<u>457,484</u>	<u>476,341</u>
TOTAL ASSETS	<u>4,116,217</u>	<u>4,165,336</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	1,422,344	1,422,344
Reserves	1,279,355	1,295,554
Shareholders' equity	<u>2,701,699</u>	<u>2,717,898</u>
Non-controlling interests	<u>(90,399)</u>	<u>(86,812)</u>
Total equity	<u>2,611,300</u>	<u>2,631,086</u>
Non-current liabilities		
Borrowings	365,219	373,085
Deferred tax liabilities	281,201	281,201
Payables	6,330	6,330
	<u>652,750</u>	<u>660,616</u>
Current liabilities		
Borrowings	747,481	744,600
Payables	103,684	83,866
Dividend payable	-	44,800
Taxation	1,002	368
	<u>852,167</u>	<u>873,634</u>
Total liabilities	<u>1,504,917</u>	<u>1,534,250</u>
TOTAL EQUITY AND LIABILITIES	<u>4,116,217</u>	<u>4,165,336</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 2018.

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
	Share Capital	Non-distributable Other Capital Reserve	Retained Profits	Distributable Total	Non-controlling interests	
31 March 2019						
(All figures are stated in RM'000)						
2019						
Balance at 1 January 2019	1,422,344	(162)	1,295,716	2,717,898	(86,812)	2,631,086
Total comprehensive loss for the year	-	-	(16,199)	(16,199)	(3,587)	(19,786)
Balance at 31 March 2019	1,422,344	(162)	1,279,517	2,701,699	(90,399)	2,611,300
2018						
Balance at 1 January 2018	1,422,344	222	1,596,913	3,019,479	(74,572)	2,944,907
Total comprehensive income for the year	-	-	5,259	5,259	(2,913)	2,346
Transactions with owners:						
Dividends	-	-	(64,000)	(64,000)	-	(64,000)
Balance at 31 March 2018	1,422,344	222	1,538,172	2,960,738	(77,485)	2,883,253

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 2018.

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

For the period ended 31 March 2019

(All figures are stated in RM'000)	2019	2018
Operating Activities		
Receipts from customers	142,075	179,585
Cash paid to suppliers and employees	(100,502)	(125,927)
Cash generated from operations	41,573	53,658
Tax paid	(5,141)	(19,262)
Net cash generated from operating activities	36,432	34,396
Investing Activities		
Purchase of property, plant and equipment	(10,218)	(12,406)
Deposits received on disposal of land	-	9,523
Proceeds from disposal of property, plant and equipment	25,726	26
Interest received	97	179
Dividend received	-	4,000
Net cash generated from investing activities	15,605	1,322
Financing Activities		
Increase in revolving credits	-	194,000
Interest paid	(13,729)	(1,671)
Dividends paid	(44,800)	(64,000)
Dividends paid to non-controlling interest	(167)	(462)
Net cash (used in)/ generated from financing activities	(58,696)	127,867
Net (decrease)/ increase in cash and cash equivalents	(6,659)	163,585
Cash and cash equivalents at beginning of year	52,656	15,802
Cash and cash equivalents at end of period	45,997	179,387
Comprising:		
Cash and bank balances	46,021	179,414
Bank overdrafts	(24)	(27)
	45,997	179,387

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018.

BOUSTEAD PLANTATIONS BERHAD (1245-M)

Notes to the interim financial report for the quarter ended 31 March 2019

Part A - Explanatory Notes Pursuant to MFRS 134

1. Basis of Preparation

The interim financial statements are prepared in accordance with requirements of paragraph 9.22 Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and complies with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134 - Interim Financial Reporting. The interim financial statements is unaudited and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2018.

All figures are stated in RM'000, unless otherwise stated.

2. Accounting Policies

(i) Adoption of MFRSs, Amendments to MFRSs and IC Interpretations

On 1 January 2019, the Group adopted the following new and amended MFRS:

- Amendments to MFRS 3 Annual Improvements to MFRS Standards 2015-2017 Cycle
- Amendments to MFRS 9 Prepayment Features with Negative Compensation
- Amendments to MFRS 11 Annual Improvements to MFRS Standards 2015-2017 Cycle
- MFRS 16 Leases
- Amendments to MFRS 112 Annual Improvements to MFRS Standards 2015-2017 Cycle
- Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 123 Annual Improvements to MFRS Standards 2015-2017 Cycle
- Amendments to MFRS 128 Long-term interests in Associates and Joint Ventures
- IC Interpretation 23 Uncertainty over Income Tax Treatments

Adoption of the above amendments and interpretations did not have any material effects on the financial statements of the Group, except for MFRS 16 Leases. As required by MFRS 134, the nature and effect of these changes are disclosed below.

MFRS 16 Leases

MFRS 16 supersedes MFRS 117 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying MFRS 117 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("short-term leases"), and lease contracts for which the underlying asset is of low value ("low-value assets").

As at 1 January 2019, the property, plant and equipment of the Group increased by RM45,839,000 (31 March 2019: RM45,350,000) and the prepaid land lease payments decreased by RM45,839,000 (31 March 2019: RM45,350,000).

2. Accounting Policies (cont'd.)

(i) Adoption of MFRSs, Amendments to MFRSs and IC Interpretations (cont'd.)

MFRS 16 Leases (cont'd.)

(i) Nature of the effect of adoption of MFRS 16

The Group has lease contracts for premises and plant and equipment.

Before adoption of MFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of MFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under MFRS 117). The requirements of MFRS 16 was applied to these leases from 1 January 2019.

Leases previously classified as operating leases

Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Based on the foregoing, as at 1 January 2019, the right-of-use assets of RM1,664,072,000 (31 March 2019: RM1,657,317,000) were recognised and presented within property, plant and equipment. This includes the lease assets recognised previously under finance leases and leasehold land which were previously classified as property, plant and equipment.

(ii) Standards Issued but not yet Effective

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

	Effective Date
• Amendments to MFRS 101 Presentation of Financial Statements (Definition of Material)	1 January 2020
• Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)	1 January 2020
• MFRS 17 Insurance Contracts	1 January 2021
• Amendments to MFRS 10 and MFRS128 Sale or Contribution of Assets between an Investor and its Associate or Joint-Venture	Deferred

3. Auditor's Report on Preceding Annual Financial Statements

The audit report of the preceding audited financial statements was not qualified.

4. Comments about Seasonal or Cyclical Factors

The Group's operating result is influenced by both CPO prices and FFB crop production. The cropping pattern for oil palms is influenced by weather conditions. FFB production normally starts with a trough 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 4 January 2019, the Company paid 3rd interim single tier dividend of 2.0 sen per share in respect of the financial year ended 31 December 2018 amounting to RM44.8 million.

For the current quarter, the Directors have declared a single tier interim dividend of 1 sen per share in respect of the year ending 31 December 2019. The dividends will be paid on 28 June 2019 to shareholders registered in the Register of Members at the close of business on 11 June 2019.

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
2019				
Revenue	54,536	66,211	14,165	134,912
Reportable segment operating profit/(loss)	9,902	(4,430)	(6,335)	(863)
Interest income				85
Finance cost				(13,921)
Share of results of Associate				651
Loss before taxation				(14,048)
Taxation				(5,738)
Loss for the period				(19,786)
RM'000	Peninsular Malaysia	Sabah	Sarawak	Total
2018				
Revenue	68,357	66,861	19,386	154,604
Reportable segment operating profit/(loss)	10,690	3,358	(5,248)	8,800
Interest income				259
Finance cost				(1,804)
Share of results of Associate				561
Profit before taxation				7,816
Taxation				(5,470)
Profit for the period				2,346

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 23 May 2019 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 31 March 2019:

	Cumulative period	
	2019	2018
	RM'000	RM'000
Capital expenditure		
- Authorised and contracted for	389,561	675,000
- Authorised but not contracted for	128,363	118,780
	517,924	793,780

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 2018.

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

16. Performance Review

	Current Period		Decrease	
	2019	2018		(%)
	RM'000			(%)
Revenue	134,912	154,604	(19,692)	(13%)
(Loss)/ Profit from operations	(863)	8,800	(9,663)	(110%)
(Loss)/ Profit before taxation	(14,048)	7,816	(21,864)	(280%)
(Loss)/ Profit for the period	(19,786)	2,346	(22,132)	(943%)
(Loss)/ Profit attributable to Shareholders of the Company	(16,199)	5,259	(21,458)	(408%)

For the first quarter of 2019, the Group recorded an unaudited pre-tax loss of RM14.0 million as compared with profit of RM7.8 million for the corresponding quarter last year,

Revenue fell by RM19.7 million from RM154.6 million to RM134.9 million due to significantly lower prices of palm products whilst operating expenditure fell by RM10 million to RM135.8 million. This led to the loss from operations of RM863,000. The quarter's result was further impacted by the increase in interest expenses.

CPO realised an average selling price of RM2,017 per MT, down by RM474 per MT or 19% from RM2,491 per MT for the same period last year. PK's average price of RM1,300 per MT was down by RM888 per MT or 41%.

FFB production for the quarter of 258,996 MT was 14% higher than the first quarter of 2018's production of 226,323 MT. OER increased from 20.5% to 21.4% while KER remained stable at 4.5%.

Peninsular Malaysia region

Peninsular Malaysia region achieved a segment profit of RM9.9 million, a shortfall of RM0.8 million from profit of RM10.7 million for the corresponding quarter last year. The region's FFB crop of 105,646 MT was up by 14% from 2018.

Sabah region

Sabah region recorded a segment loss of RM4.4 million, a decline of RM7.8 million, from profit of RM3.4 million for the first quarter of 2018. The lower selling prices and increased depreciation charges were the main reasons for the decline in performance. FFB production for the region rose by 22% to 127,495 MT.

Sarawak region

Sarawak region's segment loss of RM6.3 million increased from RM5.2 million for the same period last year. The region's performance was impacted by lower palm product prices and FFB production of 25,855 MT which was down from corresponding quarter last year by 10%.

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

	Current Quarter	Immediate Preceding Quarter	Increase/ (Decrease)	
				(%)
	RM'000			(%)
Revenue	134,912	156,558	(21,646)	(14%)
(Loss)/ Profit from operations	(863)	1,675	(2,538)	(152%)
Loss before taxation	(14,048)	(9,405)	(4,643)	49%
Loss for the period	(19,786)	(15,187)	(4,599)	30%
Loss attributable to Shareholders of the Company	(16,199)	(12,904)	(3,295)	26%

For the current quarter, the unaudited loss before tax of RM14.0 million exceeded the immediate preceding quarter's loss of RM9.4 million by RM4.6 million. The decline in results was attributable to lower FFB crop for the quarter and correspondingly the sales volume for palm oil while contribution from the associate fell by RM1.9 million.

Revenue for the current quarter of RM134.9 million fell by RM21.6 million from the immediate preceding quarter's revenue of RM156.6 million. CPO realised an average price of RM2,017 per MT, which was a marginal increase of RM50 from fourth quarter of 2018 price of RM1,967 per MT while PK price fell by RM138 to RM1,300 per MT. FFB production of 258,996 MT was down from fourth quarter of 2018 by 15%.

18. Prospects for Rest of the Year

FFB crop production and selling prices are the two key drivers to the Group's profitability.

Although the gain on disposal of land in Seberang Perai Utara, Pulau Pinang will boost the Group's profit for financial year 2019, the Group foresees operating performance to remain challenging.

Demand for palm oil is anticipated to grow in tandem with insufficient supplies of other edible oils, increased imports by China and higher biodiesel blending mandates in Indonesia. However, recovery in prices will be capped by the high inventories for palm oil. In the near term, upcoming festivities, the attractive prevailing low prices of CPO and increased exports to India due to reduction in import duties will support prices.

The Group expects to record some growth in crop production from a larger area of operations and operational efficiencies which are taking place but the challenges surrounding the operations in Sarawak will to some extent, dampen performance.

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 2019 RM'000	Cumulative Period 2019 RM'000
Malaysian taxation based on profit for the period:		
- Current	5,736	5,736
Underprovision of prior year	2	2
	5,738	5,738

The Group's taxation for the cumulative quarter was due mainly to the non-availability of group relief for losses of certain subsidiaries and non-deductibility of expenses for income tax.

21. Status of Corporate Proposals

(i) Proposed Land Disposal

On 24 January 2018, CIMB Islamic Trustee Berhad ("CITB"), acting solely as trustee for the Company entered into separate sale and purchase agreements with Sunrich Conquest Sdn. Bhd. and Titanium Greenview Sdn. Bhd. for the disposal of 138.89 hectares of freehold land situated in Mukim 12, Daerah Seberang Perai Utara, Pulau Pinang for a total cash consideration of approximately RM136 million.

The sale of the lands was completed on 18 April 2019.

(ii) Proposed Land Acquisition

On 1 August 2018, Boustead Rimba Nilai Sdn Bhd ("BRNSB"), a wholly-owned Subsidiary entered into a sale and purchase agreement ("SPA") with Sit Seng & Sons Realty Sdn Bhd and its related parties ("collectively known as Vendors") for the acquisition of oil palm plantation lands within the District of Beluran, Kinabatangan and Labuk & Sugut comprising 17 land titles measuring a total of 12,144.99 acres (4,915.25 hectares) together with a 75 tonnes per hour palm oil mill and buildings erected thereon as well as movable assets, machineries and vehicles for a cash consideration of RM397 million.

On 25 March 2019, BRNSB entered into:

- (i) a supplemental agreement ("SA") with the Vendors to revise the purchase consideration to RM358.66 million after the subdivision of land titles and the exclusion of the purchase of 499.3 hectares of oil palm plantation lands together with movable assets ("Lubah property") as well as road reserve land measuring 1,172.8 square meters. The exclusion of Lubah property was due to non-fulfilment of the removal of equity restriction. The land area under the SA was 4,414.693 hectares.

The above acquisition was completed on 29 April 2019.

- (ii) a SPA with Lubah Plantations (S) Sdn Bhd for the acquisition of Lubah property for a cash consideration of RM38.21 million. BRNSB has paid a 10% deposit.

The acquisition of Lubah property is expected to be completed by second quarter 2020.

There were no other corporate proposals announced or pending completion as at 23 May 2019.

22. Changes in Material Litigations

CIMB Islamic Trustee Berhad ("First Plaintiff"), trustee for Boustead Plantations Berhad and Boustead Plantations Berhad ("Second Plaintiff") had on 28 December 2018 filed a Writ of Summons and Statement of Claim on Setia Fontaines Sdn Bhd ("Defendant") for breach of Sale and Purchase Agreement dated 22 December 2016. The claim is in respect of damages amounting to RM37,207,353.35 for goods and services tax (GST) due from the Defendant together with interest at the rate of 8% per annum and other costs and relief deemed fit by the Court.

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

As at 23 May 2019, there was no other material litigation involving the Group or the Company.

23. Statement of Financial Position

There was no significant movement of balances as at 31 March 2019 compared to 31 December 2018.

24. Statement of Cash Flows

During the current quarter, the decrease in cash and cash equivalents was mainly due to dividend payment. The Group also received partial balance proceeds from disposal of land as further disclosed in note 21(i).

25. Earnings Per Share - Basic

	Current period		Cumulative period	
	2019	2018	2019	2018
Net (loss)/ profit attributable to shareholders (RM'000)	(16,199)	5,259	(16,199)	5,259
Weighted average number of ordinary shares in issue ('000)	2,240,000	2,240,000	2,240,000	2,240,000
Basic (loss)/ earnings per ordinary share (Sen)	(0.72)	0.23	(0.72)	0.23

26. Group Borrowings

Total group borrowings as at 31 March 2019 are as follows:

	At 31 March	At 31 December
	2019	2018
	RM'000	RM'000
Non-Current:		
<u>Unsecured</u>		
Term loans	365,219	373,085
Current:		
<u>Unsecured</u>		
Bank overdrafts	24	5,143
Revolving credits	716,000	716,000
Term loans	31,457	23,457
	747,481	744,600
Total borrowings	1,112,700	1,117,685

- (i) The bank overdrafts bear interest at a weighted average rate of 7.84% (31.12.2018: 8.00%) per annum.
- (ii) The revolving credits bear interest at a weighted average rate of 4.76% (31.12.2018: 4.76%) per annum.
- (iii) The RM350 million Islamic term loan carries an average profit rate of 5.30% per annum whereas the RM50 million term loan bears interest at 5.55% per annum.

The debt for the current year and last year comprised wholly of floating interest rate debt.

27. Additional Disclosures

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

	Current Quarter		Cumulative Quarter	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	36,436	28,162	36,436	28,162

28. Plantation Statistics

		Cumulative Period	
		2019	2018
(a)	Production and yield		
	FFB (MT)	258,996	226,323
	FFB (MT/ha)	3.8	3.9
	CPO (MT)	53,611	51,365
	PK (MT)	11,316	11,256
(b)	Oil extraction rate (%)		
	CPO	21.4	20.5
	PK	4.5	4.5
(c)	Average Selling Prices (RM per MT)		
	FFB	381	508
	CPO	2,017	2,491
	PK	1,300	2,188
(d)	Planted areas (hectares)		
		At	At
		31 March	31 December
		2019	2018
	Past prime	28,755	26,438
	Prime mature	26,438	29,750
	Young mature	12,482	12,480
	Immature	7,206	6,364
		74,881	75,032