



Plantations

BOUSTEAD PLANTATIONS BERHAD

194601000012 (1245-M)

(A member of Boustead Group)

BOUSTEAD PLANTATIONS BERHAD 194601000012 (1245-M)**UNAUDITED CONDENSED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME**

For the quarter ended 30 September 2020	Current Period		Cumulative Period	
(All figures are stated in RM'000)	2020	2019	2020	2019
Revenue	205,679	139,239	535,426	398,099
Operating cost	(165,392)	(150,901)	(458,510)	(432,715)
Profit/ (Loss) from operations	40,287	(11,662)	76,916	(34,616)
Gain on disposal of plantation asset	-	-	-	119,454
Interest income	254	63	467	1,030
Finance cost	(14,676)	(17,460)	(47,480)	(48,148)
Share of results of Associate	1,684	1,311	3,696	4,621
Profit/ (Loss) before taxation	27,549	(27,748)	33,599	42,341
Taxation	(11,667)	(9,334)	(25,766)	(23,821)
Profit/ (Loss) for the period	15,882	(37,082)	7,833	18,520
Other comprehensive loss				
Share of exchange fluctuation of Associate	-	-	-	(228)
Total comprehensive income/(loss) for the period	15,882	(37,082)	7,833	18,292
Profit/ (Loss) attributable to:				
Shareholders of the Company	17,970	(34,312)	15,497	28,717
Non-controlling interests	(2,088)	(2,770)	(7,664)	(10,197)
Profit/ (Loss) for the period	15,882	(37,082)	7,833	18,520
Total comprehensive income/ (loss) attributable to				
Shareholders of the Company	17,970	(34,312)	15,497	28,489
Non-controlling interests	(2,088)	(2,770)	(7,664)	(10,197)
	15,882	(37,082)	7,833	18,292
Earnings/ (Loss) per share - sen				
Basic	0.80	(1.53)	0.69	1.28

The Unaudited Condensed Statement of Consolidated Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019.

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

	As at 30 September	As at 31 December
(All figures are stated in RM'000)	2020	2019
ASSETS		
Non-current assets		
Property, plant and equipment	2,007,074	2,057,601
Right-of-use assets	1,933,424	1,959,890
Investment in Associate	31,231	27,536
Goodwill on consolidation	2,281	2,281
	3,974,010	4,047,308
Current assets		
Inventories	33,318	28,612
Biological assets	25,786	22,230
Receivables	76,470	80,585
Tax recoverable	280	393
Cash and bank balances	16,209	20,468
	152,063	152,288
TOTAL ASSETS	4,126,073	4,199,596
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	1,422,344	1,422,344
Reserves	1,145,423	1,129,926
Shareholders' equity	2,567,767	2,552,270
Non-controlling interests	(107,748)	(100,084)
Total equity	2,460,019	2,452,186
Non-current liabilities		
Borrowings	588,909	655,134
Deferred tax liabilities	275,690	274,780
Payables	6,197	6,197
	870,796	936,111
Current liabilities		
Borrowings	678,245	722,246
Payables	95,227	83,669
Taxation	21,786	5,384
	795,258	811,299
Total liabilities	1,666,054	1,747,410
TOTAL EQUITY AND LIABILITIES	4,126,073	4,199,596

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019.

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

For the financial period ended 30 September 2020	←—Attributable to Shareholders of the Company—→					Non- controlling interests	Total Equity
	Share Capital	Non- distributable Other Capital Reserve	Distributable Retained Profits	Total			
(All figures are stated in RM'000)							
2020							
Balance at 1 January 2020	1,422,344	(265)	1,130,191	2,552,270	(100,084)	2,452,186	
Total comprehensive income/(loss) for the period	-	-	15,497	15,497	(7,664)	7,833	
Balance at 30 September 2020	1,422,344	(265)	1,145,688	2,567,767	(107,748)	2,460,019	
2019							
Balance at 1 January 2019	1,422,344	(162)	1,295,716	2,717,898	(86,812)	2,631,086	
Total comprehensive income/(loss) for the period	-	(228)	28,717	28,489	(10,197)	18,292	
Transactions with owner:							
Dividends	-	-	(22,400)	(22,400)	-	(22,400)	
Balance at 30 September 2019	1,422,344	(390)	1,302,033	2,723,987	(97,009)	2,626,978	

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 2019.

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

For the period ended 30 September 2020

(All figures are stated in RM'000)	2020	2019
Operating Activities		
Receipts from customers	537,688	400,979
Cash paid to suppliers and employees	(356,667)	(296,575)
Cash generated from operations	181,021	104,404
Tax paid	(4,014)	(10,731)
Net cash generated from operating activities	177,007	93,673
Investing Activities		
Purchase of property, plant and equipment	(24,758)	(49,786)
Acquisition of plantation assets	-	(371,491)
Proceeds from disposal of property, plant and equipment	-	121,117
Interest received	467	1,043
Dividend received	-	5,000
Net cash used in investing activities	(24,291)	(294,117)
Financing Activities		
Drawdown of term loan	-	315,000
Decrease in revolving credits	(86,800)	(25,000)
Repayment of term loan	(24,000)	(16,000)
Interest paid	(46,168)	(44,729)
Dividends paid	-	(67,200)
Dividends paid to non-controlling interest	-	(112)
Net cash (used in)/ generated from financing activities	(156,968)	161,959
Net decrease in cash and cash equivalents	(4,252)	(38,485)
Cash and cash equivalents at beginning of period	20,443	52,656
Cash and cash equivalents at end of period	16,191	14,171
Comprising:		
Cash and bank balances	16,209	14,189
Bank overdrafts	(18)	(18)
	16,191	14,171

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019.

BOUSTEAD PLANTATIONS BERHAD 194601000012 (1245-M)

Notes to the interim financial report for the quarter ended 30 September 2020

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 2019. All figures are stated in RM'000, unless otherwise stated.

2. Accounting Policies

(i) Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except in the current period, the Group adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2020:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

These amendments had no impact on the financial statements of the Group.

(ii) Standards Issued but not yet Effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's interim financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

BOUSTEAD PLANTATIONS BERHAD 194601000012 (1245-M)

Description	Effective for annual periods beginning on or after
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 10 and MFRS 128: 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 at the beginning of the year and thereafter increases gradually to reach a peak during the second half of the year.

5. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income and cash flows for the quarter under review.

6. Change in Estimates

There were no material changes in estimates of amounts reported in the previous financial year.

7. Dividends

For the current quarter, the directors have declared a single tier dividend of 0.5 sen per share in respect of the financial year ending 31 December 2020. The dividend will be paid on 30 December 2020 to shareholders registered in the Register of Members at the close of business on 9 December 2020.

BOUSTEAD PLANTATIONS BERHAD 194601000012 (1245-M)

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
2020				
Revenue	201,201	284,101	50,124	535,426
Reportable segment operating profit/(loss)	63,560	22,409	(9,053)	76,916
Interest income				467
Finance cost				(47,480)
Share of results of Associate				3,696
Profit before taxation				33,599
Taxation				(25,766)
Profit for the year				7,833

RM'000	Peninsular Malaysia	Sabah	Sarawak	Total
2019				
Revenue	158,418	193,040	46,641	398,099
Reportable segment operating profit/(loss)	25,798	(44,003)	(16,411)	(34,616)
Gain on disposal of plantation asset				119,454
Interest income				1,030
Finance cost				(48,148)
Share of results of Associate				4,621
Profit before taxation				42,341
Taxation				(23,821)
Profit for the year				18,520

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.

BOUSTEAD PLANTATIONS BERHAD 194601000012 (1245-M)

10. Carrying Amount of Revalued Assets

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

11. Subsequent Events

There were no subsequent events as at 23 November 2020 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 September 2020:

	Cumulative quarter	
	2020	2019
	RM'000	RM'000
Capital expenditure		
- Authorised and contracted for	-	34,572
- Authorised but not contracted for	93,584	107,062
	93,584	141,634

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 2019.

BOUSTEAD PLANTATIONS BERHAD 194601000012 (1245-M)

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

16. Performance Review

	Current Period				Cumulative Period			
	2020	2019	Increase/(Decrease)		2020	2019	Increase/(Decrease)	
	RM'000		(%)		RM'000		(%)	
CPO Price	2,772	2,026	746	37%	2,637	2,011	626	31%
Revenue	205,679	139,239	66,440	48%	535,426	398,099	137,327	34%
Profit/ (Loss) from operations	40,287	(11,662)	51,949	445%	76,916	(34,616)	111,532	322%
Profit/ (Loss) before taxation	27,549	(27,748)	55,297	199%	33,599	42,341	(8,742)	-21%
Profit/ (Loss) for the period	15,882	(37,082)	52,964	143%	7,833	18,520	(10,687)	-58%
Profit/ (Loss) attributable to Shareholders of the Company	17,970	(34,312)	52,282	152%	15,497	28,717	(13,220)	-46%

For the third quarter of 2020, the Group recorded an unaudited pre-tax profit of RM27.5 million as compared with losses of RM27.7 million for the corresponding quarter last year.

Revenue increased by RM66.4 million from RM139.2 million to RM205.7 million due to improved prices of palm products which led to the profit from operations of RM40.3 million.

CPO realised an average selling price of RM2,772 per MT which surpassed last year's corresponding quarter of RM2,026 per MT by RM746 per MT (37%). PK's average price of RM1,481 per MT was higher by RM343 per MT (30%).

FFB production for the quarter of 273,625 MT was higher than the production in the third quarter of 2019 of 239,572 MT. FFB yield improved from 3.3 MT/Ha in the third quarter of 2019 to 4.1 MT/Ha in the third quarter this year. However, OER and KER reduced from 21.9% to 21.2% and from 4.5% to 4.3% respectively.

For the nine-month period of 2020, the Group recorded an unaudited pre-tax profit of RM33.6 million as compared with a loss of RM77.1 million for the corresponding period last year (excluding the exceptional gain on disposal).

CPO realised an average selling price of RM2,637 per MT, higher by RM626 per MT or 31% from RM2,011 per MT for the same period last year. PK's average price of RM1,496 per MT increased by RM317 per MT or 27%.

BOUSTEAD PLANTATIONS BERHAD 194601000012 (1245-M)

FFB production for the nine-month period of 753,864 MT was 3.6% higher than last year's production of 727,771 MT. OER and KER however reduced from 21.6% to 21.1% and from 4.4% to 4.3% respectively.

Peninsular Malaysia region

Peninsular Malaysia region achieved a segment profit of RM63.6 million, an increase of RM37.8 million from a profit of RM25.8 million for the corresponding period last year. The higher profit was in line with the region's increase in FFB crop of 303,862 MT as compared to 288,320 MT in 2019.

Sabah region

Sabah region recorded a segment profit of RM22.4 million for the nine-month period of 2020 against a loss of RM44.0 million for the corresponding period last year. Higher selling prices was the main reason for the improved performance. FFB production of 370,859 MT for the region was higher than the corresponding period last year of 355,847 MT.

Sarawak region

Sarawak region's segment loss of RM9.1 million was below last year corresponding period loss of RM16.4 million. Higher palm products prices contributed to a lower loss which cushioned the drop in production from 83,604 MT last year to 79,143 MT this year.

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

	Current Quarter	Immediate Preceding Quarter	Increase/ (Decrease)	
	RM'000		(%)	
Revenue	205,679	167,058	38,621	23%
Profit from operations	40,287	19,354	20,933	108%
Profit before taxation	27,549	4,770	22,779	478%
Profit for the period	15,882	4,295	11,587	270%
Profit attributable to Shareholders of the Company	17,970	7,080	10,890	154%

For the current quarter, the unaudited profit before tax of RM27.5 million exceeded the immediately preceding quarter's profit of RM4.8 million. Revenue for the current quarter of RM205.7 million increased by RM38.6 million from the revenue of the immediately preceding quarter of RM167.1 million. The better performance was driven by the higher selling prices. Average CPO price was RM2,772 per MT, an increase of RM405 compared to the second quarter price of RM2,367 per MT. FFB production of 273,625 MT was marginally higher than the second quarter of 270,383 MT.

BOUSTEAD PLANTATIONS BERHAD 194601000012 (1245-M)

18. Prospects for Rest of the Year

The Group's prospect for the rest of the year will be much driven by CPO price, crop production and the Group's successful execution of the transformation programme. Our transformation programme is progressing well and despite some disruption to our productivity improvement initiatives due to restrictions during the pandemic, we are focused to remain on track to achieve our objectives.

CPO prices for the rest of the year are expected to remain supportive with steady demand for palm oil seen from China, India, Europe and Pakistan. Strong global demand and lower than expected production kept Malaysian palm oil inventories extremely tight.

Weather developments are becoming a major determining factor for CPO and other vegetable oil prices in the remaining quarter of this year particularly with the current La Nina weather pattern. Recent downward revision of crop estimates for soybean, sunflower seed and other oilseeds triggers heavy buying and elevates CPO price to the RM3,000 zone.

Recent surge of global COVID-19 cases may need to be closely watched as this could significantly reduce global demand particularly from hotels, restaurants and catering (HORECA) sectors.

The Group is hopeful that any further issue on the COVID-19 will not hamper the efforts to improve both the operational as well as the financial efficiency.

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
	2020	2020
	RM'000	RM'000
Malaysian taxation based on profit for the period:		
Current tax	11,547	22,352
Underprovision of prior year - deferred tax	120	3,414
	11,667	25,766

The Group's effective tax rate for the cumulative quarter is higher than the statutory tax rate due mainly to non-deductibility of expenses, losses from subsidiary companies and reversal of deferred tax assets.

BOUSTEAD PLANTATIONS BERHAD 194601000012 (1245-M)

21. Status of Corporate Proposals

Proposed Land Acquisition

On 25 March 2019, Boustead Rimba Nilai Sdn Bhd entered into a sale and purchase agreement with Lubah Plantations (S) Sdn Bhd ("Lubah SPA") for the acquisition of Lubah property within the District of Labuk & Sugut comprising a land title measuring 499.3 hectares for a cash consideration of RM38.21 million. BRNSB has paid a 10% deposit.

The Lubah SPA has lapsed on 25 August 2020 due to the non-fulfillment of one (1) of the Condition Precedents stipulated in the Lubah SPA. The acquisition of Lubah property is now terminated and the 10% deposit has been refunded.

There were no other corporate proposals announced or pending completion as at 23 November 2020.

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 July 2019, the Defendant filed an application for a judicial review against the Customs decision that if the Lands are intended to be used for commercial or mixed development purposes, then the commercial portion is subject to GST. The Plaintiffs are not party to the said judicial review proceedings. Pursuant to the court's decision on the judicial review delivered on 11 September 2020, the Plaintiffs' solicitors were informed that the court has decided, among others, that the sale of the Lands is an exempt supply under the GST (Exempt Supply) Order 2014 and is not subject to any GST.

As at 26 October 2020, the Minister of Finance and the Director-General of Customs have not filed an appeal against the judicial review decision. In this respect, the Group will be making a request to Customs for the GST refund of RM37,207,353.35.

As at 23 November 2020, 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 30 September 2020 compared to 31 December 2019.

BOUSTEAD PLANTATIONS BERHAD 194601000012 (1245-M)

24. Statement of Cash Flows

During the current quarter, higher collection from customers improved cash flows.

25. Earnings Per Share – Basic

	Current period		Cumulative period	
	2020	2019	2020	2019
Net profit/(loss) attributable to shareholders (RM'000)	17,970	(34,312)	15,497	28,717
Weighted average number of ordinary shares in issue ('000)	2,240,000	2,240,000	2,240,000	2,240,000
Basic earnings/(loss) per ordinary share (Sen)	0.80	(1.53)	0.69	1.28

26. Group Borrowings

Total group borrowings as at 30 September 2020 are as follows:

	At 30 September	At 31 December
	2020	2019
	RM'000	RM'000
Non-Current:		
<u>Unsecured</u>		
Term loans	588,909	655,134
Current:		
<u>Unsecured</u>		
Bank overdrafts	18	25
Revolving credits	604,200	691,000
Term loans	74,027	31,221
	678,245	722,246
Total borrowings	1,267,154	1,377,380

BOUSTEAD PLANTATIONS BERHAD 194601000012 (1245-M)

- (i) The bank overdrafts bear interest at a weighted average rate of 7.75% (31.12.2019: 7.84%) per annum.
- (ii) The revolving credits bear interest at a weighted average rate of 4.10% (31.12.2019: 4.90%) per annum.
- (iii) The RM350 million Islamic term loan carries an average profit rate of 4.55% (31.12.2019: 5.15%) per annum whereas the RM365 million term loan carries an average profit rate ranging at 4.68% to 5.27% (31.12.2019: 4.98% to 5.55%) per annum.

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

27. Additional Disclosures

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

	Current Quarter		Cumulative Quarter	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	32,912	46,507	99,334	125,565

28. Plantation Statistics

	Cumulative Period	
	2020	2019
(a) Production and yield		
FFB (MT)	753,864	727,771
FFB (MT/ha)	11.3	10.4
CPO (MT)	182,452	166,489
PK (MT)	37,207	34,258
b) Oil extraction rate (%)		
CPO	21.1	21.6
PK	4.3	4.4
(c) Average Selling Prices (RM per MT)		
FFB	519	380
CPO	2,637	2,011
PK	1,496	1,179

BOUSTEAD PLANTATIONS BERHAD 194601000012 (1245-M)

	At 30 September 2020	At 31 December 2019
(d) Planted areas (hectares)		
Past prime	32,952	32,505
Prime mature	21,672	27,167
Young mature	12,223	13,183
Immature	6,647	6,551
	<u>73,494</u>	<u>79,406</u>