

By Ooi Tee Ching  
bt@nstp.com.my

KUALA LUMPUR: Boustead Holdings Bhd expects to do very well this year, as crude palm oil prices continue to trade at buoyant levels of more than RM3,000 per tonne.

Out of its six core businesses, plantation is the biggest earnings contributor, followed by shipbuilding and property development.

Although palm oil prices have started to slide in the last three months, the third month benchmark palm oil futures contract on the Malaysia Derivatives Exchange averaged RM3,300 per tonne in the first half of the year. Last Friday, the contract closed RM19 lower at RM3,117 per tonne.

"We have substantial investments in plantations. Currently, palm oil is still trading at strong levels," said Boustead Holdings deputy chairman and group managing director Tan Sri Lodin Wok Kamaruddin.

In the first quarter ended March 2011, Boustead Holdings' plantation division contributed RM99 million or 73.6 per cent of its pre-tax group profits.

"Judging from the first quarter results, we should be posting better results for the group as well as the REIT," said Lodin, who is also chairman of Boustead REIT Managers Sdn Bhd.

"There is also the injection of two estates and a mill into the REIT that will see to improved performance," he told Business Times at the sidelines of GLC Open Day held here over the weekend.

# Buoyant CPO prices put Boustead in bright mood



Applied Agricultural Resources Sdn Bhd head of crop improvement Tan Cheng Chua (second from right) briefing Boustead Holdings deputy chairman and group managing director Tan Sri Lodin Wok Kamaruddin (left) at the Boustead plantation booth during GLC Open Day

With the RM189.2 million acquisition and leaseback of the Sutera Estate, Taiping Rubber Plantation and the Trong Oil Mill, Al-Hadharah Boustead REIT's total asset value has surpassed RM1 billion. Total asset size has also expanded to some 20,000ha from 16,391ha previously.

Boustead Holdings, the parent of Al-Hadharah Boustead REIT, has

an agriculture landbank of 97,648ha. To-date, 76 per cent of the landbank had already been planted with oil palms.

While 20,000ha of Boustead's 74,354ha planted area had been injected into the Al-Hadharah Boustead REIT, Lodin emphasised the REIT is actually open to inclusion of assets from other estate owners.

"It is not restricted to our estates. If there are any other estates which are profitable and interested to be part of the REIT, we're open for discussion," he said.

Prime Minister Datuk Seri Najib Razak, who officiated at the launch of the three-day GLC Open Day lauded close collaborations and joint ventures undertaken between

government-linked companies and the private sector.

Boustead is one such company. For the past 25 years, it had partnered Kuala Lumpur Kepong Bhd (KLK) to produce high yielding hybrid oil palm seeds and bred smaller-sized oil palm trees that allow for high density planting.

Lodin said the 50:50 joint venture company Applied Agricultural Resources Sdn Bhd, is a significant contributor to the government's oil palm national key economic area that aims to replant unproductive oil palms with high yielding ones, throughout the country.

"Our synergistic partnership with KLK allowed us to become the world's biggest in planted area of clonal tissue culture. This translates to more consistent results of high yielding oil palms," he said.

Lodin then highlighted Boustead's collaboration with the University of Nottingham, for the last decade, that resulted in a Malaysian campus at Semenyih, Selangor.

"Our 66 per cent stake in the Nottingham University campus is our contribution in value adding to Malaysia's tertiary education," he said. +