

Chin Teck Plantations Berhad (3250V)
(Incorporated in Malaysia)

Condensed consolidated income statement
for the third financial quarter and nine months ended 31 May 2014

	Third		Nine months	
	financial quarter			
	31.5.2014	31.5.2013	31.5.2014	31.5.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	29,707	25,574	89,064	75,917
Cost of sales	(13,555)	(13,284)	(38,343)	(31,975)
Gross profit	16,152	12,290	50,721	43,942
Interest income	1,450	1,471	4,254	4,250
Dividend income	347	724	1,000	1,263
Other income	853	359	780	464
Selling expenses	(661)	(620)	(2,209)	(1,779)
Administrative expenses	(4,883)	(4,548)	(15,492)	(13,778)
Replanting expenses	(1,053)	(1,957)	(2,052)	(4,990)
Other expenses	(69)	(825)	(288)	(669)
Share of results of associates	410	(1,496)	(1,461)	(4,820)
Share of results of a joint venture	(197)	(296)	(1,790)	(1,504)
Profit before tax	12,349	5,102	33,463	22,379
Income tax expense	(2,691)	(1,560)	(8,656)	(6,720)
Profit net of tax	9,658	3,542	24,807	15,659
Earnings per stock unit (sen per stock unit)				
Basic	10.57	3.88	27.15	17.14
Diluted	10.57	3.88	27.15	17.14

Chin Teck Plantations Berhad (3250V)
(Incorporated in Malaysia)

Condensed consolidated statement of comprehensive income
for the third financial quarter and nine months ended 31 May 2014

	Third financial quarter		Nine months	
	31.5.2014 RM'000	31.5.2013 RM'000	31.5.2014 RM'000	31.5.2013 RM'000
Profit net of tax	9,658	3,542	24,807	15,659
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation	(1,715)	(1,403)	(7,943)	(2,731)
Net gain on fair value changes of available-for-sale investment securities	2,921	1,664	3,376	4,347
Share of other comprehensive income/(loss) of an associate	-	(3)	13	5
Total other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	1,206	258	(4,554)	1,621
Total comprehensive income	10,864	3,800	20,253	17,280

Chin Teck Plantations Berhad (3250V)
(Incorporated in Malaysia)

Condensed consolidated statement of financial position
As at 31 May 2014

	31.5.2014	31.8.2013
	RM'000	RM'000
Assets		
Non-current assets		
Property, plant and equipment	45,284	42,602
Biological assets	74,401	74,225
Investments in associates	184,984	192,398
Investment in a joint venture	15,767	19,534
Investment securities	84,249	72,716
	<u>404,685</u>	<u>401,475</u>
Current assets		
Inventories	2,666	2,823
Receivables	7,251	9,354
Income tax recoverable	7	-
Cash and bank balances	225,379	223,555
	<u>235,303</u>	<u>235,732</u>
Total assets	<u>639,988</u>	<u>637,207</u>
Equity and liabilities		
Current liabilities		
Payables	9,957	8,058
Income tax payable	2,601	1,391
	<u>12,558</u>	<u>9,449</u>
Non-current liabilities		
Deferred tax liabilities	6,336	6,360
Total liabilities	<u>18,894</u>	<u>15,809</u>
Equity attributable to owners of the Company		
Share capital	91,363	91,363
Share premium	19,654	19,654
Other reserves	6,898	11,467
Retained profits	503,179	498,914
Total equity	<u>621,094</u>	<u>621,398</u>
Total equity and liabilities	<u>639,988</u>	<u>637,207</u>
Net assets per stock unit attributable to owners of the Company (RM)	<u>6.80</u>	<u>6.80</u>

Chin Teck Plantations Berhad (3250V)
(Incorporated in Malaysia)

Condensed consolidated statement of changes in equity
for the nine months ended 31 May 2014

	Non-distributable		Distributable		Non-distributable		
	Equity attributable to owners of the Company, total	Share capital	Share premium	Retained profits	Asset revaluation reserve - land and biological assets	Foreign currency translation reserve	Fair value adjustment reserve
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 September 2012	615,987	91,363	19,654	491,799	16,744	(21,218)	17,645
Profit for the year	15,659	-	-	15,659	-	-	-
Other comprehensive income/(loss)	1,621	-	-	-	-	(2,731)	4,352
Revaluation reserve of leasehold land realised	-	-	-	15	(15)	-	-
Transaction with owners							
Dividends, representing total transactions with owners	(8,908)	-	-	(8,908)	-	-	-
At 31 May 2013	624,359	91,363	19,654	498,565	16,729	(23,949)	21,997
At 1 September 2013	621,398	91,363	19,654	498,914	16,723	(27,128)	21,872
Profit for the year	24,807	-	-	24,807	-	-	-
Other comprehensive income/(loss)	(4,554)	-	-	-	-	(7,943)	3,389
Revaluation reserve of leasehold land realised	-	-	-	15	(15)	-	-
Transaction with owners							
Dividends, representing total transactions with owners	(20,557)	-	-	(20,557)	-	-	-
At 31 May 2014	621,094	91,363	19,654	503,179	16,708	(35,071)	25,261

Chin Teck Plantations Berhad (3250V)
(Incorporated in Malaysia)

Condensed consolidated statement of cash flows
for the nine months ended 31 May 2014

	31.5.2014	31.5.2013
	RM'000	RM'000
Operating activities		
Profit before tax	33,463	22,379
Adjustments for:		
Depreciation for property, plant and equipment	1,795	1,340
Gross dividend income	(1,000)	(1,263)
Interest income	(4,254)	(4,250)
Loss on sale of property, plant and equipment	69	-
Net fair value gain on available-for-sale investment securities (transferred from equity on disposal)	(365)	(88)
Property, plant and equipment written off	-	56
Share of results of associates	1,461	4,820
Share of results of a joint venture	1,790	1,504
Unrealised loss on foreign exchange	219	613
Total adjustments	(285)	2,732
Operating cash flows before changes in working capital	33,178	25,111
Changes in working capital		
Decrease in		
inventories	157	140
receivables	2,032	2,546
Increase in payables	1,899	2,683
Total changes in working capital	4,088	5,369
Cash flows from operations	37,266	30,480
Taxes paid	(7,456)	(6,670)
Net cash flows from operating activities	29,810	23,810
Investing activities		
Interest received	4,325	4,217
Increase in biological assets	(176)	-
Net dividends received from an associate	-	3,600
Net dividends received from investment securities	802	1,140
Purchase of property, plant and equipment	(4,618)	(1,760)
Purchase of investment securities	(9,002)	(8,446)
Proceeds from sale of property, plant and equipment	72	-
Proceeds from sale of investment securities	1,387	634
Net cash flows used in investing activities	(7,210)	(615)
Financing activity		
Dividends paid to owners of the Company, representing total cash flows used in financing activity	(20,557)	(8,908)
Net increase in cash and cash equivalents	2,043	14,287
Effects of exchange rate changes on cash and cash equivalents	(219)	(613)
Cash and cash equivalents at beginning of period	222,418	214,543
Cash and cash equivalents at end of period	224,242	228,217

Notes to the interim financial report - 31 May 2014

A Explanatory notes - FRS 134 : Interim Financial Reporting

A 1 Basis of preparation

The interim financial report has been prepared in accordance with FRS 134 : Interim Financial Reporting and Chapter 9 Part K of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report is unaudited and should be read in conjunction with the annual audited financial statements for the financial year ended 31 August 2013.

The same accounting policies and methods of computation are followed in the interim financial report as compared with the annual financial statements for the financial year ended 31 August 2013 except for the adoption of new standards, amendments to standards and IC interpretations that are mandatory for the Group for the financial year beginning 1 September 2013. The adoption of these standards, amendments and interpretations do not have material impact on the financial performance or position of the Group.

The extensive disclosures of qualitative and quantitative information about exposures to risks from financial instruments will be made in the audited annual financial statements of the Group.

Malaysian Financial Reporting Standards (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 to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of 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 (Transitioning Entities).

On 7 August 2013, MASB announced that it will permit Transitioning Entities to defer adoption of the new MFRS Framework and continue to use the existing Financial Reporting Standards (FRS) Framework for additional year. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 August 2016. In presenting its first MFRS financial statements, 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.

The Group has commenced transitioning its accounting policies and financial reporting from the current Financial Reporting Standards to MFRS Framework. At the date of these interim financial statements, the Group has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ending 31 August 2014 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 August 2016.

Notes to the interim financial report - 31 May 2014

A 2 Seasonal or cyclical nature of operations

The revenue and earnings are impacted by the production of fresh fruit bunches and volatility of the selling prices of fresh fruit bunches, crude palm oil and palm kernel.

The production of fresh fruit bunches depends on weather conditions, production cycle of the palms and the age of the palms.

The plantation statistics are as follows:

Average planted area for nine months ended 31 May 2014:

	Hectares			
	31.5.2014	31.5.2013	31.5.2014	31.5.2013
Mature	10,098			
Replanting and immature	827			
	<u>10,925</u>			
	Third financial quarter		Nine months	
	31.5.2014	31.5.2013	31.5.2014	31.5.2013
Production (m/t)				
fresh fruit bunches				
Own	42,702	38,030	142,380	127,316
Purchase	6,782	2,555	14,172	11,184
	<u>49,484</u>	<u>40,585</u>	<u>156,552</u>	<u>138,500</u>
Crude palm oil	7,794	6,579	25,237	22,208
Palm kernel	2,097	1,837	7,099	6,027
Extraction Rate				
Crude palm oil	19.40%	19.99%	19.16%	19.51%
Palm kernel	5.22%	5.58%	5.39%	5.30%

A 3 Items of unusual nature

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial period.

A 4 Changes in estimates of amounts reported

There were no changes in estimates of amounts reported in prior financial years and prior interim periods that have a material effect in the current interim period.

A 5 Changes in debt and equity securities

There were no issuances, repurchases and repayments of debts and equity securities for the nine months ended 31 May 2014.

A 6 Fair value changes of financial liabilities

As at 31 May 2014, the Group did not have any financial liabilities measured at fair value through profit or loss.

A 7 Dividends paid

The amount of dividend paid during the nine months ended 31 May 2014.

In respect of financial year ending 31 August 2014:

	RM'000
A first interim dividend of 13% less 25% taxation and a special dividend of 17% less 25% taxation paid on 30 December 2013	<u>20,557</u>

Notes to the interim financial report - 31 May 2014

A 8 Segment information

The chief operating decision-maker has been identified as the Board of Directors. The Board reviews the Group's internal reporting in order to assess performance and allocation of resources. The Group's principal activities involve predominantly the cultivation of oil palms, production and sale of fresh fruits bunches, crude palm oil and palm kernel and is wholly carried out in Malaysia.

The segment information are as follows:

	Third financial quarter		Nine months	
	31.5.2014 RM'000	31.5.2013 RM'000	31.5.2014 RM'000	31.5.2013 RM'000
Revenue from external customers	29,707	25,574	89,064	75,917
Revenue from major customers	24,845	20,694	68,108	50,924
Reportable segment profit	9,775	5,232	31,382	23,477
Reportable segment profit is reconciled as follows:				
Total profit for reportable segment	9,775	5,232	31,382	23,477
Share of results of associates	410	(1,496)	(1,461)	(4,820)
Share of results of a joint venture	(197)	(296)	(1,790)	(1,504)
Interest income	1,450	1,471	4,254	4,250
Dividend income	347	724	1,000	1,263
Other income	633	292	366	382
Other expenses	(69)	(825)	(288)	(669)
Profit before tax	12,349	5,102	33,463	22,379

	As at 31.5.2014 RM'000	As at 31.8.2013 RM'000
Reportable segment assets	130,338	130,095
Reportable segment liabilities	9,957	8,058

Reportable segment's assets are reconciled as follows:

	As at 31.5.2014 RM'000	As at 31.8.2013 RM'000
Total assets for reportable segment	130,338	130,095
Investments in associates	184,984	192,398
Investment in a joint venture	15,767	19,534
Investment securities	84,249	72,716
Unallocated assets	224,650	222,464
Total assets	639,988	637,207

Notes to the interim financial report - 31 May 2014

A 8 Segment information (cont'd.)

Reportable segment's liabilities are reconciled as follows:

	As at 31.5.2014 RM'000	As at 31.8.2013 RM'000
Total liabilities for reportable segment	9,957	8,058
Income tax payable	2,601	1,391
Deferred tax liabilities	6,336	6,360
Total liabilities	<u>18,894</u>	<u>15,809</u>

A 9 Property, plant and equipment

There were no significant acquisitions and disposals of property, plant and equipment for the nine months ended 31 May 2014.

Capital commitments as at 31 May 2014: -

Approved and contracted for	<u>5,015</u>
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A 10 Material events subsequent to third financial quarter

Other than the declaration of the second interim dividend as disclosed in Note B10, there were no material events subsequent to the third financial quarter that have not been reflected in the financial statements for the financial quarter ended 31 May 2014.

A 11 Changes in composition of the Group

There were no business combinations, acquisition or disposal of subsidiaries and long term investments (other than the purchase and sale of quoted investments), restructurings and discontinued operations.

A 12 Contingent liabilities and contingent assets

As at the date of issue of this interim financial report, there were no contingent liabilities and contingent assets that had arisen since 31 August 2013.

A 13 Related party disclosures

	Nine months 31.5.2014 RM'000
(a) Companies in which certain directors and substantial shareholders have interest: -	
Purchase of oil palm produce	115
Marketing consultancy fee	66
Agency fee	<u>8</u>
(b) An associate in which certain directors and substantial shareholders have interest: -	
Management fee	<u>202</u>

Notes to the interim financial report - 31 May 2014

B Information as required by the Main Market Listing Requirements (Part A of Appendix 9B) of Bursa Malaysia Securities Berhad

B 1 Review of performance

Third financial quarter ended 31 May 2014

Revenue in the current financial quarter under review improved by 16.16% to RM29,707,000 from RM25,574,000 when compared with the preceding year corresponding financial quarter. The average selling prices of ffb, crude palm oil and palm kernel were higher. The sales volume of ffb and palm kernel were higher. However, the sales volume of crude palm oil was lower.

The production of ffb, crude palm oil and palm kernel were higher.

Overall profit from share of results of associates was due mainly to positive contribution from an associate engaged in property development.

As reported previously, the joint ventures engaged in oil palm plantations in Indonesia encountered a suspension in routine harvesting due to unrest in the villages located in the vicinity of the plantations and this has resulted in an overall loss suffered by the Group in its share of results.

Overall profit net of tax for the current financial quarter under review increased by 172.67% to RM9,658,000 from RM3,542,000 due mainly to improvement in revenue and an overall profit from share of results of associates.

Nine months ended 31 May 2014

Revenue in the current nine months period under review improved by 17.32% to RM89,064,000 from RM75,917,000 when compared with the preceding year corresponding period. The average selling prices of ffb and palm kernel were higher. However, the average selling price of crude palm oil was marginally lower. The sales volume of ffb, crude palm oil and palm kernel were higher.

The production of ffb, crude palm oil and palm kernel were higher.

As reported previously, the joint ventures engaged in oil palm plantations in Indonesia encountered a suspension in routine harvesting due to unrest in the villages located in the vicinity of the plantations and this has resulted in an overall loss suffered by the Group in its share of results.

Increase in overall operating expenses was due mainly to increase in the production of ffb, crude palm oil and palm kernel and purchase of ffb.

Overall profit net of tax for the current nine months period under review increased by 58.42% to RM24,807,000 from RM15,659,000 due mainly to improvement in revenue.

Notes to the interim financial report - 31 May 2014

B 2 Material change in the profit before tax for the third financial quarter compared with the immediate preceding quarter

Revenue in the third financial quarter under review increased by 21.58% to RM29,707,000 from RM24,435,000 when compared with the immediate preceding financial quarter due mainly to increases in the average selling prices and sales volume of ffb, crude palm oil and palm kernel.

The production of ffb, crude palm oil and palm kernel were higher.

Overall profit from share of results of associates in the current financial quarter under review was due mainly to positive contribution from an associate engaged in property development. In the immediate preceding financial quarter, the Group suffered an overall loss in its share of results of associates due mainly to loss suffered by the joint ventures engaged in oil palm plantations in Indonesia.

Overall profit before tax for the current financial quarter under review increased by 231.34% to RM12,349,000 from RM3,727,000 due mainly to improvement in revenue and an overall profit from share of results of associates.

B 3 Prospects for financial year ending 31 August 2014

The selling prices of ffb and crude palm oil have weakened recently. Should this trend continue, it would have a corresponding effect on the financial performance for the fourth financial quarter ending 31 August 2014. However, overall profit after tax for the financial year ending 31 August 2014 is expected to be higher than that of the previous financial year due to favourable average selling prices and higher production of ffb, crude palm oil and palm kernel.

B 4 Variance of actual profit from forecast profit and shortfall in profit guarantee

There were no profit forecasts prepared for public release and profit guarantees provided by the Group.

B 5 Income tax expense

	Third financial quarter 31.5.2014 RM'000	Nine months 31.5.2014 RM'000
Income tax:		
Current provision	2,749	8,730
Over provision in prior year	(50)	(50)
	<hr/> 2,699	<hr/> 8,680
Deferred income tax	(8)	(24)
	<hr/> 2,691	<hr/> 8,656

The effective tax rate for the third financial quarter under review was lower than the statutory rate due mainly to certain income which are not assessable for income tax purposes.

The effective tax rate for the nine months period under review was higher than the statutory rate due mainly to the effect of share of results of associates and a joint venture.

B 6 Borrowings and debt securities

As at 31 May 2014, there were no borrowings and debt securities.

Notes to the interim financial report - 31 May 2014

B 7 Status of corporate proposals

On 10 April 2006, the Company entered into a conditional joint venture and shareholders agreement with Negri Sembilan Oil Palms Berhad ('NSOP'), Timor Oil Palm Plantation Berhad, a 58.0% owned subsidiary of NSOP, Eng Thye Plantations Berhad, an 83.3% owned subsidiary of NSOP, Seong Thye Plantations Sdn Bhd and Chin Thye Investment Pte Ltd ('Singapore JVSA') to participate in a joint venture project for the development of an oil palm plantation in Indonesia with P.T. Lampung Karya Indah. ('Proposed Joint Venture'), the details of which are set out in the Circular to Shareholders dated 11 May 2006.

The approval of the Shareholders of the Company was obtained at the Extraordinary General Meeting of the Company held on 26 May 2006.

The conditions precedent as set out in the Singapore JVSA have been fulfilled and the necessary approvals required for the subscription of shares in Chin Thye Investment Pte Ltd have been obtained.

The subscriptions of shares by the Company in Chin Thye Investment Pte Ltd in the previous financial years are as follows:-

Financial year	No. of shares	Amount (RM'000)
31.8.2006	7,200,000	16,898
31.8.2007	-	-
31.8.2008	3,400,000	8,140
31.8.2009	1,060,000	2,547
31.8.2010	-	-
31.8.2011	-	-
31.8.2012	-	-
31.8.2013	-	-
	<u>11,660,000</u>	<u>27,585</u>

There were no further subscription of shares during the nine months period under review and the period since the end of the third financial quarter under review to the date of issue of this interim report.

B 8 Derivatives financial instruments

There were no derivatives financial instruments transacted during the nine months period ended 31 May 2014.

B 9 Material litigation

There were no material litigations as at 31 August 2013 and at the date of issue of this interim financial report.

Notes to the interim financial report - 31 May 2014

B 10 Dividends

- (i) A second interim dividend in respect of the financial year ending 31 August 2014 has been declared by the Board of Directors.
- (ii) The amount per stock unit: single tier of 12%.
- (iii) The date payable for the second interim dividend of single tier 12%: 29 August 2014
- (iv) In respect of deposited securities, entitlement to the second interim dividend of single tier 12% will be determined on the basis of the record of depositors as at 13 August 2014.
- (v) The total dividends for the current financial year ending 31 August 2014:-

Type of dividend	Gross	Tax	Net
	%	%	%
First interim	13.00	25.00	9.75
Special	17.00	25.00	12.75
Second interim, single tier	12.00	-	12.00
	42.00	25.00	34.50

- (vi) The total dividends for the previous financial year ended 31 August 2013:-

Type of dividend	Gross	Tax	Net
	%	%	%
First interim	13.00	25.00	9.75
Second interim	13.00	25.00	9.75
	26.00	25.00	19.50

B 11 Earnings per stock unit

The basic and diluted earnings per stock unit are calculated as follows: -

	Third financial quarter		Nine months	
	31.5.2014	31.5.2013	31.5.2014	31.5.2013
Profit attributable to owners of the Company (RM'000)	9,658	3,542	24,807	15,659
Weighted average number of stock units ('000)	91,363	91,363	91,363	91,363
Earnings per stock unit (sen)				
Basic	10.57	3.88	27.15	17.14
Diluted	10.57	3.88	27.15	17.14

The diluted earnings per stock unit is similar to basic earnings per stock unit as there is no potential dilutive ordinary stock units outstanding as at end of the financial quarter.

Notes to the interim financial report - 31 May 2014

B 12 Realised and unrealised profit/losses disclosure

	As at 31.5.2014 RM'000	As at 31.8.2013 RM'000
Total retained profits of the Company and its subsidiary		
Realised	454,798	449,963
Unrealised	2,163	2,482
	<u>456,961</u>	<u>452,445</u>
Total share of retained profits from associates		
Realised	54,577	59,829
Unrealised	332	141
Total share of (accumulated losses)/retained profits from a joint venture		
Realised	(8,776)	(7,279)
Unrealised	85	378
	<u>503,179</u>	<u>505,514</u>
Less: consolidation adjustments	-	(6,600)
Total Group retained profits as per consolidated accounts	<u>503,179</u>	<u>498,914</u>

B 13 Notes to condensed statement of comprehensive income

	Third financial quarter 31.5.2014 RM'000	Nine months 31.5.2014 RM'000
Interest income	1,450	4,254
Other income including investment income	347	1,000
Interest expense	-	-
Depreciation	(664)	(1,795)
Provision for and write off of receivables	-	-
Gain/(loss) on disposal of quoted investments	-	365
Gain/(loss) on disposal of unquoted investments	-	-
Gain/(loss) on disposal of properties	-	-
Impairment of assets	-	-
Foreign exchange gain or (loss)	633	(219)
Gain/(loss) on derivatives	-	-
Exceptional items	-	-

B 14 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 August 2013 was not qualified.

By Order of the Board

Gan Kok Tiong
 Company Secretary
 24 July 2014