

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

Condensed consolidated statement of profit or loss
For the second financial quarter ended 29 February 2016

	Second		Six months	
	financial quarter		29.2.2016	28.2.2015
	29.2.2016	28.2.2015	29.2.2016	28.2.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	24,099	19,247	51,912	46,968
Cost of sales	(16,757)	(12,523)	(30,150)	(25,701)
Gross profit	7,342	6,724	21,762	21,267
Interest income	1,403	1,442	2,846	2,902
Dividend income	181	108	863	661
Other income	227	1,496	457	3,476
Selling expenses	(603)	(547)	(1,486)	(1,407)
Administrative expenses	(5,286)	(5,896)	(10,348)	(10,865)
Replanting expenses	(2,895)	(1,002)	(5,327)	(1,925)
Other expenses	(420)	-	-	-
Share of results of associates	558	(2,279)	(171)	(1,280)
Share of results of a joint venture	(508)	(321)	(817)	(575)
(Loss)/profit before tax	(1)	(275)	7,779	12,254
Income tax credit/(expense)	6	(211)	(1,788)	(2,129)
Profit/(loss) net of tax	5	(486)	5,991	10,125
Earnings/(loss) per stock unit (sen per stock unit)				
Basic	0.01	(0.53)	6.56	11.08
Diluted	0.01	(0.53)	6.56	11.08

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

Condensed consolidated statement of comprehensive income
For the second financial quarter ended 29 February 2016

	Second financial quarter		Six months	
	29.2.2016 RM'000	28.2.2015 RM'000	29.2.2016 RM'000	28.2.2015 RM'000
Profit/(loss) net of tax	5	(486)	5,991	10,125
Other comprehensive income/(loss):				
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation	737	489	2,646	2,231
Net (loss)/gain on fair value changes of available-for-sale investment securities	(7,903)	3,727	(8,914)	6,592
Share of other comprehensive (loss)/income of an associate	(4)	8	5	9
Total other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods	(7,170)	4,224	(6,263)	8,832
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Share of other comprehensive income of a joint venture	-	46	-	46
Total other comprehensive income that will not be reclassified to profit or loss in subsequent periods	-	46	-	46
Total other comprehensive (loss)/income	(7,170)	4,270	(6,263)	8,878
Total comprehensive (loss)/income	(7,165)	3,784	(272)	19,003

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

Condensed consolidated statement of financial position
As at 29 February 2016

	29.2.2016	31.8.2015
	RM'000	RM'000
Assets		
Non-current assets		
Property, plant and equipment	46,988	47,579
Biological assets	76,560	76,325
Investments in associates	197,210	195,554
Investment in a joint venture	17,033	17,026
Investment securities	85,488	90,451
	<u>423,279</u>	<u>426,935</u>
Current assets		
Inventories	4,071	4,530
Receivables	7,565	8,564
Income tax recoverable	1,748	727
Cash and bank balances	216,630	220,549
	<u>230,014</u>	<u>234,370</u>
Total assets	<u>653,293</u>	<u>661,305</u>
Equity and liabilities		
Current liabilities		
Payables	8,534	8,950
Non-current liabilities		
Deferred tax liabilities	7,252	7,267
Total liabilities	<u>15,786</u>	<u>16,217</u>
Equity attributable to owners of the Company		
Share capital	91,363	91,363
Share premium	19,654	19,654
Other reserves	8,491	14,763
Retained profits	517,999	519,308
Total equity	<u>637,507</u>	<u>645,088</u>
Total equity and liabilities	<u>653,293</u>	<u>661,305</u>
Net assets per stock unit attributable to owners of the Company (RM)	<u>6.98</u>	<u>7.06</u>

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

Condensed consolidated statement of changes in equity
For the six months ended 29 February 2016

	Non-distributable			Distributable			Non-distributable			
	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Share premium RM'000	Retained profits RM'000	Other reserves, total RM'000	Asset revaluation reserve - land and biological assets RM'000	Foreign currency translation reserve RM'000	Employee benefits reserve of an associate and a joint venture RM'000	Fair value adjustment reserve RM'000	
At 1 September 2014	617,847	91,363	19,654	503,437	3,393	15,763	(35,951)	15	23,566	
Profit for the period	10,125	-	-	10,125	-	-	-	-	-	
Other comprehensive income	8,878	-	-	-	8,878	-	2,231	46	6,601	
Revaluation reserve of leasehold land realised	-	-	-	10	(10)	(10)	-	-	-	
Transaction with owners	-	-	-	-	-	-	-	-	-	
Dividends, representing total transactions with owners	(7,309)	-	-	(7,309)	-	-	-	-	-	
At 28 February 2015	629,541	91,363	19,654	506,263	12,261	15,753	(33,720)	61	30,167	
At 1 September 2015	645,088	91,363	19,654	519,308	14,763	15,744	(27,597)	430	26,186	
Profit for the period	5,991	-	-	5,991	-	-	-	-	-	
Other comprehensive income	(6,263)	-	-	-	(6,263)	-	2,646	-	(8,909)	
Revaluation reserve of leasehold land realised	-	-	-	9	(9)	(9)	-	-	-	
Transaction with owners	-	-	-	-	-	-	-	-	-	
Dividends, representing total transactions with owners	(7,309)	-	-	(7,309)	-	-	-	-	-	
At 29 February 2016	637,507	91,363	19,654	517,999	8,491	15,735	(24,951)	430	17,277	

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

Condensed consolidated statement of cash flows
For the six months ended 29 February 2016

	29.2.2016	28.2.2015
	RM'000	RM'000
Operating activities		
Profit before tax	7,779	12,254
Adjustments for:		
Depreciation for property, plant and equipment	1,571	1,460
Dividend income	(863)	(661)
Interest income	(2,846)	(2,902)
Net fair value gain on available-for-sale investment securities (transferred from equity on disposal)	(71)	(1,287)
Share of results of associates	171	1,280
Share of results of a joint venture	817	575
Unrealised (gain)/loss on foreign exchange	(64)	(1,991)
Total adjustments	<u>(1,285)</u>	<u>(3,526)</u>
Operating cash flows before changes in working capital	6,494	8,728
Changes in working capital		
Decrease/(increase) in inventories	459	(877)
receivables	926	(302)
Decrease in payables	(416)	(1,548)
Total changes in working capital	<u>969</u>	<u>(2,727)</u>
Cash flows from operations	7,463	6,001
Taxes paid	(2,824)	(4,805)
Net cash flows from operating activities	<u>4,639</u>	<u>1,196</u>
Investing activities		
Interest received	2,919	2,890
Increase in biological assets	(235)	(1,033)
Dividends received from investment securities	800	427
Purchase of property, plant and equipment	(980)	(922)
Purchase of investment securities	(5,440)	(8,329)
Proceeds from sale of investment securities	1,623	5,820
Net cash flows used in investing activities	<u>(1,313)</u>	<u>(1,147)</u>
Financing activity		
Dividends paid to owners of the Company, representing total cash flows used in financing activity	<u>(7,309)</u>	<u>(7,309)</u>
Net decrease in cash and cash equivalents	(3,983)	(7,260)
Effects of exchange rate changes on cash and cash equivalents	64	1,991
Cash and cash equivalents at beginning of period	219,352	216,148
Cash and cash equivalents at end of period	<u>215,433</u>	<u>210,879</u>

Notes to the interim financial report - 29 February 2016

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 paragraph 9.22 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 2015.

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 2015 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 2015. 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).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing Financial Reporting Standards (FRS) Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

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 2019. 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 2016 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 2019.

Notes to the interim financial report - 29 February 2016

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 six months ended 29 February 2016:

	Hectares			
	29.2.2016	28.2.2015	29.2.2016	28.2.2015
Mature	9,435			
Replanting and immature	1,535			
	<u>10,970</u>			
	Second financial quarter		Six months	
	29.2.2016	28.2.2015	29.2.2016	28.2.2015
Production (m/t)				
fresh fruit bunches				
Own	29,000	27,903	77,643	78,354
Purchase	6,809	8,939	15,285	15,736
	<u>35,809</u>	<u>36,842</u>	<u>92,928</u>	<u>94,090</u>
Crude palm oil	6,582	6,370	16,507	16,332
Palm kernel	1,681	1,788	4,367	4,462
Extraction Rate				
Crude palm oil	20.07%	19.41%	19.81%	19.40%
Palm kernel	5.13%	5.45%	5.24%	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 six months ended 29 February 2016.

A 6 Fair value changes of financial liabilities

As at 29 February 2016, 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 six months ended 28 February 2016:

In respect of financial year ending 31 August 2016:

A first interim single tier dividend of 8% paid on 29 January 2016

RM'000
7,309

Notes to the interim financial report - 29 February 2016

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:

	Second financial quarter		Six months	
	29.2.2016	28.2.2015	29.2.2016	28.2.2015
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	24,099	19,247	51,912	46,968
Revenue from major customers	19,774	13,779	42,286	31,713
Reportable segment (loss)/profit	(1,286)	(605)	4,923	7,268
Reportable segment (loss)/profit is reconciled as follows:				
Total (loss)/profit for reportable segment	(1,286)	(605)	4,923	7,268
Share of results of associates	558	(2,279)	(171)	(1,280)
Share of results of a joint venture	(508)	(321)	(817)	(575)
Interest income	1,403	1,442	2,846	2,902
Dividend income	181	108	863	661
Other income	71	1,380	135	3,278
Other expenses	(420)	-	-	-
(Loss)/profit before tax	(1)	(275)	7,779	12,254

	As at 29.2.2016 RM'000	As at 31.8.2015 RM'000
Reportable segment assets	136,507	139,535
Reportable segment liabilities	8,534	8,950

Reportable segment's assets are reconciled as follows:

	As at 29.2.2016 RM'000	As at 31.8.2015 RM'000
Total assets for reportable segment	136,507	139,535
Investments in associates	197,210	195,554
Investment in a joint venture	17,033	17,026
Investment securities	85,488	90,451
Unallocated assets	217,055	218,739
Total assets	653,293	661,305

Reportable segment's liabilities are reconciled as follows:

	As at 29.2.2016 RM'000	As at 31.8.2015 RM'000
Total liabilities for reportable segment	8,534	8,950
Deferred tax liabilities	7,252	7,267
Total liabilities	15,786	16,217

Notes to the interim financial report - 29 February 2016

A 9 Property, plant and equipment

There were no significant acquisitions and disposals of property, plant and equipment for the six months ended 29 February 2016.

Capital commitments as at 29 February 2016: -

Approved but not contracted for

RM'000

12,068

A 10 Material events subsequent to second financial quarter

There were no material events subsequent to the second financial quarter that have not been reflected in the financial statements for the financial quarter ended 29 February 2016.

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 2015.

A 13 Related party disclosures

Six months

29.2.2016

RM'000

(a) Companies in which certain directors and substantial shareholders have interest: -

Purchase of oil palm produce

352

Sale of oil palm produce

965

Marketing consultancy fee

92

(b) An associate in which certain directors and substantial shareholders have interest: -

Management fee

1,676

Notes to the interim financial report - 29 February 2016

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

Second financial quarter ended 29 February 2016

Revenue in the current financial quarter under review increased by 25.21% to RM24,099,000 from RM19,247,000 a year ago. The average selling prices of ffb, crude palm oil and palm kernel were higher. The sales volume of crude palm oil and palm kernel were higher, however, the sale volume of ffb was lower.

Production of ffb was higher, however, purchase of ffb was lower. Overall, the production of crude palm oil was higher, however, the production of palm kernel was lower.

In the previous corresponding financial quarter, there was an amount of gain on foreign currency translation, which did not recur in the current financial quarter under review and this resulted in a decrease in other income.

Overall operating expenses were higher mainly due to increase in replanting expenses and increase in fertilisers expenses due to active application of fertilisers and an increase in purchase of oil palm produce.

The Group recorded an overall profit from its share of results of associates mainly due to a positive contribution from an associate engaged in property development.

As reported previously, the investment in oil palm plantations in Lampung Province, Indonesia encountered a suspension in routine harvesting due to unrest in the villages located in the vicinity of the plantations. The plantations have commenced harvesting activities and mill operation. Total harvested area was approximately 31% of total area planted.

However, harvesting of newly mature fields in the oil palm plantation of the joint venture located in South Sumatera Province, Indonesia has been delayed due to the unrest in the villages neighbouring the estate. Commencement of harvesting is pending clearance by the relevant authorities.

Overall, the Group recorded a profit net of tax of RM5,000 as compared with a loss net of tax of RM486,000.

Cumulative six months period ended 29 February 2016

Revenue in the current cumulative six months period under review increased by 10.53% to RM51,912,000 from RM46,968,000 a year ago. The average selling prices of ffb, crude palm oil and palm kernel were higher. The sales volume of crude palm oil and palm kernel were higher, however, the sale volume of ffb was lower.

Production and purchase of ffb were lower. The production of crude palm oil was higher, however, the production of palm kernel was lower.

Other income was lower mainly due to lesser amounts of gain on sale of investment securities and gain on foreign currency translation.

Overall operating expenses were higher mainly due to increase in replanting expenses and increase in fertilisers expenses due to active application of fertilisers.

The Group suffered an overall loss from its share of results of associates due mainly to losses suffered by its investment in oil palm plantations in Indonesia and associate engaged in in the provision of management services even though there was a positive contribution from an associate engaged in property development.

As reported previously, the investment in oil palm plantations in Lampung Province, Indonesia encountered a suspension in routine harvesting due to unrest in the villages located in the vicinity of the plantations. The plantations have commenced harvesting activities and mill operation. Total harvested area was approximately 31% of total area planted.

However, harvesting of newly mature fields in the oil palm plantation of the joint venture located in South Sumatera Province, Indonesia has been delayed due to the unrest in the villages neighbouring the estate. Commencement of harvesting is pending clearance by the relevant authorities.

Overall, profit net of tax decreased by 40.83% to RM5,991,000 from RM10,125,000.

Notes to the interim financial report - 29 February 2016

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

Revenue in the second financial quarter decreased by 13.35% to RM24,099,000 from RM27,813,000 when compared with the immediate preceding financial quarter due mainly to decreases in the sales volume of ffb, crude palm oil and palm kernel. The average selling prices of ffb, crude palm oil and palm kernel were higher.

Production and purchase of ffb were lower. Correspondingly, the production of crude palm oil and palm kernel were lower.

Overall operating expenses were higher mainly due to increase in replanting expenses and increase in fertilisers expenses due to active application of fertilisers and an increase in purchase of oil palm produce.

The Group recorded an overall profit from its share of results of associates mainly due to a positive contribution from an associate engaged in property development.

Overall, the Group suffered a loss before tax of RM1,000 as compared with a profit before tax of RM7,780,000 mainly due a decrease in revenue and an increase in overall operating expenses.

B 3 Prospects for financial year ending 31 August 2016

The impact of El Nino weather phenomenon is expected to adversely affect production of fresh fruit bunches and this could have a positive impact on crude palm oil prices and correspondingly the financial performance for the second half of the financial year ending 31 August 2016.

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

	Second financial quarter 29.2.2016 RM'000	Six months 29.2.2016 RM'000
Income tax:		
Current provision	2	1,803
Deferred income tax	(8)	(15)
	<u>(6)</u>	<u>1,788</u>

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

B 6 Borrowings and debt securities

As at 29 February 2016, there were no borrowings and debt securities.

Notes to the interim financial report - 29 February 2016

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.

As at 29 February 2016, the Company had subscribed 11,660,000 shares in Chin Thye Investment Pte Ltd for a total cash consideration of RM27,585,000.

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

	29.2.2016
	RM'000
Remaining capital and investment outlay	<u>22,815</u>

B 8 Derivatives financial instruments

There were no derivatives financial instruments transacted during the six months period ended 29 February 2016.

B 9 Material litigation

There were no material litigations as at 31 August 2015 and at the date of issue of this interim financial report.

B 10 Dividends

(i) A first interim single tier dividend of 8% in respect of the financial year ending 31 August 2016 was paid on 29 January 2016.

(ii) No further interim dividend has been declared in respect of the six months ended 29 February 2016.

(iii) The total dividends for the current financial year ending 31 August 2016:-

<u>Type of dividend</u>	%
First interim, single tier	<u>8.00</u>

(iv) The total dividends for the previous financial year ended 31 August 2015:-

<u>Type of dividend</u>	%
First interim, single tier	8.00
Second interim, single tier	<u>8.00</u>
	<u>16.00</u>

Notes to the interim financial report - 29 February 2016

B 11 Earnings/(loss) per stock unit

The basic and diluted earnings/(loss) per stock unit are calculated as follows: -

	Second financial quarter		Six months	
	29.2.2016	28.2.2015	29.2.2016	28.2.2015
Profit/(loss) attributable to owners of the Company (RM'000)	5	(486)	5,991	10,125
Weighted average number of stock units ('000)	91,363	91,363	91,363	91,363
Earnings(loss) per stock unit (sen)				
Basic	0.01	(0.53)	6.56	11.08
Diluted	0.01	(0.53)	6.56	11.08

The diluted earnings/(loss) 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.

B 12 Realised and unrealised profit/losses disclosure

	As at 29.2.2016 RM'000	As at 31.8.2015 RM'000
Total retained profits of the Company and its subsidiary		
Realised	461,168	461,071
Unrealised	7,691	8,108
	<u>468,859</u>	<u>469,179</u>
Total share of retained profits from associates		
Realised	59,706	59,877
Unrealised	291	291
Total share of (accumulated losses)/retained profits from a joint venture		
Realised	(10,957)	(10,143)
Unrealised	100	104
	<u>517,999</u>	<u>519,308</u>
Less: consolidation adjustments	-	-
Total Group retained profits as per consolidated financial statement	<u>517,999</u>	<u>519,308</u>

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

Notes to the interim financial report - 29 February 2016

B 13 Notes to condensed statement of comprehensive income

	Second financial quarter 29.2.2016 RM'000	Six months 29.2.2016 RM'000
Interest income	1,403	2,846
Other income including investment income	181	863
Interest expense	-	-
Depreciation	(796)	(1,571)
Provision for and write off of receivables	-	-
Gain/(loss) on disposal of quoted investments	71	71
Gain/(loss) on disposal of unquoted investments	-	-
Gain/(loss) on disposal of properties	-	-
Impairment of assets	-	-
Foreign exchange gain or (loss)	(420)	64
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 2015 was not qualified.

By Order of the Board

Gan Kok Tiong
Company Secretary
29 April 2016