

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

Condensed consolidated statement of profit or loss
For the first financial quarter ended 30 November 2017

	First financial quarter		Three months	
	30.11.2017 RM'000	30.11.2016 RM'000	30.11.2017 RM'000	30.11.2016 RM'000
Revenue	42,512	42,462	42,512	42,462
Cost of sales	(18,204)	(20,598)	(18,204)	(20,598)
Gross profit	24,308	21,864	24,308	21,864
Interest income	1,932	1,770	1,932	1,770
Dividend income	663	573	663	573
Other income	360	2,665	360	2,665
Selling expenses	(982)	(929)	(982)	(929)
Administrative expenses	(5,076)	(4,997)	(5,076)	(4,997)
Replanting expenses	(2,154)	(2,755)	(2,154)	(2,755)
Other expenses	(2,026)	(6)	(2,026)	(6)
Share of results of associates	1,338	1,410	1,338	1,410
Share of results of a joint venture	(182)	(295)	(182)	(295)
Profit before tax	18,181	19,300	18,181	19,300
Income tax expense	(4,592)	(3,568)	(4,592)	(3,568)
Profit net of tax	13,589	15,732	13,589	15,732
Earnings per stock unit (sen per stock unit)				
Basic	14.87	17.22	14.87	17.22
Diluted	14.87	17.22	14.87	17.22

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

Condensed consolidated statement of comprehensive income
For the first financial quarter ended 30 November 2017

	First financial quarter		Three months	
	30.11.2017	30.11.2016	30.11.2017	30.11.2016
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	13,589	15,732	13,589	15,732
Other comprehensive (loss)/income:				
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:				
Foreign currency translation	(4,137)	6,003	(4,137)	6,003
Net gain on fair value changes of available-for-sale investment securities	177	9,128	177	9,128
Share of other comprehensive loss of an associate	(3)	(2)	(3)	(2)
Total other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(3,963)	15,129	(3,963)	15,129
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:				
Share of other comprehensive loss of an associate, representing total other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	(156)	-	(156)	-
Total other comprehensive (loss)/income	(4,119)	15,129	(4,119)	15,129
Total comprehensive income	9,470	30,861	9,470	30,861

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

Condensed consolidated statement of financial position
As at 30 November 2017

	30.11.2017 RM'000	31.8.2017 RM'000
Assets		
Non-current assets		
Property, plant and equipment	46,081	46,371
Biological assets	76,989	76,953
Investments in associates	193,712	196,221
Investment in a joint venture	12,463	13,094
Investment securities	114,201	116,005
	<u>443,446</u>	<u>448,644</u>
Current assets		
Inventories	4,263	3,521
Receivables	16,730	10,994
Cash and bank balances	264,306	255,489
	<u>285,299</u>	<u>270,004</u>
Total assets	<u>728,745</u>	<u>718,648</u>
Equity and liabilities		
Current liabilities		
Payables	12,513	12,657
Income tax payable	2,897	2,118
	<u>15,410</u>	<u>14,775</u>
Non-current liability		
Deferred tax liability	7,514	7,522
Total liabilities	<u>22,924</u>	<u>22,297</u>
Equity attributable to owners of the Company		
Share capital	111,017	111,017
Other reserves	35,553	39,676
Retained profits	559,251	545,658
Total equity	<u>705,821</u>	<u>696,351</u>
Total equity and liabilities	<u>728,745</u>	<u>718,648</u>
Net assets per stock unit attributable to owners of the Company (RM)	<u>7.73</u>	<u>7.62</u>

Condensed consolidated statement of changes in equity
For the first financial quarter ended 30 November 2017

	Equity attributable to owners of the Company, total RM'000			Non-distributable			Distributable			Non-distributable						
	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	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 2016	91,363	19,654	522,460	13,605	15,726	(25,821)	270	23,430								
Profit for the period	-	-	15,732	-	-	-	-	-								
Other comprehensive income	-	-	-	15,129	-	6,003	-	9,126								
Revaluation reserve of leasehold land realised	-	-	5	(5)	(5)	-	-	-								
At 30 November 2016	91,363	19,654	538,197	28,729	15,721	(19,818)	270	32,556								
At 1 September 2017	111,017	-	545,658	39,676	15,707	(22,052)	606	45,415								
Profit for the period	-	-	13,589	-	-	-	-	-								
Other comprehensive (loss)/income	-	-	-	(4,119)	-	(4,137)	(156)	174								
Revaluation reserve of leasehold land realised	-	-	4	(4)	(4)	-	-	-								
At 30 November 2017	111,017	-	559,251	35,553	15,703	(26,189)	450	45,589								

Chin Teck Plantations Berhad (3250V)
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Condensed consolidated statement of cash flows
For the first financial quarter ended 30 November 2017

	Three months	
	30.11.2017	30.11.2016
	RM'000	RM'000
Operating activities		
Profit before tax	18,181	19,300
Adjustments for:		
Depreciation for property, plant and equipment	776	763
Dividend income	(663)	(573)
Gain on sale of property, plant and equipment	(13)	-
Interest income	(1,932)	(1,770)
Net fair value gain on available-for-sale investment securities (transferred from equity on disposal)	(296)	-
Share of results of associates	(1,338)	(1,410)
Share of results of a joint venture	182	295
Unrealised loss/(gain) on foreign exchange	2,026	(2,578)
Total adjustments	(1,258)	(5,273)
Operating cash flows before changes in working capital	16,923	14,027
Changes in working capital		
Increase in:		
inventories	(742)	(47)
receivables	(6,428)	(1,584)
(Decrease)/increase in payables	(144)	3,118
Total changes in working capital	(7,314)	1,487
Cash flows from operations	9,609	15,514
Taxes paid	(3,821)	(1,305)
Net cash flows generated from operating activities	5,788	14,209
Investing activities		
Changes in deposits with maturity of more than 3 months	(11,000)	(22,028)
Interest received	2,625	1,064
Increase in biological assets	(36)	(64)
Dividends received from investment securities	606	526
Purchase of property, plant and equipment	(486)	(438)
Purchase of investment securities	-	(372)
Proceeds from sale of property, plant and equipment	13	-
Proceeds from sale of investment securities	2,333	-
Net cash flows used in investing activities	(5,945)	(21,312)
Net decrease in cash and cash equivalents	(157)	(7,103)
Effects of exchange rate changes on cash and cash equivalents	(2,026)	2,578
Cash and cash equivalents at beginning of period	108,884	83,313
Cash and cash equivalents at end of period	106,701	78,788
Cash and cash equivalents at end of period comprise:		
Cash on hand and at banks	20,576	16,323
Deposits with financial institutions	243,730	228,936
	264,306	245,259
Less: deposits with maturity of more than 3 months	(157,605)	(166,471)
	106,701	78,788

Notes to the interim financial report - 30 November 2017

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 2017.

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 2017 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 2017. 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 2018 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 - 30 November 2017

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 three months ended 30 November 2017:

	Hectares			
	30.11.2017	30.11.2016	30.11.2017	30.11.2016
Mature	8,755			
Replanting and immature	2,208			
	10,963			
	First financial quarter		Three months	
	30.11.2017	30.11.2016	30.11.2017	30.11.2016
Production (m/t)				
fresh fruit bunches				
Own	59,378	46,742	59,378	46,742
Purchase	14,186	15,631	14,186	15,631
	73,564	62,373	73,564	62,373
Crude palm oil	11,574	11,065	11,574	11,065
Palm kernel	3,013	2,819	3,013	2,819
Extraction Rate				
Crude palm oil	18.42%	19.93%	18.42%	19.93%
Palm kernel	4.79%	5.08%	4.79%	5.08%

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 three months ended 30 November 2017.

A 6 Fair value changes of financial liabilities

As at 30 November 2017, the Group did not have any financial liability measured at fair value through profit or loss.

A 7 Dividends paid

No dividends were paid during the three months ended 30 November 2017.

Notes to the interim financial report - 30 November 2017

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:

	First financial quarter		Three months	
	30.11.2017	30.11.2016	30.11.2017	30.11.2016
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	42,512	42,462	42,512	42,462
Revenue from major customers	34,309	35,066	34,309	35,066
Reportable segment profit	<u>16,146</u>	<u>13,264</u>	<u>16,146</u>	<u>13,264</u>
Reportable segment profit is reconciled as follows:				
Total profit for reportable segment	16,146	13,264	16,146	13,264
Share of results of associates	1,338	1,410	1,338	1,410
Share of results of a joint venture venture	(182)	(295)	(182)	(295)
Interest income	1,932	1,770	1,932	1,770
Dividend income	663	573	663	573
Other income	310	2,578	310	2,578
Other expenses	(2,026)	-	(2,026)	-
Profit before tax	<u>18,181</u>	<u>19,300</u>	<u>18,181</u>	<u>19,300</u>

	As at 30.11.2017 RM'000	As at 31.8.2017 RM'000
Reportable segment assets	169,680	136,013
Reportable segment liabilities	<u>12,513</u>	<u>12,657</u>

Reportable segment's assets are reconciled as follows:

	As at 30.11.2017 RM'000	As at 31.8.2017 RM'000
Total assets for reportable segment	169,680	136,013
Investments in associates	193,712	196,221
Investment in a joint venture	12,463	13,094
Investment securities	114,201	116,005
Unallocated assets	<u>238,689</u>	<u>257,315</u>
Total assets	<u>728,745</u>	<u>718,648</u>

Reportable segment's liabilities are reconciled as follows:

	As at 30.11.2017 RM'000	As at 31.8.2017 RM'000
Total liabilities for reportable segment	12,513	12,657
Income tax payable	2,897	2,118
Deferred tax liabilities	7,514	7,522
Total liabilities	<u>22,924</u>	<u>22,297</u>

Notes to the interim financial report - 30 November 2017

A 9 Property, plant and equipment

There were no significant acquisitions and disposals of property, plant and equipment for the three months ended 30 November 2017.

Capital commitments as at 30 November 2017: -

	RM'000
Approved but not contracted for	11,498
Approved and contracted for	1,177
	<u>12,675</u>

A 10 Material events subsequent to first financial quarter

Other than the declaration of the first interim single tier dividend of 10 sen per stock unit which will be paid on 30 January 2018, there were no material events subsequent to the first financial quarter that have not been reflected in the financial statements for the financial quarter ended 30 November 2017.

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 2017.

A 13 Related party disclosures

	Three months 30.11.2017 RM'000
(a) Companies in which certain directors and substantial shareholders have interest:	
Sale of oil palm produce	2,017
Purchase of oil palm	807
Marketing consultancy fee	<u>52</u>
(b) An associate in which certain directors and substantial shareholders have interest:	
Management fee	<u>755</u>

Notes to the interim financial report - 30 November 2017

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

Current quarter versus preceding year corresponding quarter

	First financial quarter 30.11.2017 RM'000	First financial quarter 30.11.2016 RM'000
Revenue	42,512	42,462
Cost of sales	(18,204)	(20,598)
Gross profit	24,308	21,864
Interest income	1,932	1,770
Dividend income	663	573
Other income	360	2,665
Selling expenses	(982)	(929)
Administrative expenses	(5,076)	(4,997)
Replanting expenses	(2,154)	(2,755)
Other expenses	(2,026)	(6)
Share of results of associates	1,338	1,410
Share of results of a joint venture	(182)	(295)
Profit before tax	18,181	19,300
Income tax expense	(4,592)	(3,568)
Profit net of tax	13,589	15,732

Revenue in the current financial quarter under review increased marginally by 0.12% to RM42,512,000 from RM42,462,000 a year ago. The average selling prices of ffb, crude palm oil and palm kernel were lower. The sales volumes of ffb and palm kernel were higher, however, the sales volume of crude palm oil was lower.

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

Other income was lower mainly due to absence of gain on foreign currency translation. In the current financial quarter under review, the Group incurred loss on foreign currency translation.

Overall operating expenses were lower mainly due to less active application of fertilisers and a decrease in the purchase of ffb.

Overall profits contributed by the associates were lower mainly due a decrease in profit contributed by an associate engaged in property development.

As reported previously, the investments 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 since commenced harvesting activities and mill operation. Total area accessed increased to approximately 43% of total planted area from 39% as reported previously.

However, as reported previously, 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 unrest in the villages neighbouring the estate. Commencement of harvesting is pending clearance by the relevant authorities. This has resulted in the joint venture suffering losses.

Overall, profit net of tax decreased to RM13,589,000 from RM15,732,000 mainly due reasons mentioned above.

Notes to the interim financial report - 30 November 2017

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

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

	First financial quarter 30.11.2017 RM'000	Fourth financial quarter 31.8.2017 RM'000
Revenue	42,512	34,059
Cost of sales	(18,204)	(16,101)
Gross profit	<u>24,308</u>	<u>17,958</u>
Interest income	1,932	2,061
Dividend income	663	2,312
Other income	360	1,006
Selling expenses	(982)	(784)
Administrative expenses	(5,076)	(4,810)
Replanting expenses	(2,154)	(2,299)
Other expenses	(2,026)	(103)
Share of results of associates	1,338	(1,611)
Share of results of a joint venture	(182)	(59)
Profit before tax	<u>18,181</u>	<u>13,671</u>

Revenue in the first financial quarter increased by 24.82% to RM42,512,000 from RM34,059,000 when compared with the immediate preceding financial quarter due to higher sales volumes and average selling prices of ffb, crude palm oil and palm kernel.

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

Other income was lower mainly due to absence of gain on foreign currency translation. In the current financial quarter under review, the Group incurred loss on foreign currency translation.

Overall operating expenses were higher mainly due to an increase in the purchase of ffb, replanting expenses and unrealised loss on foreign exchange.

Share of results of associates reversed from an overall loss to an overall profit mainly due to positive contribution from its investments engaged in oil palm plantations in Indonesia in the current financial quarter under review as compared with an overall loss in the immediate preceding quarter.

As reported previously, 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 unrest in the villages neighbouring the estate. Commencement of harvesting is pending clearance by the relevant authorities. This has resulted in the joint venture suffering losses.

Overall, profit before tax increased by 33% to RM18,181,000 from RM13,671,000 mainly due to reasons mentioned above.

Notes to the interim financial report - 30 November 2017

B 3 Prospects for financial year ending 31 August 2018

The selling prices of crude palm oil are expected to remain reasonably strong for financial year 2018. The financial results of the Group for financial year 2018 would be impacted by the crude palm oil price trend.

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

	First financial quarter 30.11.2017 RM'000	Three months 30.11.2017 RM'000
Income tax:		
Current provision	4,600	4,600
Deferred income tax	(8)	(8)
	<u>4,592</u>	<u>4,592</u>

The effective tax rate for the first financial quarter ended 30 November 2017 was higher than the statutory tax rate mainly due to certain expense which is not deductible for tax purpose.

B 6 Borrowings and debt securities

As at 30 November 2017, there were no borrowings and debt securities.

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 30 November 2017, 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 three months period under review and the period since the end of the first financial quarter under review to the date of issue of this interim report.

	30.11.2017 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 three months period ended 30 November 2017.

Notes to the interim financial report - 30 November 2017

B 9 Material litigation

There were no material litigations as at 31 August 2017 and at the date of issue of this interim financial report.

B 10 Dividends

(i) A first interim single tier dividend of 10 sen per stock unit in respect of the financial year ending 31 August 2018 was declared on 2 January 2018 and will be paid on 30 January 2018.

(ii) The total dividends for the current financial year ending 31 August 2018:-

<u>Type of dividend</u>	sen per stock unit
First interim, single tier	<u>10.00</u>

(iii) The total dividends for the previous financial year ended 31 August 2017:-

<u>Type of dividend</u>	sen per stock unit
First interim, single tier	9.00
Second interim, single tier	10.00
	<u>19.00</u>

B 11 Earnings per stock unit

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

	First financial quarter		Three months	
	30.11.2017	30.11.2016	30.11.2017	30.11.2016
Profit attributable to owners of the Company (RM'000)	13,589	15,732	13,589	15,732
Weighted average number of	91,363	91,363	91,363	91,363
Earnings per stock unit (sen)				
Basic	14.87	17.22	14.87	17.22
Diluted	14.87	17.22	14.87	17.22

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.

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

Notes to the interim financial report - 30 November 2017

B 12 Notes to condensed statement of comprehensive income

	First financial quarter 30.11.2017 RM'000	Three months 30.11.2017 RM'000
Interest income	1,932	1,932
Other income including investment income	663	663
Depreciation	(776)	(776)
Gain on disposal of quoted investments	296	296
Gain on disposal of property, plant and equipment	13	13
Unrealised foreign exchange loss	<u>(2,026)</u>	<u>(2,026)</u>

B 13 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 August 2017 was not qualified.

By Order of the Board

Gan Kok Tiong
Company Secretary
29 January 2018