

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

Condensed consolidated statement of profit or loss
For the first financial quarter ended 30 November 2019

	First financial quarter		Three months	
	30.11.2019 RM'000	30.11.2018 RM'000 (Restated)	30.11.2019 RM'000	30.11.2018 RM'000 (Restated)
Revenue	33,237	29,147	33,237	29,147
Cost of sales	(20,770)	(14,267)	(20,770)	(14,267)
Gross profit	12,467	14,880	12,467	14,880
Interest income	2,255	2,421	2,255	2,421
Dividend income	331	288	331	288
Other income	903	1,630	903	1,630
Selling expenses	(1,088)	(840)	(1,088)	(840)
Administrative expenses	(5,175)	(4,990)	(5,175)	(4,990)
Other expenses	(475)	(310)	(475)	(310)
Share of results of associates	854	(307)	854	(307)
Share of results of a joint venture	(134)	(303)	(134)	(303)
Profit before tax	9,938	12,469	9,938	12,469
Income tax expense	(2,127)	(3,210)	(2,127)	(3,210)
Profit net of tax	7,811	9,259	7,811	9,259
Earnings per stock unit (sen per stock unit)				
Basic	8.55	10.13	8.55	10.13
Diluted	8.55	10.13	8.55	10.13

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

Condensed consolidated statement of comprehensive income
For the first financial quarter ended 30 November 2019

	First financial quarter		Three months	
	30.11.2019 RM'000	30.11.2018 RM'000 (Restated)	30.11.2019 RM'000	30.11.2018 RM'000 (Restated)
Profit net of tax	7,811	9,259	7,811	9,259
Other comprehensive income/(loss):				
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:				
Net loss on fair value changes of investment securities	-	(2,163)	-	(2,163)
Foreign currency translation	(824)	(2,782)	(824)	(2,782)
Total other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(824)	(4,945)	(824)	(4,945)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Net gain on fair value changes of investment securities	3,229	-	3,229	-
Share of other comprehensive income of an associate in respect of fair value reserve	7	-	7	-
Total other comprehensive income that will not be reclassified to profit or loss in subsequent periods	3,236	-	3,236	-
Total other comprehensive income/(loss)	2,412	(4,945)	2,412	(4,945)
Total comprehensive income	10,223	4,314	10,223	4,314

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

Condensed consolidated statement of financial position
As at 30 November 2019

	30.11.2019	31.8.2019
	RM'000	RM'000
Assets		
Non-current assets		
Property, plant and equipment	120,971	121,109
Investments in associates	157,033	156,755
Investment in a joint venture	13,410	13,809
Investment securities	97,394	91,891
	<u>388,808</u>	<u>383,564</u>
Current assets		
Inventories	2,903	6,438
Consumable biological assets	3,110	3,585
Receivables	15,440	20,081
Income tax recoverable	1,073	803
Cash and bank balances	303,993	291,433
	<u>326,519</u>	<u>322,340</u>
Total assets	<u>715,327</u>	<u>705,904</u>
Equity and liabilities		
Current liabilities		
Payables	10,074	11,028
Non-current liability		
Deferred tax liability	22,408	22,254
Total liabilities	<u>32,482</u>	<u>33,282</u>
Equity attributable to owners of the Company		
Share capital	111,017	111,017
Other reserves	9,786	7,420
Retained profits	562,042	554,185
Total equity	<u>682,845</u>	<u>672,622</u>
Total equity and liabilities	<u>715,327</u>	<u>705,904</u>
Net assets per stock unit attributable to owners of the Company (RM)	<u>7.47</u>	<u>7.36</u>

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

Condensed consolidated statement of changes in equity
For the first financial quarter ended 30 November 2019

	Non-distributable		Distributable		Non-distributable		
	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Retained profits RM'000	Other reserves, total RM'000	Foreign currency translation reserve RM'000	Employee benefits plan associate and a joint venture RM'000	Fair value adjustment reserve RM'000
At 1 September 2018	655,834	111,017	539,848	4,969	(13,153)	476	17,646
Profit for the period	9,259	-	9,259	-	-	-	-
Other comprehensive loss	(4,945)	-	-	(4,945)	(2,782)	-	(2,163)
Transfer of fair value adjustment reserve to retained profits upon disposal of investment securities	-	-	384	(384)	-	-	(384)
At 30 November 2018	660,148	111,017	549,491	(360)	(15,935)	476	15,099
At 1 September 2019	672,622	111,017	554,185	7,420	(5,510)	599	12,331
Profit for the period	7,811	-	7,811	-	-	-	-
Other comprehensive income/(loss)	2,412	-	-	2,412	(824)	-	3,236
Transfer of fair value adjustment reserve to retained profits upon disposal of investment securities	-	-	46	(46)	-	-	(46)
At 30 November 2019	682,845	111,017	562,042	9,786	(6,334)	599	15,521

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

Condensed consolidated statement of cash flows
For the first financial quarter ended 30 November 2019

	Three months	
	30.11.2019	30.11.2018
	RM'000	RM'000
Operating activities		
Profit before tax	9,938	12,469
Adjustments for:		
Depreciation for property, plant and equipment	1,579	1,415
Fair value loss of consumable biological assets	475	249
Dividend income	(331)	(288)
Gain on sale of property, plant and equipment	-	(15)
Interest income	(2,255)	(2,421)
Share of results of associates	(854)	307
Share of results of a joint venture	134	303
Unrealised (gain)/loss on foreign exchange	(502)	(1,388)
Total adjustments	<u>(1,754)</u>	<u>(1,838)</u>
Operating cash flows before changes in working capital	8,184	10,631
Changes in working capital		
Decrease/(increase) in:		
inventories	3,535	(1,260)
receivables	371	372
(Decrease)/increase in payables	(954)	2,048
Total changes in working capital	<u>2,952</u>	<u>1,160</u>
Cash flows from operations	11,136	11,791
Taxes paid	(2,243)	(2,780)
Net cash flows generated from operating activities	<u>8,893</u>	<u>9,011</u>
Investing activities		
Changes in deposits with maturity of more than 3 months	4,264	(30,236)
Interest received	2,445	2,067
Dividend received from an associate	4,104	-
Dividends received from investment securities	316	252
Addition of property, plant and equipment	(1,441)	(2,464)
Purchase of investment securities	(2,349)	(21,054)
Proceeds from sale of property, plant and equipment	-	15
Proceeds from sale of investment securities	90	1,702
Net cash flows used in investing activities	<u>7,429</u>	<u>(49,718)</u>
Net increase/(decrease) in cash and cash equivalents	16,322	(40,707)
Effects of exchange rate changes on cash and cash equivalents	502	1,388
Cash and cash equivalents at beginning of period	89,442	134,389
Cash and cash equivalents at end of period	<u>106,266</u>	<u>95,070</u>
Cash and cash equivalents at end of period comprise:		
Cash on hand and at banks	19,893	22,826
Deposits with financial institutions	284,100	278,393
	<u>303,993</u>	<u>301,219</u>
Less: deposits with maturity of more than 3 months	(197,727)	(206,149)
	<u>106,266</u>	<u>95,070</u>

Notes to the interim financial report - 30 November 2019

A Explanatory notes - MFRS 134: Interim Financial Reporting

A 1 Basis of preparation

The interim financial report has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 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 2019.

The interim financial report is prepared under the same accounting policies and methods of computation as compared with the annual financial statements for the financial year ended 31 August 2019, except for the adoption of those new standards, amendments to standards and interpretations that are issued and effective for annual periods beginning on or after 1 January 2019. Adoption of those standards, amendments to standards and interpretations did not have any effects on the financial performance or the financial position of the Group.

The Group has not adopted those new standards, amendments to standards and interpretations that have been issued but not yet effective. The directors expect that the adoption of those new standards, amendments to standards and interpretations would not have any material impact on the financial statements in the period of initial application.

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 2019:

	Hectares			
Mature	9,857			
Replanting and immature	1,108			
	<u>10,965</u>			
	First financial quarter		Three months	
	30.11.2019	30.11.2018	30.11.2019	30.11.2018
Production (m/t)				
fresh fruit bunches				
- Own	48,211	52,204	48,211	52,204
- Purchase	12,151	10,534	12,151	10,534
	<u>60,362</u>	<u>62,738</u>	<u>60,362</u>	<u>62,738</u>
Crude palm oil	10,264	10,069	10,264	10,069
Palm kernel	<u>2,390</u>	<u>2,632</u>	<u>2,390</u>	<u>2,632</u>
Extraction Rate				
Crude palm oil	20.06%	19.35%	20.06%	19.35%
Palm kernel	<u>4.67%</u>	<u>5.06%</u>	<u>4.67%</u>	<u>5.06%</u>

Notes to the interim financial report - 30 November 2019

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 interim periods that have a material effect in the current interim period except as follows:-

During the financial quarter ended 30 November 2018, the Group reclassified the cumulative net fair value gain previously recognised in other comprehensive income from equity to profit or loss upon disposal of its investment securities with reference to Paragraph 5.7.10 of MFRS 9. However Paragraph B5.7.1 of MFRS 9 states that the amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss, and the cumulative gain or loss may be transferred within equity.

Accordingly, the Group had restated its net fair value gain on sale of investment securities in accordance with Paragraph B5.7.1 of MFRS 9. The restatement is summarised as below:

	Previously reported RM'000	Adjustments RM'000	Restated RM'000
<u>First financial quarter ended 30 November 2018</u>			
<u>Statement of profit or loss</u>			
Other income			
- Net gain on fair value changes of investment securities (transferred to profit or loss upon disposal)	384	(384)	-
Profit before tax	12,853	(384)	12,469
Profit net of tax	9,643	(384)	9,259
Earnings per stock unit attributable to owners of the Company (sen per stock unit)			
	10.55	(0.42)	10.13
<u>Statement of comprehensive income</u>			
Net loss on fair value changes of investment securities	(2,547)	384	(2,163)
<u>As at 30 November 2018</u>			
<u>Statement of changes in equity</u>			
Transfer of fair value adjustment reserve to retained profits upon disposal of investment securities	-	384	384

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 2019.

A 6 Fair value changes of financial liabilities

As at 30 November 2019, 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 2019.

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

Notes to the interim financial report - 30 November 2019

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	
	30.11.2019 RM'000	30.11.2018 RM'000	30.11.2019 RM'000	30.11.2018 RM'000
Revenue from external customers	33,237	29,147	33,237	29,147
Depreciation of property, plant and equipment	1,579	1,415	1,579	1,415
Revenue from major customers	20,622	24,291	20,622	24,291
Reportable segment profit	<u>6,277</u>	<u>8,966</u>	<u>6,277</u>	<u>8,966</u>
Reportable segment profit is reconciled as follows:				
Total profit for reportable segment	6,277	8,966	6,277	8,966
Share of results of associates	854	(307)	854	(307)
Share of results of a joint venture	(134)	(303)	(134)	(303)
Interest income	2,255	2,421	2,255	2,421
Dividend income	331	288	331	288
Other income	502	1,404	502	1,404
Other expenses	(147)	-	(147)	-
Profit before tax	<u>9,938</u>	<u>12,469</u>	<u>9,938</u>	<u>12,469</u>

	As at 30.11.2019 RM'000	As at 31.8.2019 RM'000
Reportable segment assets	142,049	146,185
Reportable segment liabilities	<u>10,074</u>	<u>11,028</u>

Reportable segment's assets are reconciled as follows:

	As at 30.11.2019 RM'000	As at 31.8.2019 RM'000
Total assets for reportable segment	142,049	146,185
Investments in associates	157,033	156,755
Investment in a joint venture	13,410	13,809
Investment securities	97,394	91,891
Unallocated assets	<u>305,441</u>	<u>297,264</u>
Total assets	<u>715,327</u>	<u>705,904</u>

Reportable segment's liabilities are reconciled as follows:

	As at 30.11.2019 RM'000	As at 31.8.2019 RM'000
Total liabilities for reportable segment	10,074	11,028
Deferred tax liabilities	<u>22,408</u>	<u>22,254</u>
Total liabilities	<u>32,482</u>	<u>33,282</u>

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

Notes to the interim financial report - 30 November 2019

A 9 Property, plant and equipment

Other than the addition of bearer plants of RM1,119,000, there were no significant acquisitions and disposals of property, plant and equipment for the three months ended 30 November 2019.

Capital commitments as at 30 November 2019: -

	RM'000
Approved but not contracted for	9,455
Approved and contracted for	1,641
	<u>11,096</u>

A 10 Material events subsequent to first financial quarter

Other than the first interim dividend of 8 sen per stock unit declared on 30 December 2019, 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 2019.

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 2019.

A 13 Related party disclosures

	Three months 30.11.2019 RM'000
(a) Companies in which certain directors and certain substantial shareholders have interest:	
Sale of oil palm produce	1,910
Marketing consultancy fee	51
	<u>1,961</u>
(b) An associate in which certain directors and certain substantial shareholders have interest:	
Management fee	736
	<u>736</u>

Notes to the interim financial report - 30 November 2019

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 financial quarter compared with preceding year corresponding financial quarter

Revenue in the current financial quarter under review increased by 14.03% to RM33,237,000 from RM29,147,000. The sales volume of crude palm oil increased, however, the sales volume of ffb and palm kernel decreased. The average selling prices of ffb and crude palm oil were higher, however, the average selling prices of palm kernel was lower.

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

Other income was substantially lower mainly due to a lesser amount of gain on foreign currency translation.

Overall operating expenses were higher mainly due to an increase in the sales volume of crude palm oil, and an increase in purchase of ffb, and an increase in fertilisers expenses as a result of active application of fertilisers in current financial quarter under review.

Share of results of associates reversed from an overall loss to an overall profit mainly due to an increase in profit contributed by an associate engaged in property development.

Since previous financial years, the unrest in the surrounding villages located in the vicinity of the plantations in Lampung Province, Indonesia has caused the disruption in routine harvesting of fresh fruit bunches. The oil palm plantations have since commenced harvesting activities and mill operations. Total area accessed is approximately 53% of the total planted.

However, as reported previously, harvesting of the 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. This has resulted in the joint venture incurring losses.

Overall, profit net of tax decreased by 15.64% to RM7,811,000 from RM9,259,000 mainly due to the reasons mentioned above.

Notes to the interim financial report - 30 November 2019

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

	First quarter 30.11.2019 RM'000	Fourth quarter 31.8.2019 RM'000
Revenue	33,237	30,055
Cost of sales	(20,770)	(16,587)
Gross profit	12,467	13,468
Interest income	2,255	2,617
Dividend income	331	2,046
Other income	903	245
Selling expenses	(1,088)	(1,723)
Administrative expenses	(5,175)	(6,016)
Other expenses	(475)	(149)
Share of results of associates	854	(1,567)
Share of results of a joint venture	(134)	(793)
Profit before tax	<u>9,938</u>	<u>8,128</u>

Revenue in the first financial quarter under review increased by 10.59% to RM33,237,000 when compared with the immediate preceding financial quarter. The average selling prices of ffb, crude palm oil and palm kernel were higher. The sales volume of crude palm oil were higher, however, the sales volume of ffb and palm kernel were lower.

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

Other income was higher mainly due to an amount of gain of foreign currency translation as compared with an amount of loss on foreign currency translation in immediate preceding financial quarter.

Overall operating expenses were higher mainly due to an increase in the sales volume of crude palm oil, and an increase in purchase of ffb.

Share of results of associates reversed from an overall loss to an overall profit mainly due to an increase in profit contributed by an associate engaged in property development and a decrease in overall loss incurred by the investments in oil palm plantations in Indonesia.

As reported previously, harvesting of 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 incurring losses.

Overall, profit before tax increased by 22.27% to RM9,938,000 mainly due to reasons mentioned above.

B 3 Prospects for financial year ending 31 August 2020

Since the end of the previous financial year 2019, the average selling prices of crude palm oil have strengthened significantly and are expected to remain elevated for financial year ending 31 August 2020.

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.

Notes to the interim financial report - 30 November 2019

B 5 Income tax expense

	First financial quarter 30.11.2019 RM'000	Three months 30.11.2019 RM'000
Income tax:		
Current provision	1,973	1,973
Deferred income tax	154	154
	<u>2,127</u>	<u>2,127</u>

The effective tax rate for the first financial quarter ended 30 November 2019 was lower than the statutory tax rate mainly due to certain income not assessable for tax purpose and the effect of shares of results of associates.

B 6 Borrowings and debt securities

As at 30 November 2019, 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 2019, the Company had subscribed 12,860,000 shares in Chin Thye Investment Pte Ltd for a total cash consideration of RM31,191,000.

There were no further subscription of shares since the end of the first financial quarter under review to the date of issue of this interim report.

	30.11.2019 RM'000
Remaining capital and investment outlay	<u>19,209</u>

B 8 Derivatives financial instruments

There were no derivatives financial instruments transacted during the three months period ended 30 November 2019.

B 9 Material litigation

There were no material litigations as at 30 November 2019 and at the date of issue of this interim financial report.

Notes to the interim financial report - 30 November 2019

B 10 Dividends

(i) A first interim single tier dividend of 8 sen per stock unit in respect of the financial year ending 31 August 2020 was declared on 30 December 2019 which will be paid on 23 January 2020.

(ii) The total dividends for the current financial year ending 31 August 2020:-

<u>Type of dividend</u>	sen per stock unit
First interim, single tier	<u>8.00</u>

(iii) The total dividends for the previous financial year ended 31 August 2019:-

<u>Type of dividend</u>	sen per stock unit
First interim, single tier	8.00
Second interim, single tier	8.00
Special, single tier	4.00
	<u>20.00</u>

B 11 Earnings per stock unit

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

	<u>First financial quarter</u>		<u>Three months</u>	
	<u>30.11.2019</u>	<u>30.11.2018</u> <u>(Restated)</u>	<u>30.11.2019</u>	<u>30.11.2018</u> <u>(Restated)</u>
Profit attributable to owners of the Company (RM'000)	<u>7,811</u>	<u>9,259</u>	<u>7,811</u>	<u>9,259</u>
Weighted average number of stock units ('000)	<u>91,363</u>	<u>91,363</u>	<u>91,363</u>	<u>91,363</u>
Earnings per stock unit (sen)				
Basic	8.55	10.13	8.55	10.13
Diluted	<u>8.55</u>	<u>10.13</u>	<u>8.55</u>	<u>10.13</u>

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 2019

B 12 Notes to condensed statement of comprehensive income

	Third financial quarter 30.11.2019 RM'000	Three months 30.11.2019 RM'000
Interest income	2,255	2,255
Other income including investment income	331	331
Interest expense	-	-
Depreciation	(1,579)	(1,579)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Gain/(loss) on disposal of unquoted investments	-	-
Gain on disposal of property, plant and equipment	-	-
Impairment loss on investment in a joint venture	-	-
Net fair value gain on investment securities (transfer of fair value adjustment reserve to retained profits upon disposal)	46	46
Foreign exchange (loss)/gain	502	502
Gain/(loss) on derivatives	-	-
Other material items	-	-

B 13 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 August 2019 was not qualified.