

**Negri Sembilan Oil Palms Berhad (592D)**  
**(Incorporated in Malaysia)**

**Condensed consolidated income statement**  
**for the second financial quarter and six months ended 30 June 2012**

	Second financial quarter 30 June		Six months 30 June	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Revenue	22,871	32,151	43,231	60,147
Cost of sales	(10,993)	(10,972)	(21,940)	(21,142)
Gross profit	11,878	21,179	21,291	39,005
Interest income	700	601	1,348	1,089
Dividend income	660	679	807	782
Other income	728	719	503	1,022
Selling expenses	(354)	(356)	(643)	(609)
Administrative expenses	(4,272)	(3,514)	(7,712)	(6,601)
Replanting expenses	(1,408)	(678)	(2,579)	(1,410)
Share of results of associates	(171)	(27)	413	83
Share of results of a jointly controlled entity	(453)	(239)	(741)	(453)
Profit before tax	7,308	18,364	12,687	32,908
Income tax expense	(1,591)	(4,279)	(2,779)	(7,816)
Profit net of tax	5,717	14,085	9,908	25,092
Attributable to:				
Owners of the parent	4,649	11,366	8,390	21,070
Non-controlling interests	1,068	2,719	1,518	4,022
	5,717	14,085	9,908	25,092
Earnings per stock unit attributable to owners of the parent (sen)				
Basic	6.62	16.19	11.95	30.01
Diluted	6.62	16.19	11.95	30.01

**Negri Sembilan Oil Palms Berhad (592D)**  
**(Incorporated in Malaysia)**

**Condensed consolidated statement of comprehensive income**  
**for the second financial quarter and six months ended 30 June 2012**

	Second financial quarter 30 June		Six months 30 June	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	5,717	14,085	9,908	25,092
Other comprehensive income/(loss):				
Foreign currency translation	966	879	908	1,545
Net (loss)/gain on fair value changes of available-for-sale financial assets	(87)	545	4,771	262
Share of other comprehensive loss of an associate	(3)	(4)	(4)	(3)
Total comprehensive income for the period	<u>6,593</u>	<u>15,505</u>	<u>15,583</u>	<u>26,896</u>
Attributable to:				
Owners of the parent	5,407	12,589	12,602	22,686
Non-controlling interests	1,186	2,916	2,981	4,210
	<u>6,593</u>	<u>15,505</u>	<u>15,583</u>	<u>26,896</u>

**Negri Sembilan Oil Palms Berhad (592D)**  
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**Condensed consolidated statement of financial position**  
**As at 30 June 2012**

	<b>30.6.2012</b>	<b>31.12.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	217,334	217,013
Biological assets	56,200	56,200
Investment in associates	20,082	19,284
Investment in a jointly controlled entity	24,221	24,443
Investment securities	46,845	41,088
	<u>364,682</u>	<u>358,028</u>
<b>Current assets</b>		
Inventories	2,423	2,298
Receivables	6,165	5,196
Income tax recoverable	3,560	1,176
Cash and bank balances	119,919	125,325
	<u>132,067</u>	<u>133,995</u>
<b>Total assets</b>	<u>496,749</u>	<u>492,023</u>
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Payables	5,303	7,072
Income tax payable	-	395
	<u>5,303</u>	<u>7,467</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	34,098	34,273
<b>Total liabilities</b>	<u>39,401</u>	<u>41,740</u>
<b>Equity attributable to owners of the parent</b>		
Share capital	70,202	70,202
Share premium	4,336	4,336
Retained profits	184,650	183,794
Other reserves	122,859	119,011
	<u>382,047</u>	<u>377,343</u>
<b>Non-controlling interests</b>	75,301	72,940
<b>Total equity</b>	<u>457,348</u>	<u>450,283</u>
<b>Total equity and liabilities</b>	<u>496,749</u>	<u>492,023</u>
Net assets per stock unit attributable to owners of the parent (RM)	<u>5.44</u>	<u>5.38</u>

Condensed consolidated statement of changes in equity  
for the six months ended 30 June 2012

		Attributable to owners of the parent							
		Equity attributable to owners of the parent				Non-Distributable			
		Equity, total	Share capital	Share premium	Retained profits	Asset revaluation reserve - land	Foreign currency translation reserve	Fair value adjustment reserve	Non-controlling interests
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2011		376,926	70,202	4,336	172,115	58,960	1,462	10,447	59,404
Total comprehensive income		26,896	-	-	21,070	-	1,378	238	4,210
Revaluation reserve of leasehold land realised		-	-	-	238	(238)	-	-	-
Dividends, representing total transaction with owners		(10,234)	-	-	(9,477)	-	-	-	(757)
At 30 June 2011		393,588	70,202	4,336	183,946	58,722	2,840	10,685	62,857
At 1 January 2012		450,283	70,202	4,336	183,794	110,093	2,502	6,416	72,940
Total comprehensive income		15,583	-	-	8,390	-	817	3,395	2,981
Revaluation reserve of leasehold land realised		-	-	-	364	(364)	-	-	-
Dividends, representing total transaction with owners		(8,518)	-	-	(7,898)	-	-	-	(620)
At 30 June 2012		457,348	70,202	4,336	184,650	109,729	3,319	9,811	75,301

**Negri Sembilan Oil Palms Berhad (592D)**  
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**Condensed consolidated statement of cash flows**  
**for the six months ended 30 June 2012**

	<b>30.6.2012</b>	<b>30.6.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Operating activities</b>		
Profit before tax	12,687	32,908
Adjustments		
Depreciation of property, plant and equipment	1,469	1,064
Gross dividend income	(807)	(782)
Gain on sale of property, plant and equipment	(6)	(100)
Interest income	(1,348)	(1,089)
Share of results of associates	(413)	(83)
Share of results of a jointly controlled entity	741	453
Unrealised gain on foreign exchange	(407)	(725)
Total adjustments	(771)	(1,262)
Operating cash flows before changes in working capital	11,916	31,646
Changes in working capital		
Increase in inventories	(125)	(1,211)
(Increase)/decrease in receivables	(941)	427
(Decrease)/increase in payables	(1,769)	200
Total changes in working capital	(2,835)	(584)
Cash flows from operations	9,081	31,062
Taxes paid	(5,705)	(5,030)
Net cash flows from operating activities	3,376	26,032
<b>Investing activities</b>		
Interest received	1,320	1,099
Net dividends received	712	750
Purchase of property, plant and equipment	(1,790)	(1,196)
Purchase of investment securities	(919)	(4,387)
Proceeds from sale of property, plant and equipment	6	100
Net cash flows used in investing activities	(671)	(3,634)
<b>Financing activities</b>		
Dividends paid to owners of the parent	(7,898)	(9,477)
Dividends paid to non-controlling interests	(620)	(757)
Net cash flows used in financing activities	(8,518)	(10,234)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(5,813)	12,164
<b>Effects of exchange rate changes on cash and cash equivalents</b>	407	725
<b>Cash and cash equivalents at beginning of period</b>	124,981	109,654
<b>Cash and cash equivalents at end of period</b>	119,575	122,543

**Notes to the interim financial report - 30 June 2012**

**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 audited financial statements for the financial year ended 31 December 2011.

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 December 2011 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 January 2012. The adoption of these standards, amendments and interpretations do not have a material impact on the interim financial statements of the Group.

The extensive disclosures of qualitative and quantitative information about exposures to risks from financial instruments as required by FRS 7 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 (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called "Transitioning Entities").

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 2014.

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 December 2014. 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 December 2012 could be different if prepared under the MFRS Framework.

**Notes to the interim financial report - 30 June 2012**

**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 30 June 2012:

	Hectares			
Mature	6,151			
Replanting and immature	1,009			
	<u>7,160</u>			
	Second financial quarter		Six months	
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
Production (m/t)				
fresh fruit bunches				
Own estates	27,951	34,178	54,240	66,148
Purchase	3,460	5,056	6,294	9,737
	<u>31,411</u>	<u>39,234</u>	<u>60,534</u>	<u>75,885</u>
Crude palm oil	4,753	6,351	8,916	11,627
Palm kernel	1,305	1,691	2,362	3,176
Extraction Rate				
Crude palm oil	18.81%	19.65%	18.87%	19.14%
Palm kernel	5.16%	5.23%	5.00%	5.23%

**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 30 June 2012.

**A 6 Fair value changes of financial liabilities**

As at 30 June 2012, the Group did not have any financial liabilities measured at fair value through profit or loss.

**Negri Sembilan Oil Palms Berhad (592D)**  
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**Notes to the interim financial report - 30 June 2012**

**A 7 Dividends paid**

The amount of dividends paid during the six months ended 30 June 2012:

	RM'000
First interim dividend of 10% less 25% taxation and a special dividend of 5% less 25% taxation paid on 29 June 2012	7,898

**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:

	Oil palm plantation			
	Second financial quarter		Six months	
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	22,871	32,151	43,231	60,147
Revenue from major customers	13,219	25,128	28,948	44,061
Reportable segment profit	5,844	16,631	10,358	30,487

Reportable segment's profit are reconciled as follows:

Total profit for reportable segment	5,844	16,631	10,357	30,487
Share of results of associates	(171)	(27)	413	83
Share of results of a jointly controlled entity	(453)	(239)	(741)	(453)
Interest income	700	601	1,348	1,089
Dividend income	660	679	807	782
Other income	728	719	503	920
Profit before tax	7,308	18,364	12,687	32,908

	30.6.2012	31.12.2011
	RM'000	RM'000
Reportable segment assets	285,709	285,034

Reportable segment's assets are reconciled as follows:

Total assets for reportable segment	285,709	285,034
Investments in associates	20,082	19,284
Investment in a jointly controlled entity	24,221	24,443
Investment securities	46,845	41,088
Unallocated assets	119,892	122,174
Total assets	496,749	492,023

Reportable segment liabilities	5,303	7,072
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Reportable segment's liabilities are reconciled as follows:

Total liabilities for reportable segment	5,303	7,072
Income tax payable	-	395
Deferred tax liabilities	34,098	34,273
Total liabilities	39,401	41,740



**Notes to the interim financial report - 30 June 2012**

**A 9 Property, plant and equipment**

There were no significant acquisitions and disposals of property, plant and equipment for the six months ended 30 June 2012.

Capital commitments as at 30 June 2012.

	RM'000
Approved and contracted for:	
Purchase of plant and machinery	<u>2,310</u>

**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 30 June 2012.

**A 11 Changes in composition of the Group**

Other than the purchase of quoted investments, there were no business combinations, acquisition or disposal of subsidiaries and long term 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 December 2011.

**A 13 Related party disclosures**

	Six months 30.6.2012 RM'000
(a) Companies in which certain directors and substantial shareholders have interests	
Agency fee	27
Purchase of oil palm produce	<u>1,549</u>
(b) Related corporation in which certain directors and substantial shareholders have interests	
Sale of oil palm produce	<u>8,361</u>
(c) Associate in which certain directors and substantial shareholders have interests	
Management fee	<u>70</u>
(d) Person connected to certain directors and a substantial shareholder	
Purchase of fertilisers	<u>404</u>
	As at 30.6.2012 RM'000
(e) Included in receivables is an amount due from: -	
Related corporation in which certain directors and substantial shareholders have interests	<u>1,158</u>
(f) Included in payables is an amount due to: -	
Company in which certain directors and substantial shareholders have interests	<u>15</u>

**Notes to the interim financial report - 30 June 2012**

**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**

(a) Second financial quarter ended 30 June 2012

Revenue decreased by 28.86% when compared with the previous corresponding financial quarter due mainly to substantial decreases in the production and average selling prices of ffb, crude palm oil and palm kernel.

The decrease in the production of ffb is due to cyclical factors as well as the replanting of old and low yield palms.

Overall expenses were higher due mainly to increases in administrative and replanting expenses.

The Group suffered an overall loss from its shares of results of a jointly controlled entity (joint venture in oil palm plantation in Indonesia) due mainly to expenses of general and administrative in nature recognised in income statement.

Overall, profit net tax decreased by 59.41% due to substantial decreases in the production and average selling prices of ffb, crude palm oil and palm kernel.

(b) Six months ended 30 June 2012

Revenue decreased by 28.12% when compared with the previous corresponding period due mainly to substantial decreases in the production and average selling prices of ffb, crude palm oil and palm kernel.

The decrease in the production of ffb is due to cyclical factors as well as the replanting of old and low yield palms.

Other income were lower due mainly to:-

(i) a decrease in gain on foreign exchange

(ii) in the previous corresponding period, the Group received an amount of replanting incentives from MPOB which did not recur in the current period under review.

Overall expenses were higher due mainly to increases in administrative and replanting expenses.

Share of results of associates were higher due mainly to an increase in profit contributed by an associate engaged in trading in stocks and shares.

The Group suffered an overall loss from its shares of results of a jointly controlled entity (joint venture in oil palm plantation in Indonesia) due mainly to expenses of general and administrative in nature recognised in income statement.

Overall, profit net tax decreased by 60.51% due to substantial decreases in the production and average selling prices of ffb, crude palm oil and palm kernel.

**Notes to the interim financial report - 30 June 2012**

**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 under review increased by 12.33% when compared with the immediate preceding financial quarter due mainly to improvement in the average selling prices and production of crude palm oil and palm kernel.

Overall expenses were higher due mainly to increases in administrative and replanting expenses.

Other income were higher due mainly to an increase in gain on foreign exchange.

Overall, profit before tax increased by 35.86% due mainly to improvement in the average selling prices and production of crude palm oil and palm kernel.

**B 3 Prospects for financial year ending 31 December 2012**

Since the end of the second financial quarter, the selling price of crude palm oil has declined. Should this trend continue, it will affect the financial performance for the second half of financial year ending 31 December 2012.

**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 Taxation**

	Second financial quarter 30.6.2012 RM'000	Six months 30.6.2012 RM'000
Current income tax	1,604	2,880
Under provision in prior year	74	74
	<u>1,678</u>	<u>2,954</u>
Deferred income tax	(87)	(175)
	<u>1,591</u>	<u>2,779</u>

The effective tax rate for the second financial quarter and six months period under review is lower than the statutory rate due mainly to certain income which are not subject to income tax.

**Notes to the interim financial report - 30 June 2012**

**B 6 Status of corporate proposals**

On 10 April 2006, the Company entered into a conditional joint venture and shareholders agreement with Timor Oil Palm Plantation Berhad, a 58.0% owned subsidiary of the Company, Eng Thye Plantations Berhad, an 83.3% owned subsidiary of the Company, Seong Thye Plantations Sdn Bhd, Chin Teck Plantations Berhad 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 Group in Chin Thye Investment Pte Ltd in the previous financial years are as follows:-

Financial year	No. of shares	Amount (RM)
31.12.2006	7,200,000	16,950,000
31.12.2007	-	-
31.12.2008	3,400,000	8,140,000
31.12.2009	1,060,000	2,542,000
31.12.2010	-	-
31.12.2011	-	-
	<u>11,660,000</u>	<u>27,632,000</u>

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

**B 7 Borrowings and debt securities**

As at 30 June 2012, there were no borrowings and debt securities.

**B 8 Derivatives financial instruments**

There were no derivatives financial instruments transacted during the six months period ended 30 June 2012.

**B 9 Material litigation**

There were no material litigations as at 31 December 2011 and at the date of issue of this interim financial report.

**Notes to the interim financial report - 30 June 2012**

**B 10 Dividends**

(i) A first interim dividend of 10% less 25% taxation and a special dividend of 5% less 25% taxation in respect of the financial year ending 31 December 2012 were paid on 29 June 2012.

(ii) No further interim dividend has been declared in respect of the six months ended 30 June 2012.

(iii) The total dividends for the current financial year ending 31 December 2012:-

<u>Type of dividend</u>	<u>Gross</u>	<u>Tax</u>	<u>Net</u>
	%	%	%
First interim	10.00	25.00	7.50
Special	5.00	25.00	3.75
	<u>15.00</u>	<u>25.00</u>	<u>11.25</u>

(iv) The total dividends for the current financial year ended 31 December 2011:-

<u>Type of dividend</u>	<u>Gross</u>	<u>Tax</u>	<u>Net</u>
	%	%	%
First interim	18.00	25.00	13.50
Second interim	24.00	25.00	18.00
	<u>42.00</u>	<u>25.00</u>	<u>31.50</u>

**B 11 Earnings per stock unit**

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

	Second financial quarter		Six months	
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
Profit attributable to owners of the parent (RM'000)	4,649	11,366	8,390	21,070
Weighted average number of stock units ('000)	70,202	70,202	70,202	70,202
Earnings per stock unit (sen)				
Basic	6.62	16.19	11.95	30.01
Diluted	6.62	16.19	11.95	30.01

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.

**Negri Sembilan Oil Palms Berhad (592D)**  
**(Incorporated in Malaysia)**

**Notes to the interim financial report - 30 June 2012**

**B 12 Realised and unrealised profit/losses disclosure**

	As at 30.6.2012 RM'000	As at 31.12.2011 RM'000
Total retained profits of the Company and its subsidiaries		
Realised	192,676	190,679
Unrealised	33,430	33,206
	<u>226,106</u>	<u>223,885</u>
Total share of retained profits from associates		
Realised profits	1,872	1,716
Unrealised losses	(352)	(586)
Total share of accumulated losses from a jointly controlled entity		
Unrealised profits	3,267	3,221
Realised losses	(6,454)	(5,769)
	<u>224,439</u>	<u>222,467</u>
Less: consolidation adjustments	(39,789)	(38,673)
Total Group retained profits as per consolidated accounts	<u>184,650</u>	<u>183,794</u>

**B 13 Notes to condensed statement of comprehensive income**

	Second financial quarter 30.6.2012 RM'000	Six months 30.6.2012 RM'000
Interest income	700	1,348
Other income including investment income	660	807
Interest expense	-	-
Depreciation	(744)	(1,469)
Provision for and write off of receivables	-	-
Loss on disposal of quoted investments	-	-
Gain/(loss) on disposal of unquoted investments	-	-
Gain/(loss) on disposal of properties	-	-
Impairment of assets	-	-
Foreign exchange gain or (loss)	439	751
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 December 2011 was not qualified.

By Order of the Board

Gan Kok Tiong  
 Company Secretary  
 23 August 2012