

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

Condensed consolidated income statement
for the second financial quarter and six months ended 30 June 2014

	Second financial quarter 30 June		Six months 30 June	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	25,870	16,236	46,811	33,039
Cost of sales	(16,443)	(9,521)	(28,490)	(18,401)
Gross profit	9,427	6,715	18,321	14,638
Interest income	666	674	1,310	1,338
Dividend income	825	682	963	795
Other income	54	215	176	248
Selling expenses	(458)	(350)	(863)	(750)
Administrative expenses	(5,503)	(4,345)	(9,973)	(8,475)
Replanting expenses	(1,229)	(1,251)	(2,276)	(2,157)
Other expenses	(175)	-	(228)	-
Share of results of associates	396	(247)	242	(159)
Share of results of a joint venture	(273)	(375)	(560)	(678)
Profit before tax	3,730	1,718	7,112	4,800
Income tax expense	(526)	(290)	(1,369)	(976)
Profit net of tax	3,204	1,428	5,743	3,824
Attributable to:				
Owners of the parent	2,668	1,097	4,843	3,206
Non-controlling interest	536	331	900	618
	3,204	1,428	5,743	3,824
Earnings per stock unit attributable to owners of the parent (sen)				
Basic	3.80	1.56	6.90	4.57
Diluted	3.80	1.56	6.90	4.57

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 2014

	Second financial quarter 30 June		Six months 30 June	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	3,204	1,428	5,743	3,824
Other comprehensive (loss)/income:				
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation	(323)	388	(385)	1,023
Net gain/(loss) on fair value changes of available-for-sale investment securities	730	(760)	(102)	635
Share of other comprehensive (loss)/income of an associate	(1)	(1)	5	4
Total other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	406	(373)	(482)	1,662
Total comprehensive income for the period	3,610	1,055	5,261	5,486
Attributable to:				
Owners of the parent	2,918	1,070	4,390	4,780
Non-controlling interest	692	(15)	871	706
	3,610	1,055	5,261	5,486

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

Condensed consolidated statement of financial position
As at 30 June 2014

	30.6.2014	31.12.2013
	RM'000	RM'000
Assets		
Non-current assets		
Property, plant and equipment	219,139	219,064
Biological assets	56,300	56,300
Investments in associates	21,665	21,617
Investment in a joint venture	18,905	19,652
Investment securities	64,233	58,903
	<u>380,242</u>	<u>375,536</u>
Current assets		
Inventories	2,771	2,254
Receivables	7,148	6,304
Income tax recoverable	145	555
Cash and bank balances	121,023	127,659
	<u>131,087</u>	<u>136,772</u>
Total assets	<u>511,329</u>	<u>512,308</u>
Current liabilities		
Payables	6,722	8,874
Income tax payable	663	479
	<u>7,385</u>	<u>9,353</u>
Non-current liabilities		
Deferred tax liabilities	36,478	36,648
Total liabilities	<u>43,863</u>	<u>46,001</u>
Equity attributable to owners of the parent		
Share capital	70,202	70,202
Share premium	4,336	4,336
Other reserves	120,065	120,796
Retained profits	193,708	192,097
	<u>388,311</u>	<u>387,431</u>
Non-controlling interest	79,155	78,876
Total equity	<u>467,466</u>	<u>466,307</u>
Total equity and liabilities	<u>511,329</u>	<u>512,308</u>
Net assets per stock unit attributable to owners of the parent (RM)	<u>5.53</u>	<u>5.52</u>

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

Condensed consolidated statement of changes in equity
for the six months ended 30 June 2014

	Attributable to owners of the parent									
	Equity attributable to owners of					Non-Distributable				
	Equity, total	the parent, total	Share capital	Share premium	Retained profits	Asset revaluation reserve - land	Foreign currency translation reserve	Fair value adjustment reserve	Non-controlling interest	
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2013	452,320	376,598	70,202	4,336	179,398	109,367	2,181	11,114	75,722	
Profit for the period	3,824	3,206	-	-	3,206	-	-	-	618	
Other comprehensive income	1,662	1,574	-	-	-	-	892	682	88	
Revaluation reserve of leasehold land realised	-	-	-	-	362	(362)	-	-	-	
Dividends, representing total transactions with owners	(3,243)	(2,808)	-	-	(2,808)	-	-	-	(435)	
At 30 June 2013	454,563	378,570	70,202	4,336	180,158	109,005	3,073	11,796	75,993	
At 1 January 2014	466,307	387,431	70,202	4,336	192,097	105,535	1,509	13,752	78,876	
Profit for the period	5,743	4,843	-	-	4,843	-	-	-	900	
Other comprehensive loss	(482)	(453)	-	-	-	-	(349)	(104)	(29)	
Revaluation reserve of leasehold land realised	-	-	-	-	278	(278)	-	-	-	
Dividends, representing total transactions with owners	(4,102)	(3,510)	-	-	(3,510)	-	-	-	(592)	
At 30 June 2014	467,466	388,311	70,202	4,336	193,708	105,257	1,160	13,648	79,155	

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

Condensed consolidated statement of cash flows
for the six months ended 30 June 2014

	30.6.2014	30.6.2013
	RM'000	RM'000
Operating activities		
Profit before tax	7,112	4,800
Adjustments		
Depreciation of property, plant and equipment	1,939	1,689
Gain on sale of property, plant and equipment	(25)	-
Gross dividend income	(963)	(795)
Interest income	(1,310)	(1,338)
Net fair value gain on available-for-sale securities (transferred from equity on disposal)	-	(173)
Property, plant and equipment written off	7	-
Share of results of associates	(242)	159
Share of results of a joint venture	560	678
Unrealised loss/(gain) on foreign exchange	222	(38)
Total adjustments	188	182
Operating cash flows before changes in working capital	7,300	4,982
Changes in working capital		
(Increase)/decrease in inventories	(517)	1,245
Increase in receivables	(863)	(561)
Decrease in payables	(2,152)	(3,417)
Total changes in working capital	(3,532)	(2,733)
Cash flows from operations	3,768	2,249
Taxes paid	(945)	(3,330)
Net cash flows generated from/(used in) operating activities	2,823	(1,081)
Investing activities		
Interest received	1,329	1,296
Net dividends received	929	779
Purchase of property, plant and equipment	(2,021)	(2,075)
Purchase of investment securities	(5,397)	(5,019)
Proceeds from sale of property, plant and equipment	25	-
Proceeds from sale of investment securities	-	1,260
Net cash flows used in investing activities	(5,135)	(3,759)
Financing activities		
Dividends paid to owners of the parent	(3,510)	(2,808)
Dividends paid to non-controlling interest	(592)	(435)
Net cash flows used in financing activities	(4,102)	(3,243)
Net decrease in cash and cash equivalents	(6,414)	(8,083)
Effects of exchange rate changes on cash and cash equivalents	(222)	38
Cash and cash equivalents at beginning of period	127,289	129,547
Cash and cash equivalents at end of period	120,653	121,502

Notes to the interim financial report - 30 June 2014

A Explanatory notes - FRS 134 : Interim Financial Reporting

A 1 Basis of preparation

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

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

The same accounting policies and methods of computation are followed in the interim financial report as compared with the annual financial statements for the financial year ended 31 December 2013 except for the adoption of new standards, amendments to standards and IC interpretations that are mandatory for the Group for the financial year beginning 1 January 2014. The adoption of these standards, amendments and interpretations do not have a material impact on the interim financial statements 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 will not have a material impact on the financial statements in the period of initial application.

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

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (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 2015.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. 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 2014 could be different if prepared under the MFRS Framework.

Notes to the interim financial report - 30 June 2014

A 2 Seasonal or cyclical nature of operations

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

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

The plantation statistics are as follows:

Average planted area for six months ended 30 June 2014:

	Hectares			
Mature	6,114			
Replanting and immature	1,065			
	<u>7,179</u>			
	Second financial quarter		Six months	
	30.6.2014	30.6.2013	30.6.2014	30.6.2013
Production (m/t)				
fresh fruit bunches				
Own estates	30,693	26,791	56,535	54,305
Purchase	14,149	3,757	24,786	6,815
	<u>44,842</u>	<u>30,548</u>	<u>81,321</u>	<u>61,120</u>
Crude palm oil	6,879	4,708	12,518	9,210
Palm kernel	1,666	1,292	3,142	2,397
Extraction Rate				
Crude palm oil	19.27%	18.92%	19.23%	19.01%
Palm kernel	4.67%	5.19%	4.83%	4.95%

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 2014.

A 6 Fair value changes of financial liabilities

As at 30 June 2014, the Group did not have any financial liabilities measured at fair value through profit or loss.

A 7 Dividends paid

The amount of dividends paid during the six months ended 30 June 2014:-

First interim single tier dividend of 5% in respect of financial year ending 31 December 2014 paid on 30 June 2014	RM'000
	<u>3,510</u>

Notes to the interim financial report - 30 June 2014

A 8 Segment information

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

The segment information are as follows:

	Second financial quarter		Six months	
	30.6.2014	30.6.2013	30.6.2014	30.6.2013
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	25,870	16,236	46,811	33,039
Revenue from major customers	19,307	11,728	33,283	22,472
Reportable segment profit	2,291	769	5,360	3,256

Reportable segment's profit are reconciled as follows:

Total profit for reportable segment	2,291	769	5,360	3,256
Share of results of associates	396	(247)	242	(159)
Share of results of a joint venture	(273)	(375)	(560)	(678)
Interest income	666	674	1,310	1,338
Dividend income	825	682	963	795
Other income	-	215	25	248
Other expenses	(175)	-	(228)	-
Profit before tax	3,730	1,718	7,112	4,800

	30.6.2014	31.12.2013
	RM'000	RM'000
Reportable segment assets	290,963	289,347

Reportable segment's assets are reconciled as follows:

Total assets for reportable segment	290,963	289,347
Investments in associates	21,665	21,617
Investment in a joint venture	18,905	19,652
Investment securities	64,233	58,903
Unallocated assets	115,563	122,789
Total assets	511,329	512,308
Reportable segment liabilities	6,722	8,874

Reportable segment's liabilities are reconciled as follows:

Total liabilities for reportable segment	6,722	8,874
Income tax payable	663	479
Deferred tax liabilities	36,478	36,648
Total liabilities	43,863	46,001

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 2014.

Notes to the interim financial report - 30 June 2014

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 2014.

A 11 Changes in composition of the Group

Other than the purchase and sale 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 2013.

A 13 Related party disclosures

	Six months 30.6.2014 RM'000
(a) Companies in which certain directors and substantial shareholders have interests	
Marketing consultancy fee	223
Sale of oil palm produce	<u>215</u>
(b) Related corporation in which certain directors and substantial shareholders have interests	
Sale of oil palm produce	<u>7,879</u>
(c) Associate in which certain directors and substantial shareholders have interests	
Management fee	<u>89</u>
	As at 30.6.2014 RM'000
(d) Included in receivables is an amount due from: -	
Related corporation in which certain directors and substantial shareholders have interests	<u>1,188</u>
(e) Included in payables is an amount due to: -	
Associate in which certain directors and substantial shareholders have interests	<u>22</u>

Notes to the interim financial report - 30 June 2014

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

B 1 Review of performance

Second financial quarter ended 30 June 2014

Revenue in the current financial quarter improved by 59.34% to RM25,870,000 from RM16,236,000 a year ago. This was mainly due to substantial increases in the average selling prices and sales volume of ffb, crude palm oil and palm kernel.

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

Overall operating expenses were higher mainly due to increases in purchase of ffb and administrative expenses.

As reported previously, harvesting of newly mature fields in the oil palm plantation of the joint venture in 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 after tax increased by 124.37% to RM3,204,000 from RM1,428,000 a year ago mainly due to improvement in revenue.

Six months period ended 30 June 2014

Revenue in the current six months period improved by 41.68% to RM46,811,000 from RM33,039,000 a year ago. This was mainly due to substantial increases in the average selling prices and sales volume of ffb, crude palm oil and palm kernel.

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

Overall operating expenses were higher mainly due to increases in purchase of ffb and administrative expenses.

As reported previously, harvesting of newly mature fields in the oil palm plantation of the joint venture in 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 after tax increased by 50.18% to RM5,743,000 from RM3,824,000 a year ago mainly due to improvement in revenue.

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

Revenue in the current financial quarter under review increased by 23.54% to RM25,870,000 from RM20,941,000 in the immediate preceding quarter mainly due to increases in the average selling prices of crude palm oil and palm kernel and sales volume of ffb, crude palm oil and palm kernel. The average selling price of ffb was marginally lower.

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

Overall operating expenses were higher mainly due to active application of fertilisers, increases in the purchase of ffb and administrative expenses.

Overall profit in share of results of associates was mainly due to positive contribution from an associate engaged in trading in stocks and shares.

Profit before tax increased by 10.29% to RM3,730,000 from RM3,382,000 mainly due to an improvement in revenue, higher dividend income and an overall profit in share of results of associates even though overall operating expenses increased.

Notes to the interim financial report - 30 June 2014

B 3 Prospects for financial year ending 31 December 2014

The selling prices of ffb, crude palm oil and palm kernel are expected to remain weak in the second half of the financial year ending 31 December 2014 and this would have a corresponding effect on the financial performance.

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 30.6.2014 RM'000	Six months 30.6.2014 RM'000
Current income tax	611	1,539
Deferred income tax	(85)	(170)
	<u>526</u>	<u>1,369</u>

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

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	-	-
31.12.2012	-	-
31.12.2013	-	-
	<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.

Notes to the interim financial report - 30 June 2014

B 7 Borrowings and debt securities

As at 30 June 2014, 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 2014.

B 9 Material litigation

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

B 10 Dividends

(i) A first interim single tier dividend of 5% in respect of the financial year ending 31 December 2014 was paid on 30 June 2014.

(ii) No further interim dividend has been declared in respect of the six months ended 30 June 2014.

(iii) The total dividends for the current financial year ending 31 December 2014:-

<u>Type of dividend</u>	<u>%</u>
First interim, single tier	5.00

(iv) The total dividends for the financial year ended 31 December 2013:-

<u>Type of dividend</u>	<u>%</u>
First interim, single tier	4.00
Second interim, single tier	5.00
	<u>9.00</u>

B 11 Earnings per stock unit

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

	Second financial quarter		Six months	
	30.6.2014	30.6.2013	30.6.2014	30.6.2013
Profit attributable to owners of the parent (RM'000)	2,668	1,097	4,843	3,206
Weighted average number of stock units ('000)	70,202	70,202	70,202	70,202
Earnings per stock unit (sen)				
Basic	3.80	1.56	6.90	4.57
Diluted	3.80	1.56	6.90	4.57

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

Notes to the interim financial report - 30 June 2014

B 12 Realised and unrealised profit/losses disclosure

	As at 30.6.2014 RM'000	As at 31.12.2013 RM'000
Total retained profits of the Company and its subsidiaries		
Realised	204,523	201,543
Unrealised	35,761	36,360
	<u>240,284</u>	<u>237,903</u>
Total share of retained profits from associates		
Realised	2,395	2,155
Unrealised	41	54
Total share of retained profits/(accumulated losses) from a joint venture		
Unrealised profits	4,546	4,552
Realised losses	(9,610)	(9,132)
	<u>237,656</u>	<u>235,532</u>
Less: consolidation adjustments	(43,948)	(43,435)
Total Group retained profits as per consolidated accounts	<u>193,708</u>	<u>192,097</u>

B 13 Notes to condensed statement of comprehensive income

	Second financial quarter 30.6.2014 RM'000	Six months 30.6.2014 RM'000
Interest income	666	1,310
Other income including investment income	825	963
Interest expense	-	-
Depreciation	(989)	(1,939)
Provision for and write off of receivables	-	-
Gain 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)	(169)	(222)
Gain/(loss) on derivatives	-	-
Exceptional items	-	-
	<u>-</u>	<u>-</u>

B 14 Auditors' report on preceding annual financial statements

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

By Order of the Board

Gan Kok Tiong
 Company Secretary
 28 August 2014