

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

Condensed consolidated income statement
for the third financial quarter and nine months ended 30 September 2014..

	Third		Nine months	
	financial quarter		30 September	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	24,125	18,599	70,936	51,638
Cost of sales	(14,496)	(9,003)	(42,986)	(27,404)
Gross profit	9,629	9,596	27,950	24,234
Interest income	655	661	1,965	1,999
Dividend income	825	772	1,788	1,567
Other income	259	826	435	1,074
Selling expenses	(507)	(438)	(1,370)	(1,188)
Administrative expenses	(4,757)	(4,403)	(14,730)	(12,878)
Replanting expenses	(2,197)	(1,172)	(4,473)	(3,329)
Other expenses	(270)	-	(498)	-
Share of results of associates	96	397	338	238
Share of results of a joint venture	(304)	(221)	(864)	(899)
Profit before tax	3,429	6,018	10,541	10,818
Income tax expense	(676)	(898)	(2,045)	(1,874)
Profit net of tax	2,753	5,120	8,496	8,944
Attributable to:				
Owners of the parent	2,146	3,980	6,989	7,186
Non-controlling interest	607	1,140	1,507	1,758
	2,753	5,120	8,496	8,944
Earnings per stock unit attributable to owners of the parent (sen)				
Basic	3.06	5.67	9.96	10.24
Diluted	3.06	5.67	9.96	10.24

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

Condensed consolidated statement of comprehensive income
for the third financial quarter and nine months ended 30 September 2014

	Third financial quarter 30 September		Nine months 30 September	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	2,753	5,120	8,496	8,944
Other comprehensive (loss)/income:				
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation	(488)	(228)	(873)	795
Net (loss)/gain on fair value changes of available-for-sale investment securities	(380)	2,408	(482)	3,043
Share of other comprehensive income of an associate	-	-	5	4
Total other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods	(868)	2,180	(1,350)	3,842
Total comprehensive income for the period	1,885	7,300	7,146	12,786
Attributable to:				
Owners of the parent	1,356	5,543	5,746	10,323
Non-controlling interest	529	1,757	1,400	2,463
	1,885	7,300	7,146	12,786

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

Condensed consolidated statement of financial position
As at 30 September 2014

	30.9.2014	31.12.2013
	RM'000	RM'000
Assets		
Non-current assets		
Property, plant and equipment	219,826	219,064
Biological assets	56,300	56,300
Investments in associates	21,511	21,617
Investment in a joint venture	18,364	19,652
Investment securities	67,020	58,903
	<u>383,021</u>	<u>375,536</u>
Current assets		
Inventories	3,190	2,254
Receivables	8,021	6,304
Income tax recoverable	502	555
Cash and bank balances	118,771	127,659
	<u>130,484</u>	<u>136,772</u>
Total assets	<u>513,505</u>	<u>512,308</u>
Current liabilities		
Payables	7,762	8,874
Income tax payable	-	479
	<u>7,762</u>	<u>9,353</u>
Non-current liabilities		
Deferred tax liabilities	36,392	36,648
Total liabilities	<u>44,154</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	118,993	120,796
Retained profits	196,136	192,097
	<u>389,667</u>	<u>387,431</u>
Non-controlling interest	79,684	78,876
Total equity	<u>469,351</u>	<u>466,307</u>
Total equity and liabilities	<u>513,505</u>	<u>512,308</u>
Net assets per stock unit attributable to owners of the parent (RM)	<u>5.55</u>	<u>5.52</u>

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

Condensed consolidated statement of cash flows
for the nine months ended 30 September 2014

	30.9.2014	30.9.2013
	RM'000	RM'000
Operating activities		
Profit before tax	10,541	10,818
Adjustments		
Depreciation of property, plant and equipment	2,931	2,563
Dividend income	(1,788)	(1,567)
Gain on sale of property, plant and equipment	(25)	-
Interest income	(1,965)	(1,999)
Net fair value gain on available-for-sale securities (transferred from equity on disposal)	(150)	(173)
Property, plant and equipment written off	7	-
Share of results of associates	(338)	(238)
Share of results of a joint venture	864	899
Unrealised loss/(gain) on foreign exchange	491	(846)
Total adjustments	<u>27</u>	<u>(1,361)</u>
Operating cash flows before changes in working capital	10,568	9,457
Changes in working capital		
(Increase)/decrease in inventories	(936)	1,244
Increase in receivables	(1,725)	(519)
Decrease in payables	(1,112)	(2,131)
Total changes in working capital	<u>(3,773)</u>	<u>(1,406)</u>
Cash flows from operations	6,795	8,051
Taxes paid	(2,728)	(3,223)
Net cash flows generated from operating activities	<u>4,067</u>	<u>4,828</u>
Investing activities		
Dividends received	1,691	1,544
Interest received	1,972	1,979
Purchase of property, plant and equipment	(3,700)	(3,473)
Purchase of investment securities	(8,639)	(7,531)
Proceeds from sale of property, plant and equipment	25	-
Proceeds from sale of investment securities	289	1,260
Net cash flows used in investing activities	<u>(8,362)</u>	<u>(6,221)</u>
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	<u>(4,102)</u>	<u>(3,243)</u>
Net decrease in cash and cash equivalents	(8,397)	(4,636)
Effects of exchange rate changes on cash and cash equivalents	(491)	846
Cash and cash equivalents at beginning of period	127,289	129,547
Cash and cash equivalents at end of period	<u>118,401</u>	<u>125,757</u>

Notes to the interim financial report - 30 September 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).

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 2017.

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 2017. 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 September 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 nine months ended 30 September 2014:

	Hectares			
Mature	6,078			
Replanting and immature	1,101			
	<u>7,179</u>			
	Third financial quarter		Nine months	
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
Production (m/t)				
fresh fruit bunches				
Own estates	30,682	32,789	87,217	87,094
Purchase	15,045	4,362	39,831	11,177
	<u>45,727</u>	<u>37,151</u>	<u>127,048</u>	<u>98,271</u>
Crude palm oil	6,951	5,677	19,469	14,887
Palm kernel	1,830	1,586	4,972	3,983
Extraction Rate				
Crude palm oil	19.63%	18.75%	19.38%	18.91%
Palm kernel	5.17%	5.24%	4.95%	5.06%

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 nine months ended 30 September 2014.

A 6 Fair value changes of financial liabilities

As at 30 September 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 nine months ended 30 September 2014:-

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

Notes to the interim financial report - 30 September 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:

	Third financial quarter		Nine months	
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	24,125	18,599	70,936	51,638
Revenue from major customers	13,856	15,400	41,151	37,906
Reportable segment profit	2,302	3,583	7,662	6,839

Reportable segment's profit are reconciled as follows:

Total profit for reportable segment	2,302	3,583	7,662	6,839
Share of results of associates	96	397	338	238
Share of results of a joint venture	(304)	(221)	(864)	(899)
Interest income	655	661	1,965	1,999
Dividend income	825	772	1,788	1,567
Other income	125	826	150	1,074
Other expenses	(270)	-	(498)	-
Profit before tax	3,429	6,018	10,541	10,818

	30.9.2014	31.12.2013
	RM'000	RM'000
Reportable segment assets	293,041	289,347

Reportable segment's assets are reconciled as follows:

Total assets for reportable segment	293,041	289,347
Investments in associates	21,511	21,617
Investment in a joint venture	18,364	19,652
Investment securities	67,020	58,903
Unallocated assets	113,569	122,789
Total assets	513,505	512,308
Reportable segment liabilities	7,762	8,874

Reportable segment's liabilities are reconciled as follows:

Total liabilities for reportable segment	7,762	8,874
Income tax payable	-	479
Deferred tax liabilities	36,392	36,648
Total liabilities	44,154	46,001

A 9 Property, plant and equipment

There were no significant acquisitions and disposals of property, plant and equipment for the nine months ended 30 September 2014.

Notes to the interim financial report - 30 September 2014

A 10 Material events subsequent to third financial quarter

Other than the declaration of the second interim dividend as disclosed in Note B10, there were no material events subsequent to the third financial quarter that have not been reflected in the financial statements for the financial quarter ended 30 September 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

	Nine months 30.9.2014 RM'000
(a) Companies in which certain directors and substantial shareholders have interests	
Marketing consultancy fee	300
Purchase of oil palm produce	536
Sale of oil palm produce	<u>111</u>
(b) Related corporation in which certain directors and substantial shareholders have interests	
Service charge on seedlings cultivation	51
Sale of oil palm produce	<u>12,369</u>
(c) Associate in which certain directors and substantial shareholders have interests	
Management fee	<u>133</u>
	As at 30.9.2014 RM'000
(d) Included in receivables is an amount due from: -	
Related corporation in which certain directors and substantial shareholders have interests	<u>1,862</u>

Notes to the interim financial report - 30 September 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

Third financial quarter ended 30 September 2014

Revenue in the current financial quarter improved by 29.71% to RM24,125,000 from RM18,599,000 a year ago. This was due mainly to substantial increases in the sales volume of ffb, crude palm oil and palm kernel. The average selling prices of ffb and crude palm oil were lower, however, the average selling price of palm kernel was higher.

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

Overall operating expenses were higher due mainly to increases in purchase of ffb and replanting 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 decreased by 46.23% to RM2,753,000 from RM5,120,000 a year ago due mainly to an increase in overall operating expenses even though revenue improved.

Nine months period ended 30 September 2014

Revenue in the current nine months period improved by 37.37% to RM70,936,000 from RM51,638,000 a year ago. This was due mainly to 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 due mainly to increases in purchase of ffb and replanting 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 decreased by 5.01% to RM8,496,000 from RM8,944,000 a year ago due mainly to an increase in overall operating expenses even though revenue improved.

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

Revenue in the current financial quarter under review decreased by 6.75% to RM24,125,000 from RM25,870,000 in the immediate preceding quarter due mainly to decreases in the average selling prices of ffb, crude palm oil and palm kernel even though the sales volume of ffb, crude palm oil and palm kernel increased.

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

Overall operating expenses were lower due mainly to a decrease in fertiliser expenses as a result of less active application of fertilisers and a decrease in the expenses of ffb purchased due to lower average selling price of ffb.

Overall profit in share of results of associates was also lower.

Profit before tax decreased by 8.07% to RM3,429,000 from RM3,730,000 due mainly to the above mentioned reasons.

Notes to the interim financial report - 30 September 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 fourth financial quarter and it would have a corresponding effect on the financial performance for the fourth financial quarter ending 31 December 2014.

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

	Third financial quarter 30.9.2014 RM'000	Nine months 30.9.2014 RM'000
Current income tax	702	2,241
Under provision in prior year	60	60
	<u>762</u>	<u>2,301</u>
Deferred income tax	(86)	(256)
	<u>676</u>	<u>2,045</u>

The effective tax rates are lower than the statutory rate due mainly to certain income which are not assessable for income tax purposes and the effect of share of results of associates.

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 nine 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 September 2014

B 7 Borrowings and debt securities

As at 30 September 2014, there were no borrowings and debt securities.

B 8 Derivatives financial instruments

There were no derivatives financial instruments transacted during the nine months period ended 30 September 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 second interim dividend in respect of the financial year ending 31 December 2014 has been declared by the Board of Directors.

(ii) The amount per stock unit: 4% single tier.

(iii) The date payable for the second interim single tier dividend of 4%: 31 December 2014.

(iv) In respect of deposited securities, entitlement to the second interim single tier dividend of 4% will be determined on the basis of the record of depositors as at 15 December 2014.

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

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

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

<u>Type of dividend</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: -

	Third financial quarter		Nine months	
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
Profit attributable to owners of the parent (RM'000)	2,146	3,980	6,989	7,186
Weighted average number of stock units ('000)	70,202	70,202	70,202	70,202
Earnings per stock unit (sen)				
Basic	3.06	5.67	9.96	10.24
Diluted	3.06	5.67	9.96	10.24

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 September 2014

B 12 Realised and unrealised profit/losses disclosure

	As at 30.9.2014 RM'000	As at 31.12.2013 RM'000
Total retained profits of the Company and its subsidiaries		
Realised	208,131	201,543
Unrealised	35,468	36,360
	<u>243,599</u>	<u>237,903</u>
Total share of retained profits from associates		
Realised	2,463	2,155
Unrealised	65	54
Total share of retained profits/(accumulated losses) from a joint venture		
Unrealised profits	4,454	4,552
Realised losses	(9,782)	(9,132)
	<u>240,799</u>	<u>235,532</u>
Less: consolidation adjustments	(44,663)	(43,435)
Total Group retained profits as per consolidated accounts	<u>196,136</u>	<u>192,097</u>

B 13 Notes to condensed statement of comprehensive income

	Third financial quarter 30.9.2014 RM'000	Nine months 30.9.2014 RM'000
Interest income	655	1,965
Other income including investment income	825	1,788
Interest expense	-	-
Depreciation	(992)	(2,931)
Provision for and write off of receivables	-	-
Gain on disposal of quoted investments	150	150
Gain/(loss) on disposal of unquoted investments	-	-
Gain/(loss) on disposal of properties	-	-
Impairment of assets	-	-
Foreign exchange gain or (loss)	(269)	(491)
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 2013 was not qualified.

By Order of the Board

Gan Kok Tiong
 Company Secretary
 27 November 2014