

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

Condensed consolidated statements of profit or loss
for the fourth financial quarter ended 31 December 2016

	Fourth financial quarter 31 December		Twelve months 31 December	
	2016 RM'000	2015 RM'000 (Restated)	2016 RM'000	2015 RM'000
Revenue	19,376	21,105	84,683	84,894
Cost of sales	(13,273)	(15,467)	(59,353)	(58,843)
Gross profit	6,103	5,638	25,330	26,051
Interest income	612	638	2,977	2,493
Dividend income	573	471	2,840	2,822
Other income	754	13	1,015	4,020
Fair value adjustment of biological assets	15,800	1,600	15,800	1,600
Selling expenses	(256)	(455)	(1,342)	(1,847)
Administrative expenses	(4,845)	(5,289)	(18,809)	(20,828)
Replanting expenses	(2,067)	(1,854)	(7,132)	(6,806)
Other expenses	(3,244)	(434)	(3,244)	-
Share of results of associates	138	144	1,670	1,153
Share of results of a joint venture	(2,568)	(910)	(3,716)	(1,756)
Profit/(loss) before tax	11,000	(438)	15,389	6,902
Income tax expense	(4,012)	(1,086)	(4,355)	(785)
Profit/(loss) net of tax	6,988	(1,524)	11,034	6,117
Attributable to:				
Owners of the parent	4,794	(488)	8,670	5,261
Non-controlling interests	2,194	(1,036)	2,364	856
	6,988	(1,524)	11,034	6,117
Earnings/(loss) per stock unit attributable to owners of the parent (sen)				
Basic	6.83	(0.70)	12.35	7.49
Diluted	6.83	(0.70)	12.35	7.49

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

Condensed consolidated statements of comprehensive income
for the fourth financial quarter ended 31 December 2016

	Fourth financial quarter 31 December		Twelve months 31 December	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
	(Restated)			
Profit/(loss) net of tax	6,988	(1,524)	11,034	6,117
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation	1,860	(1,141)	1,297	5,749
Net gain/(loss) on fair value changes of available-for-sale investment securities	4,815	1,313	3,393	(2,083)
Share of other comprehensive (loss)/income of an associate	(1)	2	(10)	10
Total other comprehensive income to be reclassified to profit or loss in subsequent periods:	6,674	174	4,680	3,676
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Revaluation surplus on freehold and leasehold land	36,058	57,378	36,058	57,378
Share of other comprehensive income of a joint venture	9	7	9	7
Total other comprehensive income that will not be reclassified to profit or loss in subsequent periods	36,067	57,385	36,067	57,385
Total other comprehensive income	42,741	57,559	40,747	61,061
Total comprehensive income for the year	49,729	56,035	51,781	67,178
Attributable to:				
Owners of the parent	40,676	47,979	42,902	57,428
Non-controlling interests	9,053	8,056	8,879	9,750
	49,729	56,035	51,781	67,178

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

Condensed consolidated statement of financial position
As at 31 December 2016

	31.12.2016	31.12.2015
	RM'000	RM'000
Assets		
Non-current assets		
Property, plant and equipment	481,958	443,725
Biological assets	55,800	40,000
Investments in associates	29,283	27,101
Investment in a joint venture	14,064	20,110
Investment securities	74,090	69,298
	<u>655,195</u>	<u>600,234</u>
Current assets		
Inventories	1,890	2,307
Receivables	7,515	6,951
Income tax recoverable	2,724	3,391
Cash and bank balances	120,095	117,122
	<u>132,224</u>	<u>129,771</u>
Total assets	<u>787,419</u>	<u>730,005</u>
Current liabilities		
Payables	8,888	8,239
Income tax payable	336	-
	<u>9,224</u>	<u>8,239</u>
Non-current liabilities		
Deferred tax liabilities	73,788	64,260
Total liabilities	<u>83,012</u>	<u>72,499</u>
Equity attributable to owners of the parent		
Share capital	70,202	70,202
Share premium	4,336	4,336
Other reserves	322,604	290,163
Retained profits	191,381	185,132
	<u>588,523</u>	<u>549,833</u>
Non-controlling interests	115,884	107,673
Total equity	<u>704,407</u>	<u>657,506</u>
Total equity and liabilities	<u>787,419</u>	<u>730,005</u>
Net assets per stock unit attributable to owners of the parent (RM)	<u>8.38</u>	<u>7.83</u>

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

Condensed consolidated statement of changes in equity
for the fourth financial quarter ended 31 December 2016

	Non-Distributable		Distributable		Non-Distributable						Non-controlling interests RM'000
	Equity attributable to owners of the parent, total RM'000		Share capital RM'000	Share premium RM'000	Retained profits RM'000	Other reserves, total RM'000	Other reserves			Fair value adjustment reserve RM'000	
	Equity, total RM'000	Equity, the parent, total RM'000					Asset revaluation reserve - land RM'000	Foreign currency translation reserve RM'000	Employee benefits plan reserve of a joint venture RM'000		
At 1 January 2015	595,208	496,617	70,202	4,336	182,565	239,514	221,246	2,307	53	15,908	98,591
Profit for the year	6,117	5,261	-	-	5,261	-	-	-	-	-	856
Other comprehensive income	61,061	52,167	-	-	-	52,167	48,444	5,234	6	(1,517)	8,894
Revaluation reserve of leasehold land realised	-	-	-	-	1,518	(1,518)	(1,518)	-	-	-	-
Transactions with owners	(4,212)	(4,212)	-	-	(4,212)	-	-	-	-	-	-
Dividends paid to owners of the parent	(668)	-	-	-	-	-	-	-	-	-	(668)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Total dividends, representing total transactions with owners	(4,880)	(4,212)	-	-	(4,212)	-	-	-	-	-	(668)
At 31 December 2015	657,506	549,833	70,202	4,336	185,132	290,163	268,172	7,541	59	14,391	107,673
At 1 January 2016	657,506	549,833	70,202	4,336	185,132	290,163	268,172	7,541	59	14,391	107,673
Profit for the year	11,034	8,670	-	-	8,670	-	-	-	-	-	2,364
Other comprehensive income	40,747	34,232	-	-	-	34,232	30,691	1,164	7	2,370	6,515
Revaluation reserve of leasehold land realised	-	-	-	-	1,791	(1,791)	(1,791)	-	-	-	-
Transactions with owners	(4,212)	(4,212)	-	-	(4,212)	-	-	-	-	-	-
Dividends paid to owners of the parent	(668)	-	-	-	-	-	-	-	-	-	(668)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Total dividends, representing total transactions with owners	(4,880)	(4,212)	-	-	(4,212)	-	-	-	-	-	(668)
At 31 December 2016	704,407	588,523	70,202	4,336	191,381	322,604	297,072	8,705	66	16,761	115,884

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

Condensed consolidated statement of cash flows
for the fourth financial quarter ended 31 December 2016

	Twelve months	
	31.12.2016	31.12.2015
	RM'000	RM'000
Operating activities		
Profit before tax	15,389	6,902
Adjustments		
Depreciation of property, plant and equipment	6,158	5,732
Fair value increase in biological assets	(15,800)	(1,600)
Dividend income	(2,840)	(2,822)
Gain on sale of property, plant and equipment	-	(251)
Interest income	(2,977)	(2,493)
Net fair value gain on available-for-sale securities (transferred from equity on disposal)	(17)	(317)
Property, plant and equipment written off	130	-
Provision for impairment loss on investment in a joint venture	3,114	-
Share of results of associates	(1,670)	(1,153)
Share of results of a joint venture	3,716	1,756
Unrealised gain on foreign exchange	(599)	(3,303)
Total adjustments	(10,785)	(4,451)
Operating cash flows before changes in working capital	4,604	2,451
Changes in working capital		
Decrease/(increase) in inventories	417	(126)
Decrease/(increase) in receivables	246	(1,722)
Increase/(decrease) in payables	649	(118)
Total changes in working capital	1,312	(1,966)
Cash flows generated from operations	5,916	485
Taxes paid	(335)	(2,052)
Net cash flows generated from/(used in) operating activities	5,581	(1,567)
Investing activities		
Dividends received	2,234	2,630
Interest received	2,167	2,413
Purchase of property, plant and equipment	(1,951)	(3,145)
Purchase of investment securities	(1,166)	(1,988)
Proceeds from sale of property, plant and equipment	-	279
Proceeds from sale of investment securities	389	1,731
Changes in deposits with maturity of more than 3 months	(56,373)	46
Net cash flows (used in)/generated from investing activities	(54,700)	1,966
Financing activities		
Dividends paid to owners of the parent	(4,212)	(4,212)
Dividends paid to non-controlling interests	(668)	(668)
Net cash flows used in financing activities	(4,880)	(4,880)
Net decrease in cash and cash equivalents	(53,999)	(4,481)
Effects of exchange rate changes on cash and cash equivalents	599	3,303
Cash and cash equivalents at beginning of period	116,787	117,965
Cash and cash equivalents at end of period	63,387	116,787
Cash and cash equivalents at end of period comprise		
Cash on hand and at banks	17,527	25,712
Deposits with financial institutions	102,568	91,410
	120,095	117,122
Less: deposits with maturity of more than 3 months	(56,708)	(335)
	63,387	116,787

Notes to the interim financial report - 31 December 2016

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 2015.

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 2015 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 2016. 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 except as described below.

FRS 9 Financial Instruments

In November 2014, MASB issued the final version of FRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 139 Financial Instruments: Recognition and Measurement and all previous versions of FRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. FRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's and the Company's financial assets, but no impact on the classification and measurement of the Group's and the Company's financial liabilities.

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

Malaysian Financial Reporting Standards (MFRS Framework)

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

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing Financial Reporting Standards (FRS) Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. 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.

Under the FRS Framework, the Group's accounting policy for biological assets are disclosed in Note 2.11 to the financial statements for the financial year ended 31 December 2015. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of MFRS 141. Instead, MFRS 116 will apply. After initial recognition, bearer plants will be measured under MFRS 116 at accumulated cost (before maturity) using either the cost model or revaluation model (after maturity). The amendments also require that agricultural produce, which is the harvested produce of an entity's biological assets will remain in the scope of MFRS 141 and are measured at fair value less costs to sell.

Notes to the interim financial report - 31 December 2016

A 1 Basis of preparation (cont'd.)

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 ended 31 December 2016 could be different if prepared under the MFRS Framework.

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 twelve months ended 31 December 2016:

	Hectares			
Mature	5,719			
Replanting and immature	1,454			
	<u>7,173</u>			
	Fourth financial quarter		Twelve months	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Production (m/t)				
fresh fruit bunches				
Own estates	19,991	24,634	89,779	114,552
Purchase	9,691	12,114	47,638	56,874
	<u>29,682</u>	<u>36,748</u>	<u>137,417</u>	<u>171,426</u>
Crude palm oil	3,907	4,950	18,825	24,296
Palm kernel	1,023	1,330	5,195	6,789
	<u>4,930</u>	<u>6,280</u>	<u>24,020</u>	<u>31,085</u>
Extraction Rate				
Crude palm oil	18.88%	19.69%	18.68%	19.09%
Palm kernel	4.94%	5.29%	5.16%	5.33%

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.

Notes to the interim financial report - 31 December 2016

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 other than as described below:-

In the previous financial year ended 31 December 2015, the fair value of the freehold and leasehold land of the Group on 31 December 2015 had been incorporated into the financial statements for the financial year ended 31 December 2015. Retrospective adjustments had been made to the opening and closing balances in the financial statements to attribute the increase in fair value of the freehold and leasehold land of the Group to the respective financial years from 2012 to 2014.

The effects of the above adjustments to the financial statements for the fourth financial quarter and twelve months ended 31 December 2015 are summarised below:-

	As previously stated in the 4th quarterly report for financial year 2015 RM'000	Adjustment RM'000	Restated RM'000
Fourth financial quarter ended 31 December 2015			
Statements of profit or loss			
Cost of sales	(14,955)	(512)	(15,467)
Administrative expenses	(5,476)	187	(5,289)
Income tax expense	(1,164)	78	(1,086)
Loss per stock unit (sen)	(0.42)	(0.28)	(0.70)
Statements of comprehensive income			
Other comprehensive income	181	57,204	57,385
Twelve months ended 31 December 2015			
Statements of profit or loss			
Cost of sales	(56,803)	(2,040)	(58,843)
Administrative expenses	(21,574)	746	(20,828)
Income tax expense	(1,095)	310	(785)
Earnings per stock unit (sen)	8.58	(1.09)	7.49
Statements of comprehensive income			
Other comprehensive income	3,683	53,702	57,385
Statements of changes in equity			
Revaluation reserve of leasehold land realised	746	772	1,518

A 5 Changes in debt and equity securities

There were no issuances, repurchases and repayments of debts and equity securities for the twelve months ended 31 December 2016.

A 6 Fair value changes of financial liabilities

As at 31 December 2016, 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 twelve months ended 31 December 2016:-

	RM'000
First interim single tier dividend of 3% in respect of financial year ended 31 December 2016 paid on 30 June 2016	2,106
Second interim single tier dividend of 3% in respect of financial year ended 31 December 2016 paid on 30 December 2016	2,106
	<u>4,212</u>

Notes to the interim financial report - 31 December 2016

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:

	Fourth financial quarter		Twelve months	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	19,376	21,105	84,683	84,894
Revenue from major customers	18,294	16,440	78,890	69,344
Reportable segment profit/(loss)	14,828	(349)	14,246	(1,431)
Reportable segment's profit/(loss) are reconciled as follows:				
Total profit/(loss) for reportable segment	14,828	(349)	14,246	(1,431)
Share of results of associates	138	144	1,670	1,153
Share of results of a joint venture	(2,568)	(910)	(3,716)	(1,756)
Interest income	612	638	2,977	2,493
Dividend income	573	471	2,840	2,822
Other income	661	-	616	3,621
Other expenses	(3,244)	(432)	(3,244)	-
Profit/(loss) before tax	11,000	(438)	15,389	6,902
	31.12.2016	31.12.2015		
	RM'000	RM'000		
Reportable segment assets	550,779	502,667		
Reportable segment's assets are reconciled as follows:				
Total assets for reportable segment	550,779	502,667		
Investments in associates	29,283	27,101		
Investment in a joint venture	14,064	20,110		
Investment securities	74,090	69,298		
Unallocated assets	119,203	110,829		
Total assets	787,419	730,005		
Reportable segment liabilities	8,888	8,239		
Reportable segment's liabilities are reconciled as follows:				
Total liabilities for reportable segment	8,888	8,239		
Income tax payable	336	-		
Deferred tax liabilities	73,788	64,260		
Total liabilities	83,012	72,499		

A 9 Property, plant and equipment

There were no significant acquisitions and no disposals of property, plant and equipment for the twelve months ended 31 December 2016.

Capital commitments as at 31 December 2016:

	RM'000
Approved and contracted for	163
Approved but not contracted for	2,049

A 10 Material events subsequent to fourth financial quarter

There were no material events subsequent to the fourth financial quarter that have not been reflected in the financial statements for the financial quarter ended 31 December 2016.

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.

Notes to the interim financial report - 31 December 2016

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 2015.

A 13 Related party disclosures

	Twelve months 31.12.2016 RM'000
(a) Companies in which certain directors and substantial shareholders have interests	
Marketing consultancy fee	549
Sale of oil palm produce	71
Purchase of oil palm produce	1,704
	<hr/>
(b) A related corporation in which certain directors and substantial shareholders have interests	
Sale of oil palm produce	20,945
Service charge on seedlings cultivation	39
Purchase of oil palm produce	1,173
	<hr/>
(c) An associate in which certain directors and substantial shareholders have interests	
Management fee	1,949
	<hr/>

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

Fourth financial quarter ended 31 December 2016

Revenue in the current financial quarter under review decreased by 8.19% to RM19,376,000 from RM21,105,000 in the same financial quarter a year ago. This was mainly due to decreases in the sales volume of ffb, crude palm oil and palm kernel even though the average selling prices increased.

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

Overall operating expenses were lower mainly due to a decrease in the opening inventory.

Changes in the fair value of biological assets of the Group increased from RM1,600,000 to RM15,800,000.

The Group suffered a higher amount of loss from its share of results of a joint venture mainly due to a decrease in the fair value of the biological assets of the joint venture. 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. This has resulted in the joint venture suffering losses in the previous years. In view of this situation, the Group has made an estimate on the recoverable amount of its investment in the joint venture and provided for impairment loss amounting to RM3,114,000 for the current financial year under review.

Overall, the Group recorded profit net tax of RM6,988,000 as compared with loss net of tax of RM1,524,000 mainly due to the reasons mentioned above.

Excluding the adjustment in fair value of biological assets of the Group and the provision for impairment loss on its investment in a joint venture, overall loss of the Group decreased to RM1,906,000 from RM2,740,000.

Notes to the interim financial report - 31 December 2016

B 1 Review of performance (cont'd.)

Financial year ended 31 December 2016

Revenue in the current financial year under review decreased by 0.25% to RM84,683,000 from RM84,894,000 in the previous financial year. This was mainly due to decreases in the sales volume of ffb, crude palm oil and palm kernel even though the average selling prices increased.

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

Other income was lower mainly due to a decrease in the amount of gains on foreign currency translation.

Overall operating expenses were lower mainly due to a decrease in administrative expenses.

Changes in the fair value of biological assets of the Group increased from RM1,600,000 to RM15,800,000.

The Group recorded an increase in its share of results of associates mainly due to higher profit contributed from an associate engaged in trading in shares and stocks.

The Group suffered a higher amount of loss from its share of results of a joint venture mainly due to a decrease in the fair value of the biological assets of the joint venture. 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. This has resulted in the joint venture suffering losses in the previous years. In view of this situation, the Group has made an estimate on the recoverable amount of its investment in the joint venture and provided for impairment loss amounting to RM3,114,000 for the current financial year under review.

Overall, profit net of tax increased by 80.38% to RM11,034,000 from RM6,117,000 mainly due to the reasons mentioned above.

Excluding the adjustment in fair value of biological assets of the Group and the provision for impairment loss on its investment in a joint venture, profit net of tax decreased by 56.34% to RM2,140,000 from RM4,901,000.

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

Revenue in the current financial quarter under review decreased by 14.44% to RM19,376,000 from RM22,647,000 in the immediate preceding quarter mainly due to decreases in the sales volume of ffb, crude palm oil and palm kernel even though the average selling prices increased.

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

Share of results of associates was lower mainly due to lower profit contributed from an associate engaged in trading in shares and stocks.

Overall operating expenses were lower mainly due to decrease in the purchases of oil palm produce.

There was an increase in the fair value of biological assets of the Group of RM15,800,000.

The Group suffered a higher amount of loss from from its share of results of a joint venture mainly due to a decrease in the fair value of biological assets of the joint venture. The Group has made an estimate on the recoverable amount of its investment in the joint venture and provided for impairment loss amounting to RM3,114,000 for the current financial year under review.

Profit before tax increased by 201.87% to RM11,000,000 from RM3,644,000 mainly due to the reasons mentioned above.

Excluding the adjustment in fair value of biological assets of the Group and the provision for impairment loss on its investment in a joint venture, the Group suffered loss before tax of RM1,686,000 as compared with profit before tax of RM3,644,000.

Notes to the interim financial report - 31 December 2016

B 3 Prospects for financial year ending 31 December 2017

The average selling prices of crude palm oil have strengthened since the end of the financial year 2016 and this would have a corresponding effect on the financial performance for the financial year ending 31 December 2017.

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

	Fourth financial quarter 31.12.2016 RM'000	Twelve months 31.12.2016 RM'000
Current income tax	412	1,225
Under provision in respect of prior year	-	113
	<u>412</u>	<u>1,338</u>
Deferred income tax	3,600	3,017
	<u>4,012</u>	<u>4,355</u>

The effective tax rate was higher than the statutory tax rate mainly due to certain expenses which are not deductible for income tax purpose and the effect of share of results of a joint venture.

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.

As at 31 December 2016, the Group had subscribed 11,660,000 shares in Chin Thye Investment Pte Ltd for a total cash consideration of RM27,632,000.

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

	31.12.2016 RM'000
Remaining capital and investment outlay	<u>22,769</u>

Notes to the interim financial report - 31 December 2016

B 7 Borrowings and debt securities

As at 31 December 2016, there were no borrowings and debt securities.

B 8 Derivatives financial instruments

There were no derivatives financial instruments transacted during the current financial year under review.

B 9 Material litigation

There were no material litigations as at 31 December 2016 and at the date of issue of this interim financial report.

B 10 Dividends

(i) A first interim single tier dividend of 3% and a second interim single tier dividend of 3% in respect of the financial year ended 31 December 2016 were paid during the financial year.

(ii) In view of the payment of the interim dividends, the directors do not recommend a final dividend in respect of the financial year ended 31 December 2016.

(iii) The total dividends for the current financial year ended 31 December 2016:-

<u>Type of dividend</u>	%
First interim, single tier	3.00
Second interim, single tier	3.00
	<u>6.00</u>

(iv) The total dividends for the financial year ended 31 December 2015:-

<u>Type of dividend</u>	%
First interim, single tier	3.00
Second interim, single tier	3.00
	<u>6.00</u>

B 11 Earnings/(loss) per stock unit

The basic and diluted earnings/(loss) per stock unit are calculated as follows: -

	Fourth financial quarter		Twelve months	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Profit/(loss) attributable to owners of the parent (RM'000)	4,794	(488)	8,670	5,261
Weighted average number of stock units ('000)	70,202	70,202	70,202	70,202
Earnings/(loss) per stock unit (sen)				
Basic	6.83	(0.70)	12.35	7.49
Diluted	6.83	(0.70)	12.35	7.49

The diluted earnings/(loss) per stock unit is similar to basic earnings/(loss) 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 - 31 December 2016

B 12 Realised and unrealised profit/losses disclosure

	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000
Total retained profits of the Company and its subsidiaries		
Realised	206,002	204,000
Unrealised	34,857	26,266
	<u>240,859</u>	<u>230,266</u>
Total share of retained profits from associates		
Realised profits	5,108	4,062
Unrealised profits	647	115
Total share of retained profits/(accumulated losses) from a joint venture		
Unrealised profits	515	4,474
Realised losses	(10,792)	(11,533)
	<u>236,337</u>	<u>227,384</u>
Less: consolidation adjustments	(44,956)	(42,252)
Total Group retained profits as per consolidated financial statements	<u>191,381</u>	<u>185,132</u>

B 13 Notes to condensed statement of comprehensive income

	Fourth financial quarter 31.12.2016 RM'000	Twelve months 31.12.2016 RM'000
Interest income	612	2,977
Other income including investment income	573	2,840
Interest expense	-	-
Depreciation	(1,503)	(6,158)
Provision for and write off of receivables	-	-
Gain on disposal of quoted investments	-	17
Gain/(loss) on disposal of unquoted investments	-	-
Gain/(loss) on disposal of properties	-	-
Impairment of assets	(3,114)	(3,114)
Foreign exchange gain or (loss)	661	599
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 2015 was not qualified.

By Order of the Board

Gan Kok Tiong
 Company Secretary
 28 February 2017