

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

Condensed consolidated statements of profit or loss
for the first financial quarter ended 31 March 2017

	First financial quarter 31 March		Three months 31 March	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Revenue	20,752	18,550	20,752	18,550
Cost of sales	(12,828)	(13,662)	(12,828)	(13,662)
Gross profit	7,924	4,888	7,924	4,888
Interest income	721	595	721	595
Dividend income	131	229	131	229
Other income	655	133	655	133
Selling expenses	(338)	(320)	(338)	(320)
Administrative expenses	(4,972)	(4,669)	(4,972)	(4,669)
Replanting expenses	(1,824)	(1,680)	(1,824)	(1,680)
Other expenses	-	(1,264)	-	(1,264)
Share of results of associates	774	(199)	774	(199)
Share of results of a joint venture	(354)	(793)	(354)	(793)
Profit/(loss) before tax	2,717	(3,080)	2,717	(3,080)
Income tax credit	42	15	42	15
Profit/(loss) net of tax	2,759	(3,065)	2,759	(3,065)
Attributable to:				
Owners of the parent	2,279	(2,231)	2,279	(2,231)
Non-controlling interests	480	(834)	480	(834)
	2,759	(3,065)	2,759	(3,065)
Earnings/(loss) per stock unit attributable to owners of the parent (sen)				
Basic	3.25	(3.18)	3.25	(3.18)
Diluted	3.25	(3.18)	3.25	(3.18)

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

Condensed consolidated statements of comprehensive income
for the first financial quarter ended 31 March 2017

	First financial quarter 31 March		Three months 31 March	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit/(loss) net of tax	2,759	(3,065)	2,759	(3,065)
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation	3,448	(1,358)	3,448	(1,358)
Net gain/(loss) on fair value changes of available-for-sale investment securities	6,408	(3,660)	6,408	(3,660)
Share of other comprehensive loss of an associate	-	(2)	-	(2)
Total other comprehensive income to be reclassified to profit or loss in subsequent periods, representing total other comprehensive income	9,856	(5,020)	9,856	(5,020)
Total comprehensive income for the period	12,615	(8,085)	12,615	(8,085)
Attributable to:				
Owners of the parent	10,025	(6,035)	10,025	(6,035)
Non-controlling interests	2,590	(2,050)	2,590	(2,050)
	12,615	(8,085)	12,615	(8,085)

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

Condensed consolidated statement of financial position
As at 31 March 2017

	31.03.2017 RM'000	31.12.2016 RM'000
Assets		
Non-current assets		
Property, plant and equipment	480,375	481,958
Biological assets	55,800	55,800
Investments in associates	30,636	29,283
Investment in a joint venture	16,580	14,064
Investment securities	81,107	74,090
	<u>664,498</u>	<u>655,195</u>
Current assets		
Inventories	2,410	1,890
Receivables	8,053	7,515
Income tax recoverable	2,130	2,724
Cash and bank balances	121,729	120,095
	<u>134,322</u>	<u>132,224</u>
Total assets	<u>798,820</u>	<u>787,419</u>
Current liabilities		
Payables	8,239	8,888
Income tax payable	-	336
	<u>8,239</u>	<u>9,224</u>
Non-current liabilities		
Deferred tax liabilities	73,559	73,788
Total liabilities	<u>81,798</u>	<u>83,012</u>
Equity attributable to owners of the parent		
Share capital	70,202	70,202
Share premium	4,336	4,336
Other reserves	329,845	322,604
Retained profits	194,165	191,381
	<u>598,548</u>	<u>588,523</u>
Non-controlling interests	118,474	115,884
Total equity	<u>717,022</u>	<u>704,407</u>
Total equity and liabilities	<u>798,820</u>	<u>787,419</u>
Net assets per stock unit attributable to owners of the parent (RM)	8.53	7.83

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

Condensed consolidated statement of changes in equity
for the first financial quarter ended 31 March 2017

	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	Asset revaluation reserve - land RM'000	Foreign currency translation reserve RM'000	Employee benefits reserve of a joint venture RM'000	Fair value adjustment reserve RM'000			
At 1 January 2016	657,506	70,202	4,336	185,132	290,163	268,172	7,540	59	14,392	107,673		
Loss for the year	(3,065)	-	-	(2,231)	-	-	-	-	-	(834)		
Other comprehensive loss	(5,020)	-	-	-	(3,804)	(454)	(1,271)	-	(2,533)	(1,216)		
Revaluation reserve of leasehold land realised	-	-	-	454	(454)	(454)	-	-	-	-		
At 31 March 2016	649,421	70,202	4,336	183,355	285,905	267,718	6,269	59	11,859	105,623		
At 1 January 2017	704,407	70,202	4,336	191,381	322,604	297,072	8,704	66	16,762	115,884		
Profit for the year	2,759	-	-	2,279	-	-	-	-	-	480		
Other comprehensive income	9,856	-	-	-	7,746	-	3,031	-	4,715	2,110		
Revaluation reserve of leasehold land realised	-	-	-	505	(505)	(505)	-	-	-	-		
At 31 March 2017	717,022	70,202	4,336	194,165	329,845	296,567	11,735	66	21,477	118,474		

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

Condensed consolidated statement of cash flows
for the first financial quarter ended 31 March 2017

	Three months	
	31.03.2017	31.03.2016
	RM'000	RM'000
Operating activities		
Profit/(loss) before tax	2,717	(3,080)
Adjustments		
Depreciation of property, plant and equipment	1,583	1,576
Dividend income	(131)	(229)
Interest income	(721)	(595)
Share of results of associates	(774)	199
Share of results of a joint venture	354	793
Unrealised (gain)/loss on foreign exchange	(589)	1,264
Total adjustments	(278)	3,008
Operating cash flows before changes in working capital	2,439	(72)
Changes in working capital		
Increase in inventories	(520)	(1,282)
(Increase)/decrease in receivables	(1,017)	720
Increase in payables	(649)	(777)
Total changes in working capital	(2,186)	(1,339)
Cash flows generated from operations	253	(1,411)
Taxes refunded/(paid)	71	(84)
Net cash flows generated from/(used in) operating activities	324	(1,495)
Investing activities		
Dividends received	131	210
Interest received	1,200	706
Purchase of property, plant and equipment	-	(228)
Purchase of investment securities	(610)	(2)
Changes in deposits with maturity of more than 3 months	(9,329)	-
Net cash flows (used in)/generated from investing activities	(8,608)	686
Net decrease in cash and cash equivalents	(8,284)	(809)
Effects of exchange rate changes on cash and cash equivalents	589	(1,264)
Cash and cash equivalents at beginning of period	63,387	116,787
Cash and cash equivalents at end of period	55,692	114,714
Cash and cash equivalents at end of period comprise		
Cash on hand and at banks	15,457	27,339
Deposits with financial institutions	106,272	87,710
	121,729	115,049
Less: deposits with maturity of more than 3 months	(66,037)	(335)
	55,692	114,714

Notes to the interim financial report - 31 March 2017

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 2016.

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 2016 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 2017. 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 2016. 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 March 2017

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 ending 31 December 2017 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 three months ended 31 March 2017:

	Hectares			
Mature	5,573			
Replanting and immature	1,598			
	<u>7,171</u>			
	First financial quarter		Three months	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Production (m/t)				
fresh fruit bunches				
Own estates	21,254	22,582	21,254	22,582
Purchase	9,123	10,403	9,123	10,403
	<u>30,377</u>	<u>32,985</u>	<u>30,377</u>	<u>32,985</u>
Crude palm oil	4,268	4,521	4,268	4,521
Palm kernel	1,164	1,263	1,164	1,263
Extraction Rate				
Crude palm oil	17.28%	18.44%	17.28%	18.44%
Palm kernel	4.71%	5.15%	4.71%	5.15%

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 three months ended 31 March 2017.

A 6 Fair value changes of financial liabilities

As at 31 March 2017, the Group did not have any financial liabilities measured at fair value through profit or loss.

A 7 Dividends paid

No dividends were paid during the three months ended 31 March 2017.

Notes to the interim financial report - 31 March 2017

A 8 Segment information

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

The segment information are as follows:

	First financial quarter		Three months	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	20,752	18,550	20,752	18,550
Revenue from major customers	18,394	17,040	18,394	17,040
Reportable segment profit/(loss)	856	(1,648)	856	(1,648)

Reportable segment's profit/(loss) are reconciled as follows:

Total profit/(loss) for reportable segment	856	(1,648)	856	(1,648)
Share of results of associates	774	(199)	774	(199)
Share of results of a joint venture	(354)	(793)	(354)	(793)
Interest income	721	595	721	595
Dividend income	131	229	131	229
Other income	589	-	589	-
Other expenses	-	(1,264)	-	(1,264)
Profit/(loss) before tax	2,717	(3,080)	2,717	(3,080)

	31.03.2017	31.12.2016
	RM'000	RM'000
Reportable segment assets	551,533	550,779

Reportable segment's assets are reconciled as follows:

Total assets for reportable segment	551,533	550,779
Investments in associates	30,636	29,283
Investment in a joint venture	16,580	14,064
Investment securities	81,107	74,090
Unallocated assets	118,964	119,203
Total assets	798,820	787,419

Reportable segment liabilities	8,239	8,888
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Reportable segment's liabilities are reconciled as follows:

Total liabilities for reportable segment	8,239	8,888
Income tax payable	-	336
Deferred tax liabilities	73,559	73,788
Total liabilities	81,798	83,012

A 9 Property, plant and equipment

There were no acquisitions and no disposals of property, plant and equipment for the three months ended 31 March 2017.

Capital commitments as at 31 March 2017:

	RM'000
Approved and contracted for	125
Approved but not contracted for	2,375

A 10 Material events subsequent to first financial quarter

Other than the declaration of the first interim single tier dividend as disclosed in Note B10, there were no material events subsequent to the first financial quarter that have not been reflected in the financial statements for the financial quarter ended 31 March 2017.

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 March 2017

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 March 2017.

A 13 Related party disclosures

	Three months 31.03.2017 RM'000
(a) Companies in which certain directors and substantial shareholders have interests	
Marketing consultancy fee	159
(b) A related corporation in which certain directors and substantial shareholders have interests	
Sale of oil palm produce	4,098
(c) An associate in which certain directors and substantial shareholders have interests	
Management fee	494

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

First financial quarter ended 31 March 2017

Revenue in the current financial quarter under review increased by 11.87% to RM20,752,000 from RM18,550,000 in the same financial quarter a year ago. This was mainly due to increase 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 were lower.

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 absence of loss in foreign currency translation.

Other income was higher mainly due to an amount of gain in foreign currency translation.

The Group recorded a positive contribution in its share of results of associates mainly due to the profit contributed from an associate engaged in trading of shares and stocks.

Overall, the Group recorded profit net tax of RM2,759,000 in current financial quarter under review as compared with loss net of tax of RM3,065,000 in the same financial quarter a year ago mainly due to the reasons mentioned above.

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

Revenue in the current financial quarter under review increased by 7.1% to RM20,752,000 from RM19,376,000 in the immediate preceding quarter mainly due to increases in the average selling prices of ffb, crude palm oil and palm kernel.

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

The Group recorded a lower profit before tax of RM2,717,000 in the first financial quarter under review as compared with a profit before tax of RM11,000,000 in the immediate preceding quarter. This was mainly due to the favourable adjustment of RM15,800,000 representing the increase in fair value of biological assets recognised in the income statement arising from the valuation of biological assets performed by a professional valuer in the preceding financial quarter, even though there was an unfavourable adjustment of RM3,114,000 representing the impairment loss in an investment in a joint venture.

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 has recorded a profit before tax of RM2,717,000 as compared with a loss before tax of RM1,686,000.

Notes to the interim financial report - 31 March 2017

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

	First financial quarter 31.03.2017 RM'000	Three months 31.03.2017 RM'000
Current income tax	187	187
Deferred income tax	(229)	(229)
	<u>(42)</u>	<u>(42)</u>

The disproportionate tax rate was mainly due to the losses suffered by the Company and a subsidiary in the plantation operation and 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.

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 quarter under review and the period since the end of current financial quarter under review to the date of issue of this interim report.

	31.03.2017 RM'000
Remaining capital and investment outlay	<u>22,769</u>

Notes to the interim financial report - 31 March 2017

B 7 Borrowings and debt securities

As at 31 March 2017, there were no borrowings and debt securities.

B 8 Derivatives financial instruments

There were no derivatives financial instruments transacted during the three months period ended 31 March 2017.

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 sen per stock unit in respect of the financial year ending 31 December 2017 has been declared by the Board of Directors.
- (ii) The amount per stock unit: 3 sen, single tier.
- (iii) The date payable for the first interim single tier dividend of 3 sen per stock unit: 30 June 2017.
- (iv) In respect of the deposited securities, entitlement to the first interim single tier dividend of 3 sen per stock unit will be determined on the basis of the record of depositors as at 14 June 2017.
- (v) The total dividends for the current financial year ending 31 December 2017:-

<u>Type of dividend</u>	sen per stock unit
First interim, single tier	<u>3.00</u>

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

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

B 11 Earnings/(loss) per stock unit

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

	First financial quarter		Three months	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Profit/(loss) attributable to owners of the parent (RM'000)	<u>2,279</u>	<u>(2,231)</u>	<u>2,279</u>	<u>(2,231)</u>
Weighted average number of stock units ('000)	<u>70,202</u>	<u>70,202</u>	<u>70,202</u>	<u>70,202</u>
Earnings/(loss) per stock unit (sen)				
Basic	3.25	(3.18)	3.25	(3.18)
Diluted	<u>3.25</u>	<u>(3.18)</u>	<u>3.25</u>	<u>(3.18)</u>

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 March 2017

B 12 Realised and unrealised profit/losses disclosure

	As at 31.03.2017 RM'000	As at 31.12.2016 RM'000
Total retained profits of the Company and its subsidiaries		
Realised	211,799	206,002
Unrealised	26,878	34,857
	<u>238,677</u>	<u>240,859</u>
Total share of retained profits from associates		
Realised profits	1,269	5,108
Unrealised profits	5,225	647
Total share of retained profits/(accumulated losses) from a joint venture		
Unrealised profits	9,850	515
Realised losses	(20,433)	(10,792)
	<u>234,588</u>	<u>236,337</u>
Less: consolidation adjustments	(40,423)	(44,956)
Total Group retained profits as per consolidated financial statements	<u>194,165</u>	<u>191,381</u>

B 13 Notes to condensed statement of comprehensive income

	First financial quarter 31.03.2017 RM'000	Three months 31.03.2017 RM'000
Interest income	721	721
Other income including investment income	131	131
Depreciation	(1,583)	(1,583)
Foreign exchange gain	589	589
	<u>589</u>	<u>589</u>

B 14 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2016 was not qualified.

By Order of the Board

Gan Kok Tiong
Company Secretary
29 May 2017