

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

Condensed consolidated statements of profit or loss
For the fourth financial quarter ended 31 December 2017

	Fourth financial quarter 31 December		Twelve months 31 December	
	2017 RM'000	2016 RM'000 (Restated)	2017 RM'000	2016 RM'000 (Restated)
Revenue	20,674	19,376	88,617	84,683
Cost of sales	(12,166)	(13,586)	(55,685)	(61,130)
Gross profit	8,508	5,790	32,932	23,553
Interest income	803	612	3,234	2,977
Dividend income	663	573	2,877	2,840
Other income	35	754	143	1,015
Fair value adjustment of biological assets	2	387	(560)	885
Selling expenses	(418)	(256)	(1,740)	(1,342)
Administrative expenses	(5,547)	(4,845)	(21,343)	(18,809)
Other expenses	(923)	(3,244)	(1,105)	(3,408)
Share of results of associates	(355)	122	1,358	1,650
Share of results of a joint venture	(503)	(654)	(1,135)	(4,241)
Profit/(loss) before tax	2,265	(761)	14,661	5,120
Income tax expense	(1,806)	(672)	(3,006)	(2,057)
Profit/(loss) net of tax	459	(1,433)	11,655	3,063
Attributable to:				
Owners of the Company	402	(1,335)	9,474	3,081
Non-controlling interests	57	(98)	2,181	(18)
	459	(1,433)	11,655	3,063
Earnings/(loss) per stock unit attributable to owners of the Company (sen)				
Basic	0.57	(1.90)	13.50	4.39
Diluted	0.57	(1.90)	13.50	4.39

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

Condensed consolidated statements of comprehensive income
For the fourth financial quarter ended 31 December 2017

	Fourth financial quarter 31 December		Twelve months 31 December	
	2017 RM'000	2016 RM'000 (Restated)	2017 RM'000	2016 RM'000 (Restated)
Profit/(loss) net of tax	459	(1,433)	11,655	3,063
Other comprehensive income:				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:				
Foreign currency translation	(1,180)	2,471	(1,249)	1,170
Net gain on fair value changes of available-for-sale investment securities	4,139	4,815	12,018	3,394
Share of other comprehensive loss of an associate	-	(1)	-	(10)
Total other comprehensive income that may be reclassified to profit or loss in subsequent periods	2,959	7,285	10,769	4,554
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Share of other comprehensive income of a joint venture, representing total other comprehensive income that will not be reclassified to profit or loss in subsequent periods	-	9	-	9
Total other comprehensive income	2,959	7,294	10,769	4,563
Total comprehensive income for the period	3,418	5,861	22,424	7,626
Attributable to:				
Owners of the Company	2,269	4,584	17,059	6,514
Non-controlling interests	1,149	1,277	5,365	1,112
	3,418	5,861	22,424	7,626

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

Condensed consolidated statement of financial position
As at 31 December 2017

	31.12.2017 RM'000	31.12.2016 RM'000 (Restated)	01.01.2016 RM'000 (Restated)
Assets			
Non-current assets			
Property, plant and equipment	483,352	483,001	481,995
Investments in associates	30,287	30,023	27,862
Investment in a joint venture	12,143	13,880	20,575
Investment securities	87,197	74,090	69,298
	<u>612,979</u>	<u>600,994</u>	<u>599,730</u>
Current assets			
Biological assets	2,055	2,615	1,730
Inventories	3,046	2,073	2,641
Receivables	6,885	7,515	6,952
Income tax recoverable	1,374	2,724	3,391
Cash and bank balances	128,867	120,095	117,122
	<u>142,227</u>	<u>135,022</u>	<u>131,836</u>
Total assets	<u>755,206</u>	<u>736,016</u>	<u>731,566</u>
Current liabilities			
Payables	10,177	8,888	8,239
Income tax payable	-	336	-
	<u>10,177</u>	<u>9,224</u>	<u>8,239</u>
Non-current liabilities			
Deferred tax liabilities	65,760	64,979	64,260
Total liabilities	<u>75,937</u>	<u>74,203</u>	<u>72,499</u>
Equity attributable to owners of the Company			
Share capital	74,538	70,202	70,202
Share premium	-	4,336	4,336
Other reserves	25,470	17,885	14,452
Retained profits	466,377	461,115	462,246
	<u>566,385</u>	<u>553,538</u>	<u>551,236</u>
Non-controlling interests	112,884	108,275	107,831
Total equity	<u>679,269</u>	<u>661,813</u>	<u>659,067</u>
Total equity and liabilities	<u>755,206</u>	<u>736,016</u>	<u>731,566</u>
Net assets per stock unit attributable to owners of the Company (RM)	8.07	7.88	7.85

Negri Sembilan Oil Palms Berhad (992D)
(Incorporated in Malaysia)

Condensed consolidated statement of changes in equity
For the fourth financial quarter ended 31 December 2017

	Non-Distributable		Distributable		Non-Distributable					
	Equity attributable to owners of the Company, total RM'000		Share capital RM'000	Share premium RM'000	Retained profits RM'000	Other reserves, total RM'000	Other reserves			Non-controlling interests RM'000
	Equity, the Company, total RM'000	Share capital RM'000					Share premium RM'000	Foreign currency translation reserve RM'000	Employee benefits reserve of joint venture RM'000	
At 1 January 2016 (Restated)	659,067	551,236	70,202	4,336	462,246	14,452	-	59	14,393	107,831
Profit/(loss) for the period	3,063	3,081	-	-	3,081	-	-	-	-	(18)
Other comprehensive income	4,563	3,433	-	-	-	3,433	1,057	7	2,369	1,130
Transactions with owners										
Dividends paid to owners of the Company	(4,212)	(4,212)	-	-	(4,212)	-	-	-	-	-
Dividends paid to non-controlling interests	(668)	-	-	-	-	-	-	-	-	(668)
Total dividends, representing total transactions with owners	(4,880)	(4,212)	-	-	(4,212)	-	-	-	-	(668)
At 31 December 2016 (Restated)	661,813	553,538	70,202	4,336	461,115	17,885	1,057	66	16,762	108,275
At 1 January 2017 (Restated)	661,813	553,538	70,202	4,336	461,115	17,885	1,057	66	16,762	108,275
Profit for the period	11,655	9,474	-	-	9,474	-	-	-	-	2,181
Other comprehensive income/(loss)	10,769	7,585	-	-	-	7,585	(1,133)	-	8,718	3,184
Transition to no-par value regime	-	-	4,336	(4,336)	-	-	-	-	-	-
Transactions with owners										
Dividends paid to owners of the Company	(4,212)	(4,212)	-	-	(4,212)	-	-	-	-	-
Dividends paid to non-controlling interests	(756)	-	-	-	-	-	-	-	-	(756)
Total dividends, representing total transactions with owners	(4,968)	(4,212)	-	-	(4,212)	-	-	-	-	(756)
At 31 December 2017	679,269	566,385	74,538	-	466,377	25,470	(76)	66	25,480	112,884

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

Condensed consolidated statement of cash flows
For the fourth financial quarter ended 31 December 2017

	Twelve months	
	31.12.2017	31.12.2016
	RM'000	RM'000
		(Restated)
Operating activities		
Profit before tax	14,661	5,120
<u>Adjustments</u>		
Depreciation of property, plant and equipment	7,767	7,784
Fair value increase in biological assets	560	(885)
Dividend income	(2,877)	(2,840)
Gain on sale of property, plant and equipment	(13)	-
Interest income	(3,234)	(2,977)
Net fair value gain on available-for-sale securities (transferred from equity on disposal)	-	(17)
Property, plant and equipment written off	62	294
Provision for impairment loss on investment in a joint venture	-	3,114
Share of results of associates	(1,358)	(1,650)
Share of results of a joint venture	1,135	4,241
Unrealised loss/(gain) on foreign exchange	708	(599)
Total adjustments	2,750	6,465
Operating cash flows before changes in working capital	17,411	11,585
<u>Changes in working capital</u>		
(Increase)/decrease in inventories	(973)	568
Decrease in receivables	994	246
Increase in payables	1,289	649
Total changes in working capital	1,310	1,463
Cash flows generated from operations	18,721	13,048
Taxes paid	(1,212)	(335)
Net cash flows generated from operating activities	17,509	12,713
Investing activities		
Dividends received	2,946	2,234
Interest received	2,868	2,167
Purchase of property, plant and equipment	(8,180)	(9,083)
Purchase of investment securities	(708)	(1,166)
Proceeds from sale of property, plant and equipment	13	-
Proceeds from sale of investment securities	-	389
Changes in deposits with maturity of more than 3 months	(21,123)	(56,373)
Net cash flows used in investing activities	(24,184)	(61,832)
Financing activities		
Dividends paid to owners of the Company	(4,212)	(4,212)
Dividends paid to non-controlling interests	(756)	(668)
Net cash flows used in financing activities	(4,968)	(4,880)
Net decrease in cash and cash equivalents	(11,643)	(53,999)
Effects of exchange rate changes on cash and cash equivalents	(708)	599
Cash and cash equivalents at beginning of period	63,387	116,787
Cash and cash equivalents at end of period	51,036	63,387
Cash and cash equivalents at end of period comprise:		
Cash on hand and at banks	20,904	17,527
Deposits with financial institutions	107,963	102,568
Cash and bank balances	128,867	120,095
Less: deposits with maturity of more than 3 months	(77,831)	(56,708)
Cash and cash equivalents	51,036	63,387

Notes to the interim financial report - 31 December 2017

A Explanatory notes - FRS 134 : Interim Financial Reporting

A 1 Basis of preparation

The interim financial report has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 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.

Transition to the MFRS Framework

During the current financial quarter under review, the Group has opted for an early transition to the MFRS Framework, therefore this interim financial report will be the Group's inaugural financial statements prepared under the framework, in accordance with MFRS 1: First-time Adoption of MFRS. Accordingly, the Group has also made an early adoption for the amendments on MFRS 116 and MFRS 141 Agriculture: Bearer Plants. The effective date of transition to MFRS Framework is 1 January 2016.

Except for the adoption of the MFRS Framework and amendments to the standards mentioned above, 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.

As required by MFRS 1, the Group has restated its comparative figures in the interim financial report and effects of the MFRS adjustments to the financial statements of the Group are summarised below:

	Previously reported under FRSs RM'000	MFRSs adjustments RM'000	Restated under MFRS Framework RM'000
<u>Statement of profit or loss</u>			
<u>(Financial quarter ended 31 December 2016)</u>			
Cost of sales	(13,273)	(313)	(13,586)
Fair value adjustment of biological assets	15,800	(15,413)	387
Replanting expenses	(2,067)	2,067	-
Share of results of associates	138	(16)	122
Share of result of a joint venture	(2,568)	1,914	(654)
Income tax expense	(4,012)	3,340	(672)
<u>(Financial year ended 31 December 2016)</u>			
Cost of sales	(59,353)	(1,777)	(61,130)
Fair value adjustment of biological assets	15,800	(14,915)	885
Replanting expenses	(7,132)	7,132	-
Share of results of associates	1,670	(20)	1,650
Share of result of a joint venture	(3,716)	(525)	(4,241)
Income tax expense	(4,355)	2,298	(2,057)
<u>Statement of comprehensive income</u>			
<u>(Financial quarter ended 31 December 2016)</u>			
Foreign currency translation	1,860	611	2,471
Revaluation surplus on freehold land and leasehold land	36,058	(36,058)	-

Negri Sembilan Oil Palms Berhad (592D)
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Notes to the interim financial report - 31 December 2017

A 1 Basis of preparation (cont'd.)

Transition to the MFRS Framework (cont'd.)

	Previously reported under FRSs RM'000	MFRSs adjustments RM'000	Restated under MFRS Framework RM'000
<u>Statement of comprehensive income (cont'd.)</u>			
<u>(Financial year ended 31 December 2016)</u>			
Foreign currency translation	1,297	(127)	1,170
Revaluation surplus on freehold land and leasehold land	36,058	(36,058)	-
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Statement of financial position
(As at 1 January 2016)

Assets

Property, plant and equipment			
- bearer plants	-	38,270	38,270
Investments in associates	27,101	761	27,862
Investment in a joint venture	20,110	465	20,575
Biological assets	40,000	(38,270)	1,730
Inventories	2,307	334	2,641

Equity

Asset revaluation reserve - land	268,172	(268,172)	-
Foreign currency translation reserve	7,540	(7,540)	-
Retained profits	185,132	277,114	462,246
Non-controlling interests	107,673	158	107,831
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(As at 31 December 2016)

Assets

Property, plant and equipment			
- freehold and leasehold land	467,900	(42,570)	425,330
- bearer plants	-	43,613	43,613
Investments in associates	29,283	740	30,023
Investment in a joint venture	14,064	(184)	13,880
Biological assets	55,800	(53,185)	2,615
Inventories	1,890	183	2,073

Liabilities

Deferred tax liabilities	73,788	(8,809)	64,979
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Equity

Asset revaluation reserve - land	297,072	(297,072)	-
Foreign currency translation reserve	8,705	(7,648)	1,057
Retained profits	191,381	269,734	461,115
Non-controlling interests	115,884	(7,609)	108,275
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Notes to the interim financial report - 31 December 2017

A 1 Basis of preparation (cont'd.)

Notes:

- 1 Property, plant and equipment (freehold and leasehold land) - deemed cost exemption
The Group has used the fair value of opening balance of freehold and leasehold land as deemed cost at the date of transition to MFRS. The revaluation surplus net of deferred tax and NCI during the financial year 2016 is recognised in retained earnings as at 1 January 2016. Accordingly, this resulted in a decrease in depreciation recognised in the current and previous interim periods.
- 2 Property, plant and equipment (bearer plants)
Prior to transitioning to MFRS Framework, plantation development expenditures consisting of cost incurred on land clearing and upkeep of oil palms are recognised in profit or loss. With the adoption of Amendments to MFRS 141 and MFRS 116, the new planting and replanting expenditures are capitalised under property, plant and equipment and measured at cost less accumulated depreciation.
- 3 Biological assets
Biological assets of the Group are fresh fruit bunches prior to harvest. Prior to adoption of MFRS Framework, the fresh fruit bunches are part of the bearer plants and are not recognised separately. With the change under the MFRS Framework, the biological assets are measured at fair value less cost to sell and the changes in fair value less cost to sell are recognised in profit or loss.
- 4 Exemption for cumulative translation differences
The Group has elected to recycle the foreign currency translation reserve as at 1 January 2016 to retained earnings.

Standards issued but not yet effective

The Group has not adopted those new standards, amendments to standards and interpretations that have been issued but not yet effective under the MFRS Framework. 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.

Notes to the interim financial report - 31 December 2017

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 2017:

	Hectares			
Mature	5,546			
Replanting and immature	1,626			
	<u>7,172</u>			
	Fourth financial quarter		Twelve months	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
<u>Production (m/t)</u>				
<u>Fresh fruit bunches</u>				
Own estates	25,094	19,991	98,354	89,779
Purchase	9,083	9,691	44,467	47,638
	<u>34,177</u>	<u>29,682</u>	<u>142,821</u>	<u>137,417</u>
Crude palm oil	4,791	3,907	21,250	18,825
Palm kernel	1,241	1,023	5,763	5,195
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<u>Extraction Rate</u>				
Crude palm oil	18.30%	18.88%	18.08%	18.68%
Palm kernel	4.74%	4.94%	4.90%	5.16%
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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

Other than those described in Note A1, 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 twelve months ended 31 December 2017.

A 6 Fair value changes of financial liabilities

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

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Notes to the interim financial report - 31 December 2017

A 7 Dividends paid

The amount of dividends paid during the twelve months ended 31 December 2017:-

	RM'000
First interim single-tier dividend of 3 sen per stock unit in respect of financial year ended 31 December 2017 paid on 30 June 2017	2,106
Second interim single-tier dividend of 3 sen per stock unit in respect of financial year ended 31 December 2017 paid on 29 December 2017	2,106
	4,212

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	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	20,674	19,376	88,617	84,683
Revenue from major customers	16,337	18,294	69,917	78,890
Reportable segment profit	2,433	1,170	9,037	4,687

Reportable segment's profit are reconciled as follows:

Total profit for reportable segment	2,433	1,170	9,037	4,687
Share of results of associates	(355)	122	1,358	1,650
Share of results of a joint venture	(503)	(654)	(1,135)	(4,241)
Interest income	803	612	3,234	2,977
Dividend income	663	573	2,877	2,840
Other income	-	661	-	615
Other expenses	(776)	(3,245)	(710)	(3,408)
Profit before tax	2,265	(761)	14,661	5,120

	31.12.2017	31.12.2016
	RM'000	RM'000
Reportable segment assets	500,762	498,820

Reportable segment's assets are reconciled as follows:

Total assets for reportable segment	500,762	498,820
Investments in associates	30,287	30,023
Investment in a joint venture	12,143	13,880
Investment securities	87,197	74,090
Unallocated assets	124,817	119,203
Total assets	755,206	736,016

Reportable segment liabilities	10,177	8,888
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Reportable segment's liabilities are reconciled as follows:

Total liabilities for reportable segment	10,177	8,888
Income tax payable	-	336
Deferred tax liabilities	65,760	64,979
Total liabilities	75,937	74,203

Notes to the interim financial report - 31 December 2017

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 2017.

Capital commitments as at 31 December 2017:

	RM'000
Approved and contracted for	9
Approved but not contracted for	<u>2,060</u>

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 2017.

A 11 Changes in composition of the Group

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

A 12 Contingent liabilities and contingent assets

As at the date of issue of this interim financial report, there were no contingent liabilities and contingent assets that had arisen since 31 December 2016.

A 13 Related party disclosures

	Twelve months 31.12.2017 RM'000
(a) Companies in which certain directors and substantial shareholders have interests	
Marketing consultancy fee	631
Purchase of oil palm produce	350
Purchase of oil palm seedlings	<u>6</u>
(b) A related corporation in which certain directors and substantial shareholders have interests	
Supply of labour	52
Seedlings cultivation cost	86
Sale of oil palm produce	<u>15,522</u>
(c) An associate in which certain directors and substantial shareholders have interests	
Management fee	<u>1,976</u>
	As at 31.12.2017 RM'000
(d) Included in receivables is an amount due from:-	
A related corporation in which certain directors and substantial shareholders have interests	<u>505</u>

Notes to the interim financial report - 31 December 2017

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 2017

Revenue in the current financial quarter under review increased by 6.7% to RM20,674,000 from RM19,376,000 in the same financial quarter a year ago. The sales volume of crude palm oil and palm kernel were higher, however the sales volume of ffb was lower. The average selling prices of ffb, crude palm oil and palm kernel were lower.

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.

Other income was lower mainly due to the absence of gain on foreign currency translation. In the current financial quarter under review, there was an amount of loss on foreign currency translation.

Overall expenses were lower mainly due to an absence of impairment loss on investment in joint venture of RM3,113,877 in current financial quarter under review.

The Group incurred an overall loss from its share of results of associates mainly due to a loss incurred by an associate engaged in the provision of management and advisory services and acting as an insurance agent.

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 incurring losses.

Overall, profit net of tax for the current financial quarter was RM459,000 as compared with a loss net of tax of RM1,433,000 in the previous year corresponding financial quarter.

Financial year ended 31 December 2017

Revenue in the current financial year under review increased by 4.65% to RM88,617,000 from RM84,683,000 in the previous financial year. The average selling prices of ffb, crude palm oil and palm kernel were higher. The sales volume of crude palm oil and palm kernel were higher, however the sales volume of ffb was lower.

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.

Other income was lower mainly due to the absence of gain on foreign currency translation. In the current financial year under review, there was an amount of loss on foreign currency translation.

Overall expenses were lower mainly due to a decrease in purchase of crude palm oil and palm kernel and an absence of impairment loss on investment in joint venture of RM3,113,877 in current financial year under review.

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 incurring losses.

Overall, profit net of tax increased by 280.39% to RM11,655,000 from RM3,063,000 mainly due to the reasons mentioned above.

Notes to the interim financial report - 31 December 2017

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

	Fourth financial quarter 31.12.2017 RM'000	Third financial quarter 30.09.2017 RM'000 (Restated)
Revenue	20,674	24,353
Cost of sales	(12,166)	(16,281)
Gross profit	8,508	8,072
Interest income	803	901
Dividend income	663	1,153
Other income	35	46
Fair value adjustment of biological assets	2	(997)
Selling expenses	(418)	(488)
Administrative expenses	(5,547)	(4,665)
Other expenses	(923)	(111)
Share of results of associates	(355)	674
Share of results of a joint venture	(503)	(235)
Profit before tax	<u>2,265</u>	<u>4,350</u>

Revenue in the current financial quarter under review decreased by 15.11% to RM20,674,000 from RM24,353,000 in the immediate preceding financial quarter. The sales volume of crude palm oil and palm kernel were lower, however the sales volume of ffb was higher. The average selling prices of crude palm oil and palm kernel were higher, however the average selling price of ffb was marginally 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 a decrease in purchase of ffb.

The Group incurred an overall loss from its share of results of associates mainly due to a loss incurred by an associate engaged in the provision of management and advisory services and acting as an insurance agent.

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.

Overall, profit before tax decreased by 47.93% to RM2,265,000 from RM4,350,000 mainly due to the decrease in revenue.

B 3 Prospects for financial year ending 31 December 2018

The average selling prices of crude palm oil are expected to be range bound and this would have a corresponding effect on the financial performance for the financial year ending 31 December 2018.

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.

Notes to the interim financial report - 31 December 2017

B 5 Income tax expense

	Fourth financial quarter 31.12.2017 RM'000	Twelve months 31.12.2017 RM'000
Current income tax	825	2,382
Over provision in respect of prior year	-	(157)
	<u>825</u>	<u>2,225</u>
Deferred income tax	981	781
	<u>1,806</u>	<u>3,006</u>

The effective tax rate for the fourth financial quarter ended 31 December 2017 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 and associates. The effective tax rate for the twelve months period ended 31 December 2017 under review was lower mainly due to certain income which are not assessable for income tax purpose and the effect of share of results of the 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 2017, 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 twelve 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.

	31.12.2017 RM'000
Remaining capital and investment outlay	<u>22,769</u>

B 7 Borrowings and debt securities

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

B 8 Derivatives financial instruments

There were no derivatives financial instruments transacted during the twelve months period ended 31 December 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.

Notes to the interim financial report - 31 December 2017

B 10 Dividends

- (i) A first interim single tier dividend of 3 sen per stock unit and a second interim single tier dividend of 3 sen per stock unit in respect of the financial year ended 31 December 2017 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 2017.
- (iii) The total dividends for the current financial year ended 31 December 2017:-

<u>Type of dividend</u>	sen per stock unit
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 2016:-

<u>Type of dividend</u>	sen per stock unit
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	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Profit/(loss) attributable to owners of the parent (RM'000)	<u>402</u>	<u>(1,335)</u>	<u>9,474</u>	<u>3,081</u>
Weighted average number of stock units	<u>70,202</u>	<u>70,202</u>	<u>70,202</u>	<u>70,202</u>
Earnings/(loss) per stock unit (sen)				
Basic	0.57	(1.90)	13.50	4.39
Diluted	<u>0.57</u>	<u>(1.90)</u>	<u>13.50</u>	<u>4.39</u>

The diluted earnings/(loss) 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 - 31 December 2017

B 12 Notes to condensed statement of comprehensive income

	Fourth financial quarter 31.12.2017 RM'000	Twelve months 31.12.2017 RM'000
Interest income	803	3,234
Other income including investment income	663	2,877
Depreciation	(2,758)	(7,767)
Foreign exchange loss	(776)	(708)
	<hr/>	<hr/>

B 13 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
28 February 2018