

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

Condensed consolidated statements of profit or loss
For the second financial quarter ended 30 June 2018

	Second financial quarter 30 June		Six months 30 June	
	2018 RM'000	2017 RM'000 (Restated)	2018 RM'000	2017 RM'000 (Restated)
Revenue	15,662	22,838	32,572	43,590
Cost of sales	(11,934)	(14,250)	(23,974)	(27,238)
Gross profit	3,728	8,588	8,598	16,352
Interest income	1,010	809	1,803	1,530
Dividend income	738	930	907	1,061
Other income	16,757	24	25,920	690
Selling expenses	(377)	(496)	(792)	(834)
Administrative expenses	(5,465)	(6,159)	(10,360)	(11,131)
Other expenses	(303)	(771)	(773)	(264)
Share of results of associates	(1,222)	270	(302)	1,039
Share of results of a joint venture	(314)	(363)	(470)	(397)
Profit before tax	14,552	2,832	24,531	8,046
Income tax credit/(expense)	450	(448)	104	(861)
Profit net of tax	15,002	2,384	24,635	7,185
Attributable to:				
Owners of the Company	10,670	1,544	17,677	5,577
Non-controlling interests	4,332	840	6,958	1,608
	15,002	2,384	24,635	7,185
Earnings per stock unit attributable to owners of the Company (sen)				
Basic	15.20	2.20	25.18	7.94
Diluted	15.20	2.20	25.18	7.94

Negri Sembilan Oil Palms Berhad (5920)
(Incorporated in Malaysia)

Condensed consolidated statements of comprehensive income
For the second financial quarter ended 30 June 2018

	Second financial quarter 30 June		Six months 30 June	
	2018 RM'000	2017 RM'000 (Restated)	2018 RM'000	2017 RM'000 (Restated)
Profit net of tax	15,002	2,384	24,635	7,185
Other comprehensive (loss)/income:				
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:				
Foreign currency translation	1,007	(440)	(975)	(135)
Net (loss)/gain on fair value changes of available-for-sale investment securities	(18,170)	1,266	(24,278)	7,674
Share of other comprehensive loss of an associate	(7)	-	(7)	-
Total other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods, representing total other comprehensive (loss)/income	(17,170)	826	(25,260)	7,539
Total comprehensive (loss)/income for the period	(2,168)	3,210	(625)	14,724
Attributable to:				
Owners of the Company	(1,688)	2,072	(738)	11,129
Non-controlling interests	(480)	1,138	113	3,595
	(2,168)	3,210	(625)	14,724

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

Condensed consolidated statement of financial position
As at 30 June 2018

	30.06.2018	31.12.2017
	RM'000	RM'000
Assets		
Non-current assets		
Property, plant and equipment	483,377	483,353
Investments in associates	29,353	30,286
Investment in a joint venture	11,321	12,142
Investment securities	48,440	87,197
	<u>572,491</u>	<u>612,978</u>
Current assets		
Inventories	2,340	3,047
Consumable biological assets	1,861	2,054
Receivables	8,771	6,887
Income tax recoverable	2,340	1,456
Cash and bank balances	158,270	128,867
	<u>173,582</u>	<u>142,311</u>
Total assets	<u>746,073</u>	<u>755,289</u>
Current liabilities		
Payables	6,876	10,175
Income tax payable	19	231
	<u>6,895</u>	<u>10,406</u>
Non-current liabilities		
Deferred tax liabilities	64,840	65,610
Total liabilities	<u>71,735</u>	<u>76,016</u>
Equity attributable to owners of the Company		
Share capital	74,538	74,538
Other reserves	7,057	25,472
Retained profits	480,548	466,381
	<u>562,143</u>	<u>566,391</u>
Non-controlling interests	112,195	112,882
Total equity	<u>674,338</u>	<u>679,273</u>
Total equity and liabilities	<u>746,073</u>	<u>755,289</u>
Net assets per stock unit attributable to owners of the Company (RM)	<u>8.01</u>	<u>8.07</u>

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

Condensed consolidated statement of changes in equity
For the second financial quarter ended 30 June 2018

	Non-Distributable		Distributable		Non-Distributable				Non-controlling interests RM'000
	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	Foreign currency translation reserve RM'000	Employee benefits reserve of a joint venture RM'000	Fair value adjustment reserve RM'000	
At 1 January 2017 (Restated)	661,814	70,202	4,336	461,115	17,886	1,057	67	16,762	108,275
Profit for the period	7,185	-	-	5,577	-	-	-	-	1,608
Other comprehensive income/(loss)	7,539	-	-	-	5,552	(104)	-	5,656	1,987
Transactions with owners									
Dividends paid to owners of the Company	(2,106)	-	-	(2,106)	-	-	-	-	-
Dividends paid to non-controlling interests	(334)	-	-	-	-	-	-	-	(334)
Total dividends, representing total transactions with owners	(2,440)	-	-	(2,106)	-	-	-	-	(334)
At 30 June 2017 (Restated)	674,098	70,202	4,336	464,586	23,438	953	67	22,418	111,536
At 1 January 2018	679,273	74,538	-	466,381	25,472	(75)	67	25,480	112,882
Profit for the period	24,635	-	-	17,677	-	-	-	-	6,958
Other comprehensive loss	(25,260)	-	-	-	(18,415)	(893)	-	(17,522)	(6,845)
Transactions with owners									
Dividends paid to owners of the Company	(3,510)	-	-	(3,510)	-	-	-	-	-
Dividends paid to non-controlling interests	(800)	-	-	-	-	-	-	-	(800)
Total dividends, representing total transactions with owners	(4,310)	-	-	(3,510)	-	-	-	-	(800)
At 30 June 2018	674,338	74,538	-	480,548	7,057	(968)	67	7,958	112,195

Negri Sembilan Oil Palms Berhad (5920)
(Incorporated in Malaysia)

Condensed consolidated statement of cash flows
For the second financial quarter ended 30 June 2018

	Six months	
	30.06.2018	30.06.2017
	RM'000	RM'000
		(Restated)
Operating activities		
Profit before tax	24,531	8,046
<u>Adjustments</u>		
Depreciation of property, plant and equipment	3,964	3,996
Fair value loss/(gain) of consumable biological assets	193	(435)
Dividend income	(907)	(1,061)
Interest income	(1,803)	(1,530)
Net fair value gain on available-for-sale investment securities (transferred from equity on disposal)	(25,854)	-
Property, plant and equipment written off	27	-
Share of results of associates	302	(1,039)
Share of results of a joint venture	470	397
Unrealised loss/(gain) on foreign exchange	553	(179)
Total adjustments	(23,055)	149
Operating cash flows before changes in working capital	1,476	8,195
<u>Changes in working capital</u>		
Decrease/(increase) in inventories	707	(734)
(Increase)/decrease in receivables	(2,557)	2,280
Decrease in payables	(3,299)	(1,354)
Total changes in working capital	(5,149)	192
Cash flows (used in)/generated from operations	(3,673)	8,387
Taxes paid	(1,762)	(94)
Net cash flows (used in)/generated from operating activities	(5,435)	8,293
Investing activities		
Dividends received	1,322	793
Interest received	2,028	1,791
Addition of property, plant and equipment	(4,015)	(3,997)
Purchase of investment securities	(7,696)	(612)
Proceeds from sale of investment securities	48,063	-
Changes in deposits with maturity of more than 3 months	46,676	(34,655)
Net cash flows generated from/(used in) investing activities	86,378	(36,680)
Financing activities		
Dividends paid to owners of the Company	(3,510)	(2,106)
Dividends paid to non-controlling interests	(800)	(334)
Net cash flows used in financing activities	(4,310)	(2,440)
Net increase/(decrease) in cash and cash equivalents	76,633	(30,827)
Effects of exchange rate changes on cash and cash equivalents	(553)	179
Cash and cash equivalents at beginning of period	37,037	63,387
Cash and cash equivalents at end of period	113,117	32,739
Cash and cash equivalents at end of period comprise:		
Cash on hand and at banks	23,791	19,298
Deposits with financial institutions	134,479	104,804
Cash and bank balances	158,270	124,102
Less: deposits with maturity of more than 3 months	(45,153)	(91,363)
Cash and cash equivalents	113,117	32,739

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

Notes to the interim financial report - 30 June 2018

A Explanatory notes - MFRS 134 : Interim Financial Reporting

A 1 Basis of preparation

The interim financial report has been prepared in accordance with the 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 2017.

In the previous financial quarter ended 31 December 2017, the Group has opted for an early transition to the MFRS Framework, therefore 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 as 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 30 June 2017)</u>			
Cost of sales	(13,976)	(274)	(14,250)
Other expenses			
- Fair value loss of consumable biological assets	-	(83)	(83)
Replanting expenses	(2,170)	2,170	-
Share of results of associates	267	3	270
Share of results of a joint venture	(356)	(7)	(363)
Income tax expense	(56)	(392)	(448)
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<u>(Six months ended 30 June 2017)</u>			
Cost of sales	(26,804)	(434)	(27,238)
Other income			
- Fair value gain of consumable biological assets	-	435	435
Replanting expenses	(3,994)	3,994	-
Share of results of associates	1,040	(1)	1,039
Share of results of a joint venture	(710)	313	(397)
Income tax expense	(14)	(847)	(861)
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<u>Statement of comprehensive income</u>			
<u>(Financial quarter ended 30 June 2017)</u>			
Foreign currency translation	(735)	295	(440)
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<u>(Six months ended 30 June 2017)</u>			
Foreign currency translation	2,713	(2,848)	(135)
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Negri Sembilan Oil Palms Berhad (592D)
(Incorporated in Malaysia)

Notes to the interim financial report - 30 June 2018

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 interim periods that have a material effect in the current interim period.

A 5 Changes in debt and equity securities

There were no issuances, repurchases and repayments of debts and equity securities for the six months ended 30 June 2018.

A 6 Fair value changes of financial liabilities

As at 30 June 2018, the Group did not have any financial liabilities measured at fair value through profit or loss.

A 7 Dividends paid

The amount of dividends paid during the six months ended 30 June 2018 are as follow:

In respect of the financial year ending 31 December 2018:

	RM'000
A first interim single tier dividend of 3 sen per stock unit paid on 29 June 2018	2,106
A special single tier dividend of 2 sen per stock unit paid on 29 June 2018	1,404
	<u>3,510</u>

Notes to the interim financial report - 30 June 2018

A 8 Segment information

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

The segment information are as follows:

	Second financial quarter		Six months	
	30.06.2018 RM'000	30.06.2017 RM'000	30.06.2018 RM'000	30.06.2017 RM'000
Revenue from external customers	15,662	22,838	32,572	43,590
Revenue from major customers	13,721	17,975	25,154	36,369
Reportable segment (loss)/profit	(2,389)	1,596	(2,709)	4,634

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

Total (loss)/profit for reportable segment	(2,389)	1,596	(2,709)	4,634
Share of results of associates	(1,222)	270	(302)	1,039
Share of results of a joint venture	(314)	(363)	(470)	(397)
Interest income	1,010	809	1,803	1,530
Dividend income	738	930	907	1,061
Other income	16,729	-	25,854	179
Other expenses	-	(410)	(552)	-
Profit before tax	14,552	2,832	24,531	8,046

	30.06.2018 RM'000	31.12.2017 RM'000
Reportable segment assets	500,816	499,120

Reportable segment's assets are reconciled as follows:

Total assets for reportable segment	500,816	499,120
Investments in associates	29,353	30,286
Investment in a joint venture	11,321	12,142
Investment securities	48,440	87,197
Unallocated assets	156,143	126,544
Total assets	746,073	755,289

Reportable segment liabilities	6,876	10,175
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Reportable segment's liabilities are reconciled as follows:

Total liabilities for reportable segment	6,876	10,175
Income tax payable	19	231
Deferred tax liabilities	64,840	65,610
Total liabilities	71,735	76,016

Notes to the interim financial report - 30 June 2018

A 9 Property, plant and equipment

There were no significant acquisitions and no disposals of property, plant and equipment for the six months ended 30 June 2018.

Capital commitments as at 30 June 2018:

	RM'000
Approved and contracted for	155
Approved but not contracted for	<u>2,017</u>

A 10 Material events subsequent to second financial quarter

Other than as disclosed in Note B6, there were no material events subsequent to the second financial quarter that have not been reflected in the financial statements for the financial quarter ended 30 June 2018.

A 11 Changes in composition of the Group

Other than sale and 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 2017.

A 13 Related party disclosures

	Six months 30.06.2018 RM'000
(a) Companies in which certain directors and substantial shareholders have interests	
Marketing consultancy fee	299
Purchase of oil palm produce	526
Sale of oil palm produce	255
Seedlings cultivation cost	6
Supply of labour	<u>5</u>
(b) A related corporation in which certain directors and substantial shareholders have interests	
Supply of labour	2
Purchase of oil palm produce	492
Sale of oil palm produce	<u>4,789</u>
(c) An associate in which certain directors and substantial shareholders have interests	
Management fee	<u>948</u>
	As at 30.06.2018
	RM'000
(d) Included in receivables is an amount due from:-	
A related corporation in which certain directors and substantial shareholders have interests	<u>727</u>

Notes to the interim financial report - 30 June 2018

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

B 1 Review of performance

Second financial quarter ended 30 June 2018

Revenue in the current financial quarter under review decreased by 31.42% to RM15,662,000 from RM22,838,000 in the same financial quarter a year ago. 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 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.

Other income was substantially higher mainly due to an amount of RM16,423,000 being net fair value gain transferred to profit or loss from equity upon sale of available-for-sale investment securities.

Overall operating expenses were lower mainly due to a decrease in purchase of ffb.

The Group suffered an overall loss from its share of results of associates mainly due to losses suffered by its associate engaged in trading of shares and stocks.

As reported previously, harvesting of 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 529.28% to RM15,002,000 from RM2,384,000 mainly due to the increase in other income.

Six months ended 30 June 2018

Revenue in the current six months period under review decreased by 25.28% to RM32,572,000 from RM43,590,000 in the same period a year ago. 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 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.

Other income was substantially higher mainly due to an amount of RM25,854,000 being net fair value gain transferred to profit or loss from equity upon sale of available-for-sale investment securities.

Overall operating expenses were lower mainly due to a decrease in purchase of ffb.

The Group suffered an overall loss from its share of results of associates mainly due to losses suffered by its associate engaged in trading of shares and stocks.

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

Overall, profit net of tax increased by 242.87% to RM24,635,000 from RM7,185,000 mainly due to the increase in other income.

Notes to the interim financial report - 30 June 2018

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

	Second financial quarter 30.06.2018 RM'000	First financial quarter 31.03.2018 RM'000
Revenue	15,662	16,910
Cost of sales	(11,934)	(12,040)
Gross profit	<u>3,728</u>	<u>4,870</u>
Interest income	1,010	793
Dividend income	738	169
Other income	16,757	9,551
Selling expenses	(377)	(415)
Administrative expenses	(5,465)	(4,895)
Other expenses	(303)	(858)
Share of results of associates	(1,222)	920
Share of results of a joint venture	(314)	(156)
Profit before tax	<u>14,552</u>	<u>9,979</u>

Revenue in the current financial quarter under review decreased by 7.38% to RM15,662,000 from RM16,910,000 in the immediate preceding financial quarter. The sales volume of ffb and crude palm oil were lower, however the sales volume of palm kernel was marginally higher. 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 substantially higher mainly due to an amount of RM16,423,000 being net fair value gain transferred to profit or loss from equity upon sale of available-for-sale investment securities.

The Group suffered an overall loss from its share of results of associates mainly due to losses suffered by its associate engaged in trading of shares and stocks.

As reported previously, harvesting of 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 increased by 45.83% to RM14,552,000 from RM9,979,000 mainly due to the increase in other income.

B 3 Prospects for financial year ending 31 December 2018

The average selling prices of crude palm oil have weakened and this would have a corresponding effect on the plantation profit in respect of 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 - 30 June 2018

B 5 Income tax expense

	Second financial quarter 30.06.2018 RM'000	Six months 30.06.2018 RM'000
Current income tax	313	666
Deferred income tax	(763)	(770)
	<u>(450)</u>	<u>(104)</u>

The disproportionate tax rate was mainly due to certain income which are not assessable for income tax purposes.

B 6 Status of corporate proposals

On 10 April 2006, the Company entered into a conditional joint venture and shareholders agreement with Timor Oil Palm Plantation Berhad, a 58.0% owned subsidiary of the Company, Eng Thye Plantations Berhad, an 83.3% owned subsidiary of the Company, Seong Thye Plantations Sdn Bhd, Chin Teck Plantations Berhad and Chin Thye Investment Pte Ltd ('Singapore JVSA') to participate in a joint venture project for the development of an oil palm plantation in Indonesia with P.T. Lampung Karya Indah. ('Proposed Joint Venture'), the details of which are set out in the Circular to Shareholders dated 11 May 2006.

The approval of the Shareholders of the Company was obtained at the Extraordinary General Meeting of the Company held on 26 May 2006.

The conditions precedent as set out in the Singapore JVSA have been fulfilled and the necessary approvals required for the subscription of shares in Chin Thye Investment Pte Ltd have been obtained.

As at 30 June 2018, 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 six months period under review.

	30.06.2018 RM'000
Remaining capital and investment outlay	<u>22,769</u>

Subsequent to the current financial quarter under review, the Group has agreed to subscribe for 1,200,000 shares in Chin Thye Investment Pte Ltd for a total cash consideration of SGD1,200,000.

B 7 Borrowings and debt securities

As at 30 June 2018, there were no borrowings and debt securities.

B 8 Derivatives financial instruments

There were no derivatives financial instruments transacted during the six months period ended 30 June 2018.

B 9 Material litigation

There were no material litigations as at 31 December 2017 and at the date of issue of this interim financial report.

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

Notes to the interim financial report - 30 June 2018

B 10 Dividends

- (i) A first interim single tier dividend of 3 sen per stock unit and a special single tier dividend of 2 sen per stock unit in respect of the financial year ending 31 December 2018 were paid on 29 June 2018.
- (ii) No further dividend has been declared in respect of the six months ended 30 June 2018.
- (iii) The total dividends for the current financial year ending 31 December 2018:-

<u>Type of dividend</u>	sen per stock unit
First interim, single tier	3.00
Special, single tier	<u>2.00</u>
	<u>5.00</u>

- (iv) The total dividends for the 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	<u>3.00</u>
	<u>6.00</u>

B 11 Earnings per stock unit

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

	Second financial quarter		Six months	
	30.06.2018	30.06.2017 (Restated)	30.06.2018	30.06.2017 (Restated)
Profit attributable to owners of the parent (RM'000)	<u>10,670</u>	<u>1,544</u>	<u>17,677</u>	<u>5,577</u>
Weighted average number of stock units	<u>70,202</u>	<u>70,202</u>	<u>70,202</u>	<u>70,202</u>
Earnings per stock unit (sen)				
Basic	15.20	2.20	25.18	7.94
Diluted	<u>15.20</u>	<u>2.20</u>	<u>25.18</u>	<u>7.94</u>

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.

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

Notes to the interim financial report - 30 June 2018

B 12 Notes to condensed statement of comprehensive income

	Second financial quarter 30.06.2018 RM'000	Six months 30.06.2018 RM'000
Interest income	1,010	1,803
Other income including investment income	738	907
Depreciation	(1,963)	(3,964)
Gain on disposal of quoted investments	16,423	25,854
Foreign exchange gain/(loss)	305	(553)
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B 13 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2017 was not qualified.

By Order of the Board

Gan Kok Tiong
Company Secretary
27 August 2018