

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

Condensed consolidated statements of profit or loss
For the fourth financial quarter ended 31 December 2018

| | Fourth | | Twelve months | |
|--|-------------------|----------|---------------|----------|
| | financial quarter | | 31 December | |
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 15,046 | 20,674 | 62,186 | 88,617 |
| Cost of sales | (12,204) | (12,166) | (47,022) | (55,684) |
| Gross profit | 2,842 | 8,508 | 15,164 | 32,933 |
| Interest income | 970 | 803 | 3,778 | 3,234 |
| Dividend income | 315 | 663 | 2,004 | 2,877 |
| Other income | 303 | 37 | 1,290 | 144 |
| Selling expenses | (432) | (418) | (1,604) | (1,740) |
| Administrative expenses | (6,003) | (5,547) | (20,580) | (21,343) |
| Other expenses | (519) | (923) | (719) | (1,665) |
| Share of results of associates | (1,140) | (355) | (879) | 1,358 |
| Share of results of a joint venture | (214) | (503) | (938) | (1,135) |
| (Loss)/profit before tax | (3,878) | 2,265 | (2,484) | 14,663 |
| Income tax credit/(expense) | 1,451 | (1,806) | 780 | (3,006) |
| (Loss)/profit net of tax | (2,427) | 459 | (1,704) | 11,657 |
| Attributable to: | | | | |
| Owners of the Company | (2,432) | 402 | (1,687) | 9,477 |
| Non-controlling interests | 5 | 57 | (17) | 2,180 |
| | (2,427) | 459 | (1,704) | 11,657 |
| (Loss)/earnings per stock unit attributable to owners of the Company (sen) | | | | |
| Basic | (3.46) | 0.57 | (2.40) | 13.50 |
| Diluted | (3.46) | 0.57 | (2.40) | 13.50 |

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

Condensed consolidated statements of comprehensive income
For the fourth financial quarter ended 31 December 2018

| | Fourth financial quarter 31 December | | Twelve months 31 December | |
|--|--|----------------|------------------------------|----------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| (Loss)/profit net of tax | (2,427) | 459 | (1,704) | 11,657 |
| Other comprehensive (loss)/income: | | | | |
| Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods: | | | | |
| Foreign currency translation | 557 | (1,180) | (80) | (1,249) |
| Net (loss)/gain on fair value changes of investment securities | (2,278) | 4,139 | (98) | 12,019 |
| Share of other comprehensive income/(loss) of an associate | 2 | - | (4) | - |
| Total other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods | (1,719) | 2,959 | (182) | 10,770 |
| 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 | 5 | - | 5 | - |
| Total other comprehensive (loss)/income | (1,714) | 2,959 | (177) | 10,770 |
| Total comprehensive (loss)/income for the period | (4,141) | 3,418 | (1,881) | 22,427 |
| Attributable to: | | | | |
| Owners of the Company | (4,444) | 2,269 | (2,744) | 17,064 |
| Non-controlling interests | 303 | 1,149 | 863 | 5,363 |
| | (4,141) | 3,418 | (1,881) | 22,427 |

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

Condensed consolidated statement of financial position
As at 31 December 2018

| | 31.12.2018 RM'000 | 31.12.2017 RM'000 |
|--|----------------------|----------------------|
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | 483,223 | 483,353 |
| Investments in associates | 29,461 | 30,286 |
| Investment in a joint venture | 11,074 | 12,142 |
| Investment securities | 56,960 | 87,197 |
| | <u>580,718</u> | <u>612,978</u> |
| Current assets | | |
| Inventories | 2,290 | 3,047 |
| Consumable biological assets | 1,464 | 2,054 |
| Receivables | 9,725 | 6,887 |
| Income tax recoverable | 3,639 | 1,456 |
| Cash and bank balances | 146,989 | 128,867 |
| | <u>164,107</u> | <u>142,311</u> |
| Total assets | <u>744,825</u> | <u>755,289</u> |
| Current liabilities | | |
| Payables | 9,463 | 10,175 |
| Income tax payable | - | 231 |
| | <u>9,463</u> | <u>10,406</u> |
| Non-current liabilities | | |
| Deferred tax liabilities | 74,576 | 65,610 |
| Total liabilities | <u>84,039</u> | <u>76,016</u> |
| Equity attributable to owners of the Company | | |
| Share capital | 74,538 | 74,538 |
| Other reserves | 5,873 | 25,472 |
| Retained profits | 468,723 | 466,381 |
| | <u>549,134</u> | <u>566,391</u> |
| Non-controlling interests | 111,652 | 112,882 |
| Total equity | <u>660,786</u> | <u>679,273</u> |
| Total equity and liabilities | <u>744,825</u> | <u>755,289</u> |
| Net assets per stock unit attributable to owners of the Company (RM) | <u>7.82</u> | <u>8.07</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 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 | 661,814 | 70,202 | 4,336 | 461,116 | 17,885 | 1,057 | 67 | 16,761 | 108,275 |
| Profit for the period | 11,657 | - | - | 9,477 | - | - | - | - | 2,180 |
| Other comprehensive income | 10,770 | - | - | - | 7,587 | (1,132) | - | 8,719 | 3,183 |
| Transition to no-par value regime | - | 4,336 | (4,336) | - | - | - | - | - | - |
| Transactions with owners | - | - | - | - | - | - | - | - | - |
| Dividends paid to owners of the Company | (4,212) | - | - | (4,212) | - | - | - | - | - |
| Dividends paid to non-controlling interests | (756) | - | - | - | - | - | - | - | (756) |
| Total dividends, representing total transactions with owners | (4,968) | - | - | (4,212) | - | - | - | - | (756) |
| At 31 December 2017 | 679,273 | 74,538 | - | 466,381 | 25,472 | (75) | 67 | 25,480 | 112,882 |
| At 1 January 2018 | 679,273 | 74,538 | - | 466,381 | 25,472 | (75) | 67 | 25,480 | 112,882 |
| Loss for the period | (1,704) | - | - | (1,687) | - | - | - | - | (17) |
| Other comprehensive (loss)/income | (177) | - | - | - | (1,057) | (65) | 5 | (997) | 880 |
| Gain on fair value changes of investment securities (transferred to retained earnings upon disposal) | - | - | - | 18,542 | (18,542) | - | - | (18,542) | - |
| Deferred tax liability on change in real property gains tax rate recognised in equity | (10,083) | - | - | (8,897) | - | - | - | - | (1,186) |
| Transactions with owners | - | - | - | - | - | - | - | - | - |
| Dividends paid to owners of the Company | (5,616) | - | - | (5,616) | - | - | - | - | - |
| Dividends paid to non-controlling interests | (907) | - | - | - | - | - | - | - | (907) |
| Total dividends, representing total transactions with owners | (6,523) | - | - | (5,616) | - | - | - | - | (907) |
| At 31 December 2018 | 660,786 | 74,538 | - | 468,723 | 5,873 | (140) | 72 | 5,941 | 111,652 |

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

Condensed consolidated statement of cash flows
For the fourth financial quarter ended 31 December 2018

| | Twelve months | |
|--|----------------------|----------------------|
| | 31.12.2018 | 31.12.2017 |
| | RM'000 | RM'000 |
| Operating activities | | |
| (Loss)/profit before tax | (2,484) | 14,663 |
| <u>Adjustments</u> | | |
| Depreciation of property, plant and equipment | 7,937 | 7,767 |
| Bad debts written off | 101 | - |
| Fair value loss of consumable biological assets | 590 | 560 |
| Dividend income | (2,004) | (2,877) |
| Gain on sale of property, plant and equipment | (15) | (13) |
| Interest income | (3,778) | (3,234) |
| Property, plant and equipment written off | 147 | 62 |
| Share of results of associates | 879 | (1,358) |
| Share of results of a joint venture | 938 | 1,135 |
| Unrealised (gain)/loss on foreign exchange | (1,161) | 709 |
| Total adjustments | <u>3,634</u> | <u>2,751</u> |
| Operating cash flows before changes in working capital | 1,150 | 17,414 |
| <u>Changes in working capital</u> | | |
| Decrease/(increase) in inventories | 757 | (973) |
| (Increase)/decrease in receivables | (2,745) | 994 |
| (Decrease)/increase in payables | (693) | 1,287 |
| Total changes in working capital | <u>(2,681)</u> | <u>1,308</u> |
| Cash flows (used in)/generated from operations | (1,531) | 18,722 |
| Taxes paid | (2,751) | (1,212) |
| Net cash flows (used in)/generated from operating activities | <u>(4,282)</u> | <u>17,510</u> |
| Investing activities | | |
| Dividends received | 2,327 | 2,495 |
| Interest received | 3,169 | 3,317 |
| Addition of property, plant and equipment | (7,973) | (8,181) |
| Purchase of investment securities | (17,836) | (706) |
| Proceeds from sale of property, plant and equipment | 15 | 13 |
| Proceeds from sale of investment securities | 48,064 | - |
| Changes in deposits with maturity of more than 3 months | 15,816 | (35,121) |
| Net cash flows generated from/(used in) investing activities | <u>43,582</u> | <u>(38,183)</u> |
| Financing activities | | |
| Dividends paid to owners of the Company | (5,616) | (4,212) |
| Dividends paid to non-controlling interests | (907) | (756) |
| Net cash flows used in financing activities | <u>(6,523)</u> | <u>(4,968)</u> |
| Net increase/(decrease) in cash and cash equivalents | 32,777 | (25,641) |
| Effects of exchange rate changes on cash and cash equivalents | 1,161 | (709) |
| Cash and cash equivalents at beginning of period | 37,037 | 63,387 |
| Cash and cash equivalents at end of period | <u>70,975</u> | <u>37,037</u> |
| Cash and cash equivalents at end of period comprise: | | |
| Cash on hand and at banks | 18,976 | 20,904 |
| Deposits with financial institutions | <u>128,013</u> | <u>107,963</u> |
| Cash and bank balances | 146,989 | 128,867 |
| Less: deposits with maturity of more than 3 months | (76,014) | (91,830) |
| Cash and cash equivalents | <u>70,975</u> | <u>37,037</u> |

Notes to the interim financial report - 31 December 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.

During the financial year ended 31 December 2018, the Group has adopted MFRS 9: Financial Instruments which is effective for annual periods beginning on or after 1 January 2018. In the previous financial quarters for the financial year ended 31 December 2018, the Group reclassified the cumulative net fair value gain previously recognised in other comprehensive income from equity to profit or loss upon disposal of its investment securities with reference to Paragraph 5.7.10 of MFRS 9. However Paragraph B5.7.1 of MFRS 9 states that the amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss, and the cumulative gain or loss may be transferred within equity.

Accordingly, the Group has restated its net fair value gain on sale of investment securities in accordance with Paragraph B5.7.1 of MFRS 9. The restatement is summarised as below:

| | Previously reported RM'000 | Adjustments RM'000 | Restated RM'000 |
|--|----------------------------------|-----------------------|--------------------|
| <u>First financial quarter ended 31 March 2018</u> | | | |
| <u>Statement of profit or loss</u> | | | |
| Other income | | | |
| - Net gain on fair value changes of investment securities (transferred to profit or loss upon disposal) | 9,431 | (9,431) | - |
| Profit before tax | 9,979 | (9,431) | 548 |
| Profit net of tax | 9,633 | (9,431) | 202 |
| Profit net of tax attributable to: | | | |
| - Owners of the Company | 7,007 | (6,643) | 364 |
| - Non-controlling interest | 2,626 | (2,788) | (162) |
| Earnings per stock unit attributable to owners of the Company (sen per stock unit) | 9.98 | (9.46) | 0.52 |
| <u>Statement of comprehensive income</u> | | | |
| Net (loss)/gain on fair value changes of investment securities | (6,108) | 9,431 | 3,323 |
| <u>As at 31 March 2018</u> | | | |
| <u>Statement of changes in equity</u> | | | |
| Gain on fair value changes of investment securities (transferred to retained earnings upon disposal) | - | 9,431 | 9,431 |

Negri Sembilan Oil Palms Berhad (592D)
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Notes to the interim financial report - 31 December 2018

A 1 Basis of preparation (cont'd.)

| | Previously reported RM'000 | Adjustments RM'000 | Restated RM'000 |
|--|----------------------------------|-----------------------|--------------------|
| <u>Second financial quarter ended 30 June 2018</u> | | | |
| <u>Statement of profit or loss</u> | | | |
| Other income | | | |
| - Net gain on fair value changes of investment securities (transferred to profit or loss upon disposal) | 16,423 | (16,423) | - |
| Profit/(loss) before tax | 14,552 | (16,423) | (1,871) |
| Profit/(loss) net of tax | 15,002 | (16,423) | (1,421) |
| Profit/(loss) net of tax attributable to: | | | |
| - Owners of the Company | 10,670 | (11,899) | (1,229) |
| - Non-controlling interest | 4,332 | (4,524) | (192) |
| Earnings/(loss) per stock unit attributable to owners of the Company (sen per stock unit) | 15.20 | (16.95) | (1.75) |
| <u>Statement of comprehensive income</u> | | | |
| Net loss on fair value changes of investment securities | (18,170) | 16,423 | (1,747) |
| <u>As at 30 June 2018</u> | | | |
| <u>Statement of changes in equity</u> | | | |
| Gain on fair value changes of investment securities (transferred to retained earnings upon disposal) | - | 16,423 | 16,423 |
| <u>Six months ended 30 June 2018</u> | | | |
| <u>Statement of profit or loss</u> | | | |
| Other income | | | |
| - Net gain on fair value changes of investment securities (transferred to profit or loss upon disposal) | 25,854 | (25,854) | - |
| Profit/(loss) before tax | 24,531 | (25,854) | (1,323) |
| Profit/(loss) net of tax | 24,635 | (25,854) | (1,219) |
| Profit/(loss) net of tax attributable to: | | | |
| - Owners of the Company | 17,677 | (18,542) | (865) |
| - Non-controlling interest | 6,958 | (7,312) | (354) |
| Earnings/(loss) per stock unit attributable to owners of the Company (sen per stock unit) | 25.18 | (26.41) | (1.23) |
| <u>Statement of comprehensive income</u> | | | |
| Net (loss)/gain on fair value changes of investment securities | (24,278) | 25,854 | 1,576 |
| <u>As at 30 June 2018</u> | | | |
| <u>Statement of changes in equity</u> | | | |
| Gain on fair value changes of investment securities (transferred to retained earnings upon disposal) | - | 25,854 | 25,854 |

Negri Sembilan Oil Palms Berhad (592D)
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Notes to the interim financial report - 31 December 2018

A 1 Basis of preparation (cont'd.)

| | Previously reported RM'000 | Adjustments RM'000 | Restated RM'000 |
|--|----------------------------------|-----------------------|--------------------|
| <u>Nine months ended 30 September 2018</u> | | | |
| <u>Statement of profit or loss</u> | | | |
| Other income | | | |
| - Net gain on fair value changes of investment securities (transferred to profit or loss upon disposal) | 25,854 | (25,854) | - |
| Profit before tax | 27,247 | (25,854) | 1,393 |
| Profit net of tax | 26,577 | (25,854) | 723 |
| Profit net of tax attributable to: | | | |
| - Owners of the Company | 19,288 | (18,542) | 746 |
| - Non-controlling interest | 7,289 | (7,312) | (23) |
| Earnings per stock unit attributable to owners of the Company (sen per stock unit) | 27.48 | (26.41) | 1.06 |
| <u>Statement of comprehensive income</u> | | | |
| Net (loss)/gain on fair value changes of investment securities | (23,674) | 25,854 | 2,180 |
| <u>As at 30 September 2018</u> | | | |
| <u>Statement of changes in equity</u> | | | |
| Gain on fair value changes of investment securities (transferred to retained earnings upon disposal) | - | 25,854 | 25,854 |

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 31 December 2017, except for the adoption of the following new accounting pronouncements:

Effective for annual periods beginning on or after 1 January 2018:

MFRS 9: Financial Instruments

MFRS 15: Revenue from Contracts with Customers

IC Interpretation 22: Foreign Currency Transactions and Advance Consideration

Adoption of the above standards, amendments to standards and interpretation have no material impact on the financial statements in the period of initial application.

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. 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 2018

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 2018:

| | Hectares | | | |
|----------------------------|---------------------------------|-------------------|----------------------|-------------------|
| Mature | 5,811 | | | |
| Replanting and immature | 1,362 | | | |
| | <u>7,173</u> | | | |
| | Fourth financial quarter | | Twelve months | |
| | 31.12.2018 | 31.12.2017 | 31.12.2018 | 31.12.2017 |
| <u>Production (m/t)</u> | | | | |
| <u>Fresh fruit bunches</u> | | | | |
| Own estates | 25,412 | 25,094 | 91,111 | 98,354 |
| Purchase | 9,668 | 9,083 | 31,463 | 44,467 |
| | <u>35,080</u> | <u>34,177</u> | <u>122,574</u> | <u>142,821</u> |
| Crude palm oil | 4,887 | 4,791 | 17,733 | 21,250 |
| Palm kernel | 1,323 | 1,241 | 4,756 | 5,763 |
| | <hr/> | | | |
| <u>Extraction Rate</u> | | | | |
| Crude palm oil | 18.31% | 18.30% | 18.52% | 18.08% |
| Palm kernel | 4.96% | 4.74% | 4.97% | 4.90% |
| | <hr/> | | | |

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 twelve months ended 31 December 2018.

A 6 Fair value changes of financial liabilities

As at 31 December 2018, the Group did not have any financial liabilities measured at fair value through profit or loss.

Notes to the interim financial report - 31 December 2018

A 7 Dividends paid

The amount of dividends paid during the twelve months ended 31 December 2018 are as follow:

| | 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 |
| A second interim single tier dividend of 3 sen per stock unit paid on 31 December 2018 | 2,106 |
| | <u>5,616</u> |

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 | |
|----------------------------------|---------------------------------|-------------------|----------------------|-------------------|
| | 31.12.2018 | 31.12.2017 | 31.12.2018 | 31.12.2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue from external customers | 15,046 | 20,674 | 62,186 | 88,617 |
| Revenue from major customers | 11,585 | 16,337 | 48,479 | 69,917 |
| Reportable segment (loss)/profit | <u>(4,079)</u> | <u>2,433</u> | <u>(7,609)</u> | <u>9,037</u> |

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

| | | | | |
|--|----------------|--------------|----------------|---------------|
| Total (loss)/profit for reportable segment | (4,079) | 2,433 | (7,609) | 9,037 |
| Share of results of associates | (1,140) | (355) | (879) | 1,358 |
| Share of results of a joint venture | (214) | (503) | (938) | (1,135) |
| Interest income | 970 | 803 | 3,778 | 3,234 |
| Dividend income | 315 | 663 | 2,004 | 2,877 |
| Other income | 270 | - | 1,160 | - |
| Other expenses | - | (776) | - | (708) |
| (Loss)/profit before tax | <u>(3,878)</u> | <u>2,265</u> | <u>(2,484)</u> | <u>14,663</u> |

| | 31.12.2018 | 31.12.2017 |
|---------------------------|-------------------|-------------------|
| | RM'000 | RM'000 |
| Reportable segment assets | <u>499,559</u> | <u>499,120</u> |

Reportable segment's assets are reconciled as follows:

| | | |
|-------------------------------------|----------------|----------------|
| Total assets for reportable segment | 499,559 | 499,120 |
| Investments in associates | 29,461 | 30,286 |
| Investment in a joint venture | 11,074 | 12,142 |
| Investment securities | 56,960 | 87,197 |
| Unallocated assets | 147,771 | 126,544 |
| Total assets | <u>744,825</u> | <u>755,289</u> |

| | | |
|--------------------------------|--------------|---------------|
| Reportable segment liabilities | <u>9,463</u> | <u>10,175</u> |
|--------------------------------|--------------|---------------|

Reportable segment's liabilities are reconciled as follows:

| | | |
|--|---------------|---------------|
| Total liabilities for reportable segment | 9,463 | 10,175 |
| Income tax payable | - | 231 |
| Deferred tax liabilities | 74,576 | 65,610 |
| Total liabilities | <u>84,039</u> | <u>76,016</u> |

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

Notes to the interim financial report - 31 December 2018

A 9 Property, plant and equipment

There were no significant acquisitions and disposals of property, plant and equipment for the twelve months ended 31 December 2018.

Capital commitments as at 31 December 2018:

| | RM'000 |
|---------------------------------|--------------|
| Approved and contracted for | 3 |
| Approved but not contracted for | <u>1,989</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 year ended 31 December 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

| | Twelve months 31.12.2018 RM'000 |
|--|---------------------------------------|
| (a) Companies in which certain directors and substantial shareholders have interests | |
| Marketing consultancy fee | 604 |
| Purchase of oil palm produce | 526 |
| Sale of oil palm produce | 255 |
| Sale of property, plant and equipment | 15 |
| Supply of labour | <u>11</u> |
| (b) A related corporation in which certain directors and substantial shareholders have interests | |
| Supply of labour | 2 |
| Seedlings cultivation cost | 31 |
| Purchase of oil palm produce | 492 |
| Sale of oil palm produce | <u>11,416</u> |
| (c) An associate in which certain directors and substantial shareholders have interests | |
| Management fee | <u>1,897</u> |
| | As at 31.12.2018 RM'000 |
| (d) Included in receivables is an amount due from:- | |
| A related corporation in which certain directors and substantial shareholders have interests | <u>979</u> |

Notes to the interim financial report - 31 December 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

Fourth financial quarter ended 31 December 2018

Revenue in the current financial quarter under review decreased by 27.22% to RM15,046,000 from RM20,674,000 in the same financial quarter a year ago. The average selling prices of ffb, crude palm oil and palm kernel were lower, however the sales volume of ffb, crude palm oil and palm kernel were higher.

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

Other income was higher mainly due to gain on foreign currency translation.

Overall operating expenses were lower mainly due to absence of loss on foreign currency translation in current financial quarter under review.

The Group suffered an increased losses from its share of results of associates mainly due to higher losses suffered by its associate engaged in the 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, the Group suffered a loss net of tax of RM2,427,000 in current financial quarter under review as compared with a profit net of tax of RM459,000 mainly due to the decrease in revenue.

Twelve months ended 31 December 2018

Revenue in the current twelve months period under review decreased by 29.83% to RM62,186,000 from RM88,617,000 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 gain on foreign currency translation.

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 the 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 losses.

Overall, the Group suffered a loss net of tax of RM1,704,000 in current financial year under review as compared with a profit net of tax of RM11,657,000 mainly due to the decrease in revenue.

Notes to the interim financial report - 31 December 2018

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

| | Fourth financial quarter 31.12.2018 RM'000 | Third financial quarter 30.09.2018 RM'000 |
|-------------------------------------|---|--|
| Revenue | 15,046 | 14,568 |
| Cost of sales | (12,204) | (10,844) |
| Gross profit | <u>2,842</u> | <u>3,724</u> |
| Interest income | 970 | 1,005 |
| Dividend income | 315 | 1,097 |
| Other income | 303 | 1,502 |
| Selling expenses | (432) | (380) |
| Administrative expenses | (6,003) | (4,532) |
| Other expenses | (519) | (9) |
| Share of results of associates | (1,140) | 563 |
| Share of results of a joint venture | (214) | (254) |
| (Loss)/profit before tax | <u>(3,878)</u> | <u>2,716</u> |

Revenue in the current financial quarter under review increased by 3.28% to RM15,046,000 from RM14,568,000 in the immediate preceding financial quarter. The sales volume of ffb, crude palm oil and palm kernel were higher, however the average selling prices of ffb, crude palm oil and palm kernel were lower.

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

Other income was substantially lower mainly due to a lower gain on foreign currency translation.

Overall operating expenses were higher mainly due to an increase in fertilisers expenses as a result of active application of fertilisers in the current financial quarter under review and an increase in administrative expenses.

The Group suffered losses from its share of results of associates mainly due to losses suffered by its associates engaged in the trading of shares and stocks, and the provision of management and advisory services and insurance agency services.

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, the Group suffered a loss before tax of RM3,878,000 in current financial quarter under review as compared with a profit before tax of RM2,716,000 mainly due to the reasons mentioned above.

B 3 Prospects for financial year ending 31 December 2019

The average selling prices of crude palm oil are expected to remain weak and this would have a corresponding effect on the plantation profit in respect of financial year ending 31 December 2019.

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 2018

B 5 Income tax expense

| | Fourth financial quarter 31.12.2018 RM'000 | Twelve months 31.12.2018 RM'000 |
|---|---|--|
| Current income tax | (662) | 182 |
| Underprovision in respect of prior year | - | 155 |
| | <u>(662)</u> | <u>337</u> |
| Deferred income tax | (789) | (1,117) |
| | <u>(1,451)</u> | <u>(780)</u> |

The effective tax rate for the fourth financial quarter and the twelve months period ended 31 December 2018 was higher than the statutory tax rate mainly due to certain income which are not assessable for income tax purpose.

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 2018, the Group had subscribed 11,660,000 shares in Chin Thye Investment Pte Ltd for a total cash consideration of RM27,632,000. In addition, the Group has agreed to subscribe for 1,200,000 shares in Chin Thye Investment Pte Ltd for a total cash consideration of RM3,630,000 during the current financial quarter under review.

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

| | 31.12.2018 RM'000 |
|---|------------------------------|
| Remaining capital and investment outlay | <u>19,139</u> |

B 7 Borrowings and debt securities

As at 31 December 2018, 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 2018.

Notes to the interim financial report - 31 December 2018

B 9 Material litigation

There were no material litigations as at 31 December 2018 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, a special single tier dividend of 2 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 2018 were paid during the financial year .

(ii) In view of the payment of interim and special dividends, the directors do not recommend a final dividend in respect of the financial year ended 31 December 2018.

(iii) The total dividends for the current financial year ended 31 December 2018:-

| <u>Type of dividend</u> | sen per stock unit |
|-----------------------------|---------------------------|
| First interim, single tier | 3.00 |
| Special, single tier | 2.00 |
| Second interim, single tier | 3.00 |
| | 8.00 |

(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 | 3.00 |
| | 6.00 |

B 11 (Loss)/earnings per stock unit

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

| | Fourth financial quarter | | Twelve months | |
|---|---------------------------------|-------------------|----------------------|-------------------|
| | 31.12.2018 | 31.12.2017 | 31.12.2018 | 31.12.2017 |
| (Loss)/profit attributable to owners of the parent (RM'000) | (2,432) | 402 | (1,687) | 9,477 |
| Weighted average number of stock | 70,202 | 70,202 | 70,202 | 70,202 |
| (Loss)/earnings per stock unit (sen) | | | | |
| Basic | (3.46) | 0.57 | (2.40) | 13.50 |
| Diluted | (3.46) | 0.57 | (2.40) | 13.50 |

The diluted (loss)/earnings per stock unit is similar to basic (loss)/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 - 31 December 2018

B 12 Notes to condensed statement of comprehensive income

| | Fourth financial quarter 31.12.2018 RM'000 | Twelve months 31.12.2018 RM'000 |
|--|---|--|
| Interest income | 970 | 3,778 |
| Other income including investment income | 315 | 2,004 |
| Depreciation | (1,928) | (7,937) |
| Foreign exchange gain | 270 | 1,161 |
| | <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 2017 was not qualified.

By Order of the Board

Gan Kok Tiong
Company Secretary
27 February 2019