

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

Condensed consolidated statements of profit or loss
For the first financial quarter ended 31 March 2019

	First financial quarter 31 March		Three months 31 March	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Revenue	14,150	16,910	14,150	16,910
Cost of sales	(11,442)	(12,040)	(11,442)	(12,040)
Gross profit	2,708	4,870	2,708	4,870
Interest income	922	793	922	793
Dividend income	59	169	59	169
Other income	223	120	223	120
Selling expenses	(310)	(415)	(310)	(415)
Administrative expenses	(4,952)	(4,895)	(4,952)	(4,895)
Other expenses	(431)	(858)	(431)	(858)
Share of results of associates	1,082	920	1,082	920
Share of results of a joint venture	(17)	(156)	(17)	(156)
(Loss)/profit before tax	(716)	548	(716)	548
Income tax credit/(expense)	391	(346)	391	(346)
(Loss)/profit net of tax	(325)	202	(325)	202
Attributable to:				
Owners of the Company	(298)	364	(298)	364
Non-controlling interests	(27)	(162)	(27)	(162)
	(325)	202	(325)	202
(Loss)/earnings per stock unit attributable to owners of the Company (sen)				
Basic	(0.42)	0.52	(0.42)	0.52
Diluted	(0.42)	0.52	(0.42)	0.52

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

Condensed consolidated statements of comprehensive income
For the first financial quarter ended 31 March 2019

	First financial quarter 31 March		Three months 31 March	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
(Loss)/profit net of tax	(325)	202	(325)	202
Other comprehensive income:				
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:				
Foreign currency translation, representing total other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(495)	(1,982)	(495)	(1,982)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Net gain on fair value changes of investment securities	1,221	3,323	1,221	3,323
Share of other comprehensive loss of a joint venture in respect of employee benefits plan reserve	(3)	-	(3)	-
Total other comprehensive income that will not be reclassified to profit or loss in subsequent periods	1,218	3,323	1,218	3,323
Total other comprehensive income	723	1,341	723	1,341
Total comprehensive income for the period	398	1,543	398	1,543
Attributable to:				
Owners of the Company	168	950	168	950
Non-controlling interests	230	593	230	593
	398	1,543	398	1,543

Negri Sembilan Oil Palms Berhad (592D)
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Condensed consolidated statements of financial position
As at 31 March 2019

	31.03.2019	31.12.2018
	RM'000	RM'000
Assets		
Non-current assets		
Property, plant and equipment	483,303	483,223
Investments in associates	30,351	29,462
Investment in a joint venture	14,382	14,704
Investment securities	58,181	56,960
	<u>586,217</u>	<u>584,349</u>
Current assets		
Inventories	2,691	2,290
Consumable biological assets	1,586	1,464
Receivables	6,719	6,095
Income tax recoverable	4,195	3,639
Cash and bank balances	141,682	146,989
	<u>156,873</u>	<u>160,477</u>
Total assets	<u>743,090</u>	<u>744,826</u>
Current liabilities		
Payables	<u>7,720</u>	<u>9,463</u>
Non-current liabilities		
Deferred tax liabilities	<u>74,186</u>	<u>74,577</u>
Total liabilities	<u>81,906</u>	<u>84,040</u>
Equity attributable to owners of the Company		
Share capital	74,538	74,538
Other reserves	7,072	6,606
Retained profits	468,424	468,722
	<u>550,034</u>	<u>549,866</u>
Non-controlling interests	<u>111,150</u>	<u>110,920</u>
Total equity	<u>661,184</u>	<u>660,786</u>
Total equity and liabilities	<u>743,090</u>	<u>744,826</u>
Net assets per stock unit attributable to owners of the Company (RM)	<u>7.84</u>	<u>7.83</u>

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Condensed consolidated statements of changes in equity
For the first financial quarter ended 31 March 2019

	Non-Distributable						Distributable	
	Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Other reserves, total RM'000	Other reserves	Retained profits RM'000	Non-controlling interests 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 2018	679,273	566,391	74,538	(75)	67	25,480	112,882	
Profit/(loss) for the period	202	364	-	-	-	-	(162)	
Other comprehensive income/(loss)	1,341	586	-	(1,809)	-	2,395	755	
Transfer of fair value adjustment reserve to retained profits upon disposal of investment securities	-	-	-	-	-	(6,643)	-	
At 31 March 2018	680,816	567,341	74,538	(1,884)	67	21,232	113,475	
At 1 January 2019	660,786	549,866	74,538	(139)	72	6,673	110,920	
Loss for the period	(325)	(298)	-	-	-	-	(27)	
Other comprehensive income/(loss)	723	466	-	(447)	(3)	916	257	
At 31 March 2019	661,184	550,034	74,538	(586)	69	7,589	111,150	

Negri Sembilan Oil Palms Berhad (592D)
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Condensed consolidated statements of cash flows
For the first financial quarter ended 31 March 2019

	Three months	
	31.03.2019	31.03.2018
	RM'000	RM'000
		(Restated)
Operating activities		
(Loss)/profit before tax	(716)	548
<u>Adjustments</u>		
Depreciation of property, plant and equipment	1,993	2,001
Fair value gain of consumable biological assets	(121)	(83)
Dividend income	(59)	(169)
Interest income	(922)	(793)
Property, plant and equipment written off	8	-
Share of results of associates	(1,082)	(920)
Share of results of a joint venture	17	156
Unrealised loss on foreign exchange	423	858
Total adjustments	257	1,050
Operating cash flows before changes in working capital	(459)	1,598
<u>Changes in working capital</u>		
(Increase)/decrease in inventories	(401)	882
Increase in receivables	(976)	(1,089)
Decrease in payables	(1,743)	(2,573)
Total changes in working capital	(3,120)	(2,780)
Cash flows used in operations	(3,579)	(1,182)
Income taxes paid	(556)	(970)
Net cash flows used in operating activities	(4,135)	(2,152)
Investing activities		
Dividends received	94	618
Interest received	1,237	939
Purchase of property, plant and equipment	(2,081)	(1,686)
Proceeds from sale of investment securities	-	15,588
Changes in deposits with maturity of more than three months	(41,532)	36,982
Net cash flows (used in)/generated from investing activities	(42,282)	52,441
Net (decrease)/increase in cash and cash equivalents	(46,417)	50,289
Effects of exchange rate changes on cash and cash equivalents	(423)	(858)
Cash and cash equivalents at beginning of period	70,976	37,037
Cash and cash equivalents at end of period	24,136	86,468
Cash and cash equivalents at end of period comprise:		
Cash on hand and at banks	15,592	18,411
Deposits with financial institutions	126,090	122,904
Cash and bank balances	141,682	141,315
Less: Deposits with maturity of more than three months	(117,546)	(54,847)
Cash and cash equivalents	24,136	86,468

Negri Sembilan Oil Palms Berhad (592D)
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Notes to the interim financial report - 31 March 2019

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 2018.

On 1 January 2018, the Group adopted MFRS 9: Financial Instruments which is effective for annual periods beginning on or after 1 January 2018. In the preceding year corresponding financial quarter ended 31 March 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 cumulative 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/(loss) net of tax attributable to:			
- Owners of the Company	7,007	(6,643)	364
- Non-controlling interests	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>			
Transfer of fair value adjustment reserve to retained profits upon disposal of investment securities	-	6,643	6,643

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A 1 Basis of preparation (cont'd.)

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 2018, except for the adoption of the following new accounting pronouncements:

Effective for annual periods beginning on or after 1 January 2019:

Amendments to MFRS 9: Prepayment Features with Negative Compensation

MFRS 16: Leases

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015-2017 Cycle

IC Interpretation 23: Uncertainty over Income Tax Treatments

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

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.

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Notes to the interim financial report - 31 March 2019

A 2 Seasonal or cyclical nature of operations

The revenue and earnings are impacted by the production of fresh fruit bunches and volatility of the selling prices of fresh fruit bunches, crude palm oil and palm kernel.

The production of fresh fruit bunches depends on weather conditions, production cycle of the palms and the age of the palms.

The plantation statistics are as follows:

Average planted area for three months ended 31 March 2019:

	Hectares			
Mature	5,708			
Replanting and immature	1,466			
	<u>7,174</u>			
	First financial quarter		Three months	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
<u>Production (m/t)</u>				
<u>Fresh fruit bunches</u>				
Own estates	25,659	21,702	25,659	21,702
Purchase	3,328	7,059	3,328	7,059
	<u>28,987</u>		<u>28,761</u>	
Crude palm oil	4,220	4,142	4,220	4,142
Palm kernel	1,211	1,131	1,211	1,131
	<u>5,431</u>		<u>5,273</u>	
<u>Extraction Rate</u>				
Crude palm oil	18.17%	18.30%	18.17%	18.30%
Palm kernel	5.21%	5.00%	5.21%	5.00%

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 three months ended 31 March 2019.

A 6 Fair value changes of financial liabilities

As at 31 March 2019, 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 March 2019

A 7 Dividends paid

No dividends were paid during the three months ended 31 March 2019.

A 8 Segment information

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

The segment information are as follows:

	First financial quarter		Three months	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Revenue from external customers	14,150	16,910	14,150	16,910
Revenue from major customers	11,091	11,433	11,091	11,433
Reportable segment loss	(2,339)	(320)	(2,339)	(320)

Reportable segment's loss are reconciled as follows:

Total loss for reportable segment	(2,339)	(320)	(2,339)	(320)
Share of results of associates	1,082	920	1,082	920
Share of results of a joint venture	(17)	(156)	(17)	(156)
Interest income	922	793	922	793
Dividend income	59	169	59	169
Other expenses	(423)	(858)	(423)	(858)
(Loss)/profit before tax	(716)	548	(716)	548

	31.03.2019	31.12.2018
	RM'000	RM'000
Reportable segment assets	496,854	499,559

Reportable segment's assets are reconciled as follows:

Total assets for reportable segment	496,854	499,559
Investments in associates	30,351	29,462
Investment in a joint venture	14,382	14,704
Investment securities	58,181	56,960
Unallocated assets	143,322	144,141
Total assets	743,090	744,826

Reportable segment liabilities	7,720	9,463
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Reportable segment's liabilities are reconciled as follows:

Total liabilities for reportable segment	7,720	9,463
Deferred tax liabilities	74,186	74,577
Total liabilities	81,906	84,040

Negri Sembilan Oil Palms Berhad (592D)
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Notes to the interim financial report - 31 March 2019

A 9 Property, plant and equipment

There were no significant acquisitions and disposals of property, plant and equipment for the three months ended 31 March 2019.

Capital commitments as at 31 March 2019:

	RM'000
Approved and contracted for	13
Approved but not contracted for	<u>6,399</u>

A 10 Material events subsequent to first financial quarter

Other than the declaration of the first interim single tier dividend as disclosed in Note B10, there were no material events subsequent to the first financial quarter that have not been reflected in the financial statements for the financial quarter ended 31 March 2019.

A 11 Changes in composition of the Group

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 2018.

A 13 Related party disclosures

	Three months 31.03.2019 RM'000
(a) Company in which certain directors and substantial shareholders have interests	
Marketing consultancy fee	<u>153</u>
(b) A related corporation in which certain directors and substantial shareholders have interests	
Sale of oil palm produce	<u>2,735</u>
(c) An associate in which certain directors and substantial shareholders have	
Management fee	<u>479</u>
	As at 31.03.2019 RM'000
(d) Included in receivables is an amount due from:-	
A related corporation in which certain directors and substantial shareholders have interests	<u>678</u>

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Notes to the interim financial report - 31 March 2019

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

B 1 Review of performance

First financial quarter ended 31 March 2019

Revenue in the current financial quarter under review decreased by 16.32% to RM14,150,000 from RM16,910,000 in the same financial quarter a year ago. The average selling prices of ffb, crude palm oil and palm kernel were substantially lower. The sales volume of crude palm oil was lower, however the sales volume of ffb and palm kernel were higher.

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

Overall operating expenses were lower mainly due to a decrease in the purchase of ffb and lesser amount of loss on foreign currency translation.

Overall profit from share of results of associates was higher mainly due to an increase in profit contributed by an 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 RM325,000 in current financial quarter under review as compared with a profit net of tax of RM202,000 mainly due to the decrease in revenue.

Negri Sembilan Oil Palms Berhad (592D)
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Notes to the interim financial report - 31 March 2019

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

	First financial quarter 31.03.2019 RM'000	Fourth financial quarter 31.12.2018 RM'000
Revenue	14,150	15,046
Cost of sales	(11,442)	(12,204)
Gross profit	<u>2,708</u>	<u>2,842</u>
Interest income	922	970
Dividend income	59	315
Other income	223	303
Selling expenses	(310)	(432)
Administrative expenses	(4,952)	(6,003)
Other expenses	(431)	(519)
Share of results of associates	1,082	(1,140)
Share of results of a joint venture	(17)	(214)
Loss before tax	<u>(716)</u>	<u>(3,878)</u>

Revenue in the current financial quarter under review decreased by 5.96% to RM14,150,000 from RM15,046,000 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 price of palm kernel was lower, however the average selling price of crude palm oil was marginally higher. The average selling price of ffb has remained the same.

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

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

Overall operating expenses were lower mainly due to decreases in the purchase of ffb and administrative expenses.

Share of results of associates reversed from an overall loss to an overall profit mainly due to profit contributed by an 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 suffering losses.

Overall, the Group suffered a loss before tax of RM716,000 in current financial quarter under review as compared with a loss before tax of RM3,878,000 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.

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Notes to the interim financial report - 31 March 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.

B 5 Income tax expense

	First financial quarter 31.03.2019 RM'000	Three months 31.03.2019 RM'000
Current income tax	-	-
Deferred tax	(391)	(391)
	<u>(391)</u>	<u>(391)</u>

The effective tax rate was higher than the statutory tax rate mainly due to certain income which are not assessable for income tax purpose and the effect of share of results of associates.

B 6 Status of corporate proposals

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

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

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

As at 31 March 2019, the Group had subscribed 12,860,000 shares in Chin Thye Investment Pte Ltd for a total cash consideration of RM31,262,000.

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.

	31.03.2019 RM'000
Remaining capital and investment outlay	<u>19,139</u>

B 7 Borrowings and debt securities

As at 31 March 2019, there were no borrowings and debt securities.

B 8 Derivatives financial instruments

There were no derivatives financial instruments transacted during the three months period ended 31 March 2019.

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Notes to the interim financial report - 31 March 2019

B 9 Material litigation

There were no material litigations as at 31 March 2019 and at the date of issue of this interim financial report.

B 10 Dividends

- (i) A first interim single tier dividend of 3 sen per stock unit in respect of the financial year ending 31 December 2019 have been declared by the Board of Directors.
- (ii) The total amount per stock unit: 3 sen, single tier.
- (iii) The date payable for the first interim single tier dividend of 3 sen per stock unit: 28 June 2019.
- (iv) In respect of the deposited securities, entitlement to the first interim single tier dividend of 3 sen per stock unit will be determined on the basis of the record of depositors as at 18 June 2019.
- (v) The total dividends for the current financial year ended 31 December 2019:-

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

- (vi) The total dividends for the financial year ended 31 December 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	<u>3.00</u>
	<u>8.00</u>

B 11 (Loss)/earnings per stock unit

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

	First financial quarter		Three months	
	31.03.2019	31.03.2018 (Restated)	31.03.2019	31.03.2018 (Restated)
(Loss)/profit attributable to owners of the Company (RM'000)	<u>(298)</u>	<u>364</u>	<u>(298)</u>	<u>364</u>
Weighted average number of stock	<u>70,202</u>	<u>70,202</u>	<u>70,202</u>	<u>70,202</u>
(Loss)/earnings per stock unit (sen)				
Basic	(0.42)	0.52	(0.42)	0.52
Diluted	<u>(0.42)</u>	<u>0.52</u>	<u>(0.42)</u>	<u>0.52</u>

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.

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Notes to the interim financial report - 31 March 2019

B 12 Notes to condensed statement of comprehensive income

	First financial quarter 31.03.2019 RM'000	Three months 31.03.2019 RM'000 (Restated)
Interest income	922	922
Other income including investment income	59	59
Depreciation	(1,993)	(1,993)
Foreign exchange gain	(423)	(423)
	<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 2018 was not qualified.

By Order of the Board

Gan Kok Tiong
Company Secretary
29 May 2019