

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

Condensed consolidated statements of profit or loss
For the third financial quarter ended 30 September 2019

| | Third financial quarter 30 September | | Nine months 30 September | |
|---|--|----------------|-----------------------------|------------------------------|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 (Restated) |
| Revenue | 13,052 | 14,568 | 39,085 | 47,140 |
| Cost of sales | (10,956) | (10,844) | (31,659) | (34,818) |
| Gross profit | 2,096 | 3,724 | 7,426 | 12,322 |
| Interest income | 900 | 1,005 | 2,563 | 2,808 |
| Dividend income | 1,093 | 1,097 | 2,066 | 2,004 |
| Other income | 260 | 1,502 | 229 | 988 |
| Selling expenses | (280) | (380) | (910) | (1,172) |
| Administrative expenses | (5,320) | (4,532) | (16,093) | (14,892) |
| Other expenses | (601) | (9) | (236) | (202) |
| Share of results of associates | (60) | 563 | 1,572 | 261 |
| Share of results of a joint venture | (816) | (254) | (764) | (724) |
| (Loss)/profit before tax | (2,728) | 2,716 | (4,147) | 1,393 |
| Income tax credit/(expense) | 471 | (774) | 1,429 | (670) |
| (Loss)/profit net of tax | (2,257) | 1,942 | (2,718) | 723 |
| Attributable to: | | | | |
| Owners of the Company | (1,447) | 1,611 | (1,849) | 746 |
| Non-controlling interests | (810) | 331 | (869) | (23) |
| | (2,257) | 1,942 | (2,718) | 723 |
| (Loss)/earnings per stock unit attributable to owners of the Company (sen) | | | | |
| Basic | (2.06) | 2.29 | (2.63) | 1.06 |
| Diluted | (2.06) | 2.29 | (2.63) | 1.06 |

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

Condensed consolidated statements of comprehensive income
For the third financial quarter ended 30 September 2019

| | Third financial quarter 30 September | | Nine months 30 September | |
|---|--|----------------|-----------------------------|------------------------------|
| | 2019 RM'000 | 2018 RM'000 | 2019 RM'000 | 2018 RM'000 (Restated) |
| (Loss)/profit net of tax | (2,257) | 1,942 | (2,718) | 723 |
| Other comprehensive (loss)/income: | | | | |
| Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods: | | | | |
| Foreign currency translation, representing total other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods | 78 | 337 | 156 | (637) |
| Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods: | | | | |
| Net (loss)/gain on fair value changes of investment securities | (3,226) | 604 | (1,329) | 2,180 |
| Share of other comprehensive income/(loss) of an associate in respect of fair value reserve | 3 | 1 | 5 | (6) |
| Share of other comprehensive loss of a joint venture in respect of employee benefits plan reserve | - | - | (3) | - |
| Total other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods | (3,223) | 605 | (1,327) | 2,174 |
| Total other comprehensive (loss)/income | (3,145) | 942 | (1,171) | 1,537 |
| Total comprehensive (loss)/income for the period | (5,402) | 2,884 | (3,889) | 2,260 |
| Attributable to: | | | | |
| Owners of the Company | (3,780) | 2,438 | (2,704) | 1,701 |
| Non-controlling interests | (1,622) | 446 | (1,185) | 559 |
| | (5,402) | 2,884 | (3,889) | 2,260 |

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

Condensed consolidated statements of financial position
As at 30 September 2019

| | 30.09.2019 RM'000 | 31.12.2018 RM'000 |
|--|----------------------|----------------------|
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | 483,168 | 483,223 |
| Investments in associates | 30,993 | 29,462 |
| Investment in a joint venture | 14,138 | 14,704 |
| Investment securities | 51,949 | 56,960 |
| | <u>580,248</u> | <u>584,349</u> |
| Current assets | | |
| Inventories | 2,509 | 2,290 |
| Consumable biological assets | 1,422 | 1,464 |
| Receivables | 7,737 | 6,095 |
| Income tax recoverable | 2,978 | 3,639 |
| Cash and bank balances | 139,371 | 146,989 |
| | <u>154,017</u> | <u>160,477</u> |
| Total assets | <u>734,265</u> | <u>744,826</u> |
| Current liabilities | | |
| Payables | <u>6,688</u> | <u>9,463</u> |
| Non-current liabilities | | |
| Deferred tax liabilities | <u>73,120</u> | <u>74,577</u> |
| Total liabilities | <u>79,808</u> | <u>84,040</u> |
| Equity attributable to owners of the Company | | |
| Share capital | 74,538 | 74,538 |
| Other reserves | 4,983 | 6,606 |
| Retained profits | 465,535 | 468,722 |
| | <u>545,056</u> | <u>549,866</u> |
| Non-controlling interests | <u>109,401</u> | <u>110,920</u> |
| Total equity | <u>654,457</u> | <u>660,786</u> |
| Total equity and liabilities | <u>734,265</u> | <u>744,826</u> |
| Net assets per stock unit attributable to owners of the Company (RM) | <u>7.76</u> | <u>7.83</u> |

Negri Sembilan Oil Palms Berhad (592D)
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Condensed consolidated statements of changes in equity
For the third financial quarter ended 30 September 2019

| | Non-Distributable | | | | | | | Distributable | | |
|--|---|----------------------|------------------------------|---|---|--------------------------------------|---|---|-------------------------|----------------------------------|
| | Equity attributable to owners of the Company, total | | | Other reserves | | | Other reserves | | Retained profits RM'000 | Non-controlling interests RM'000 |
| | Equity total RM'000 | Share capital 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 | Foreign currency translation reserve RM'000 | Employee benefits reserve of a joint venture RM'000 | | |
| At 1 January 2018 | 679,273 | 74,538 | 25,472 | (75) | 67 | 25,480 | 466,381 | 112,882 | | |
| Profit/(loss) for the period | 723 | - | - | - | - | - | 746 | (23) | | |
| Other comprehensive income/(loss) | 1,537 | - | 955 | (555) | - | 1,510 | - | 582 | | |
| Transfer of fair value adjustment reserve to retained profits upon disposal of investment securities | - | - | (18,542) | - | - | (18,542) | 18,542 | - | | |
| 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 September 2018 | 677,223 | 74,538 | 7,885 | (630) | 67 | 8,448 | 482,159 | 112,641 | | |
| At 1 January 2019 | 660,786 | 74,538 | 6,606 | (139) | 72 | 6,673 | 468,722 | 110,920 | | |
| Loss for the period | (2,718) | - | - | - | - | - | (1,849) | (869) | | |
| Other comprehensive income/(loss) | (1,171) | - | (855) | 128 | (3) | (980) | (1,849) | (316) | | |
| Transfer of fair value adjustment reserve to retained profits upon disposal of investment securities | - | - | (768) | - | - | (768) | 768 | - | | |
| 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 September 2019 | 654,457 | 74,538 | 4,983 | (11) | 69 | 4,925 | 465,535 | 109,401 | | |

Negri Sembilan Oil Palms Berhad (592D)
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Condensed consolidated statements of cash flows
For the third financial quarter ended 30 September 2019

| | Nine months | |
|--|--------------------|-------------------|
| | 30.09.2019 | 30.09.2018 |
| | RM'000 | RM'000 |
| | | (Restated) |
| Operating activities | | |
| (Loss)/profit before tax | (4,147) | 1,393 |
| <u>Adjustments</u> | | |
| Depreciation of property, plant and equipment | 5,942 | 6,009 |
| Fair value loss of consumable biological assets | 42 | 173 |
| Dividend income | (2,066) | (2,004) |
| Gain on sale of property, plant and equipment | (35) | - |
| Interest income | (2,563) | (2,808) |
| Property, plant and equipment written off | 80 | 26 |
| Share of results of associates | (1,572) | (261) |
| Share of results of a joint venture | 764 | 724 |
| Unrealised loss/(gain) on foreign exchange | 114 | (890) |
| Total adjustments | 706 | 969 |
| Operating cash flows before changes in working capital | (3,441) | 2,362 |
| <u>Changes in working capital</u> | | |
| Increase in inventories | (219) | (283) |
| Increase in receivables | (2,097) | (3,003) |
| Decrease in payables | (2,775) | (1,498) |
| Total changes in working capital | (5,091) | (4,784) |
| Cash flows used in operations | (8,532) | (2,422) |
| Income tax paid | (898) | (2,906) |
| Income tax refund | 1,532 | - |
| Net cash flows used in operating activities | (7,898) | (5,328) |
| Investing activities | | |
| Dividends received | 2,012 | 2,419 |
| Interest received | 2,982 | 2,393 |
| Purchase of property, plant and equipment | (5,967) | (5,778) |
| Purchase of investment securities | (277) | (8,157) |
| Proceeds from sale of property, plant and equipment | 35 | - |
| Proceeds from sale of investment securities | 4,048 | 48,066 |
| Changes in deposits with maturity of more than three months | (34,385) | 19,503 |
| Net cash flows (used in)/generated from investing activities | (31,552) | 58,446 |
| Financing activities | | |
| Dividends paid to owners of the Company | (2,106) | (3,510) |
| Dividends paid to non-controlling interests | (334) | (800) |
| Net cash flows used in financing activities | (2,440) | (4,310) |
| Net (decrease)/increase in cash and cash equivalents | (41,890) | 48,808 |
| Effects of exchange rate changes on cash and cash equivalents | (114) | 890 |
| Cash and cash equivalents at beginning of period | 70,976 | 37,037 |
| Cash and cash equivalents at end of period | 28,972 | 86,735 |
| Cash and cash equivalents at end of period comprise: | | |
| Cash on hand and at banks | 18,911 | 21,783 |
| Deposits with financial institutions | 120,460 | 137,278 |
| Cash and bank balances | 139,371 | 159,061 |
| Less: Deposits with maturity of more than three months | (110,399) | (72,326) |
| Cash and cash equivalents | 28,972 | 86,735 |

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Notes to the interim financial report - 30 September 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 30 September 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>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/(loss) net of tax attributable to: | | | |
| - Owners of the Company | 19,288 | (18,542) | 746 |
| - Non-controlling interests | 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> | | | |
| Transfer of fair value adjustment reserve to retained profits upon disposal of investment securities | - | 18,542 | 18,542 |

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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 - 30 September 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 nine months ended 30 September 2019:

| | Hectares | | | |
|----------------------------|--------------------------------|-------------------|--------------------|-------------------|
| Mature | 5,704 | | | |
| Replanting and immature | 1,470 | | | |
| | <u>7,174</u> | | | |
| | Third financial quarter | | Nine months | |
| | 30.09.2019 | 30.09.2018 | 30.09.2019 | 30.09.2018 |
| <u>Production (m/t)</u> | | | | |
| <u>Fresh fruit bunches</u> | | | | |
| Own estates | 21,242 | 22,017 | 71,420 | 65,699 |
| Purchase | 2,825 | 7,754 | 14,117 | 21,795 |
| | <u>24,067</u> | <u>29,771</u> | <u>85,537</u> | <u>87,494</u> |
| Crude palm oil | 2,225 | 4,232 | 10,065 | 12,846 |
| Palm kernel | 553 | 1,121 | 2,769 | 3,433 |
| | <u>2,778</u> | <u>5,353</u> | <u>12,834</u> | <u>16,284</u> |
| <u>Extraction Rate</u> | | | | |
| Crude palm oil | 19.57% | 18.86% | 18.50% | 18.59% |
| Palm kernel | 4.87% | 5.00% | 5.09% | 4.97% |

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 nine months ended 30 September 2019.

A 6 Fair value changes of financial liabilities

As at 30 September 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 - 30 September 2019

A 7 Dividends paid

The amount of dividend paid during the nine months ended 30 September 2019 is as follows:

| | |
|---|---------------|
| | RM'000 |
| A first interim single tier dividend of 3 sen per stock unit paid on 28 June 2019 | <u>2,106</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:

| | Third financial quarter | | Nine months | |
|---------------------------------|--------------------------------|-------------------|--------------------|-------------------|
| | 30.09.2019 | 30.09.2018 | 30.09.2019 | 30.09.2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| | | | | (Restated) |
| Revenue from external customers | 13,052 | 14,568 | 39,085 | 47,140 |
| Revenue from major customers | 10,981 | 13,397 | 25,683 | 36,894 |
| Reportable segment loss | <u>(3,317)</u> | <u>(1,136)</u> | <u>(9,506)</u> | <u>(3,845)</u> |

Reportable segment's loss are reconciled as follows:

| | | | | |
|-------------------------------------|----------------|--------------|----------------|--------------|
| Total loss for reportable segment | (3,317) | (1,136) | (9,506) | (3,845) |
| Share of results of associates | (60) | 563 | 1,572 | 261 |
| Share of results of a joint venture | (816) | (254) | (764) | (724) |
| Interest income | 900 | 1,005 | 2,563 | 2,808 |
| Dividend income | 1,093 | 1,097 | 2,066 | 2,004 |
| Other income | - | 1,441 | 35 | 889 |
| Other expenses | (528) | - | (113) | - |
| (Loss)/profit before tax | <u>(2,728)</u> | <u>2,716</u> | <u>(4,147)</u> | <u>1,393</u> |

| | 30.09.2019 | 31.12.2018 |
|---------------------------|-------------------|-------------------|
| | RM'000 | RM'000 |
| Reportable segment assets | <u>495,205</u> | <u>499,559</u> |

Reportable segment's assets are reconciled as follows:

| | | |
|-------------------------------------|----------------|----------------|
| Total assets for reportable segment | 495,205 | 499,559 |
| Investments in associates | 30,993 | 29,462 |
| Investment in a joint venture | 14,138 | 14,704 |
| Investment securities | 51,949 | 56,960 |
| Unallocated assets | 141,980 | 144,141 |
| Total assets | <u>734,265</u> | <u>744,826</u> |

| | | |
|--------------------------------|--------------|--------------|
| Reportable segment liabilities | <u>6,688</u> | <u>9,463</u> |
|--------------------------------|--------------|--------------|

Reportable segment's liabilities are reconciled as follows:

| | | |
|--|---------------|---------------|
| Total liabilities for reportable segment | 6,688 | 9,463 |
| Deferred tax liabilities | 73,120 | 74,577 |
| Total liabilities | <u>79,808</u> | <u>84,040</u> |

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A 9 Property, plant and equipment

Other than the addition of bearer plants of RM4,834,000, there were no significant acquisitions and disposals of property, plant and equipment for the nine months ended 30 September 2019.

Capital commitments as at 30 September 2019:

| | RM'000 |
|---------------------------------|--------------|
| Approved and contracted for | - |
| Approved but not contracted for | <u>5,673</u> |

A 10 Material events subsequent to third financial quarter

Other than the declaration of the second interim single tier dividend as disclosed in Note B10, there were no material events subsequent to the third financial quarter that have not been reflected in the financial statements for the financial quarter ended 30 September 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, other than the sale of quoted investments.

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

| | Nine months 30.09.2019 RM'000 |
|--|-------------------------------------|
| (a) Companies in which certain directors and substantial shareholders have interests | |
| Marketing consultancy fee | 459 |
| Purchase of oil palm produce | <u>1,774</u> |
| (b) A related corporation in which certain directors and substantial shareholders have interests | |
| Sale of oil palm produce | 7,377 |
| Purchase of oil palm produce | 541 |
| Seedlings cultivation cost | <u>30</u> |
| (c) An associate in which certain directors and substantial shareholders have | |
| Management fee | <u>1,438</u> |

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Notes to the interim financial report - 30 September 2019

A 13 Related party disclosures (cont'd.)

As at 30.09.2019
RM'000

(d) Included in receivables is an amount due from:-

| | |
|--|--------------|
| A related corporation in which certain directors and substantial shareholders have interests | <u>1,001</u> |
|--|--------------|

(e) Included in payables is an amount due to:-

| | |
|--|------------|
| A related corporation in which certain directors and substantial shareholders have interests | <u>141</u> |
|--|------------|

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

Third financial quarter ended 30 September 2019

Revenue in the current financial quarter under review decreased by 10.41% to RM13,052,000 from RM14,568,000 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 and palm kernel were lower, however the sales volume of ffb was higher.

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

Other income decreased substantially mainly due to an absence of gain on foreign currency translation in current financial quarter under review.

Overall operating expenses were higher mainly due to an increase in administrative expenses and an amount of loss on foreign currency translation in current financial quarter under review.

Share of results of associates reversed from an overall profit to an overall loss mainly due to loss incurred by an associate engaged in the trading of shares and stocks, as compared with profit contributed in the previous corresponding financial quarter.

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 incurred a loss net of tax of RM2,257,000 in current financial quarter under review as compared with a profit net of tax of RM1,942,000 mainly due to reasons mentioned above.

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Notes to the interim financial report - 30 September 2019

B1 Review of performance (cont'd.)

Nine months ended 30 September 2019

Revenue in the current nine months period under review decreased by 17.09% to RM39,085,000 from RM47,140,000 in the same period 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 and palm kernel were lower, however the sales volume of ffb was higher.

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

Other income decreased substantially mainly due to an absence of gain on foreign currency translation in current financial quarter under review.

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

Overall profit in the share of results of associates increased mainly due to a profit contributed by an associate engaged in the trading of shares and stocks, as compared with a loss incurred in the previous corresponding nine months period.

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 incurred a loss net of tax of RM2,718,000 in current financial quarter under review as compared with a profit net of tax of RM723,000 mainly due to reasons mentioned above.

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

| | Third financial quarter 30.09.2019 RM'000 | Second financial quarter 30.06.2019 RM'000 |
|-------------------------------------|--|---|
| Revenue | 13,052 | 11,883 |
| Cost of sales | (10,956) | (9,261) |
| Gross profit | 2,096 | 2,622 |
| Interest income | 900 | 741 |
| Dividend income | 1,093 | 914 |
| Other income | 260 | 921 |
| Selling expenses | (280) | (320) |
| Administrative expenses | (5,320) | (5,821) |
| Other expenses | (601) | (379) |
| Share of results of associates | (60) | 550 |
| Share of results of a joint venture | (816) | 69 |
| Loss before tax | <u>(2,728)</u> | <u>(703)</u> |

Revenue in the current financial quarter under review increased by 9.84% to RM13,052,000 from RM11,883,000 in the immediate preceding financial quarter. The average selling prices of ffb, crude palm oil and palm kernel were marginally higher. The sales volume of ffb was higher, however the sales volume of crude palm oil and palm kernel were lower.

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

Other income decreased substantially mainly due to an absence of gain on foreign currency translation in current financial quarter under review.

Overall operating expenses were higher mainly due to the purchase of crude palm oil and palm kernel in current financial quarter under review.

The Group incurred a marginal loss in its share of results of associates mainly due to the loss incurred by an associate engaged in the trading of shares and stocks, as compared with a profit contributed in the immediate preceding financial quarter.

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. In the immediate preceding financial quarter, the Group recorded a profit in its share of results of the joint venture mainly due to gain on foreign currency translation.

Overall, loss before tax increased to RM2,728,000 from RM703,000 mainly due to the reasons mentioned above.

B 3 Prospects for financial year ending 31 December 2019

Even though the average selling prices of crude palm oil have improved recently, however, the overall plantations performance of the Group for the financial year ending 31 December 2019 would be impacted by the weak average selling prices of crude palm oil during the nine months period ended 30 September 2019.

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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

| | Third financial quarter 30.09.2019 RM'000 | Nine months 30.09.2019 RM'000 |
|---|--|--|
| Current income tax | - | - |
| Underprovision in respect of prior year | 28 | 28 |
| | <u>28</u> | <u>28</u> |
| Deferred tax | (499) | (1,457) |
| | <u>(471)</u> | <u>(1,429)</u> |

The effective tax rate for the third financial quarter was lower than the statutory tax rate mainly due to the effect of share of results of associates and a joint venture. Excluding the share of results of associates and a joint venture, the effective tax rate is slightly higher than the statutory tax rate mainly due to certain income not assessable for tax purpose which was partially offset by certain expenses not deductible for tax purpose.

The effective tax rate for the nine months period ended 30 September 2019 was higher than the statutory tax rate mainly due to the effect of share of results of associates, and certain income not assessable for tax purpose which was partially offset by certain expenses not deductible for 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 30 September 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 nine months period under review and since the end of the current financial quarter under review to the date of issue of this interim financial report.

| | |
|---|------------------------------------|
| | 30.09.2019 RM'000 |
| Remaining capital and investment outlay | <u>19,139</u> |

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B 7 Borrowings and debt securities

As at 30 September 2019, there were no borrowings and debt securities.

B 8 Derivatives financial instruments

There were no derivatives financial instruments transacted during the nine months period ended 30 September 2019.

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 second interim single tier dividend of 2 sen per stock unit in respect of the financial year ending 31 December 2019 has been declared by the Board of Directors.
- (ii) The amount per stock unit: 2 sen, single tier.
- (iii) The date payable for the second interim single tier dividend of 2 sen per stock unit: 31 December 2019.
- (iv) In respect of the deposited securities, entitlement to the second interim single tier dividend of 2 sen per stock unit will be determined on the basis of the record of depositors as at 17 December 2019.
- (v) The total dividends for the current financial year ending 31 December 2019:-

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

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

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

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B 11 (Loss)/earnings per stock unit

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

| | Third financial quarter | | Nine months | |
|---|-------------------------|------------|-------------|--------------------------|
| | 30.09.2019 | 30.09.2018 | 30.09.2019 | 30.09.2018 (Restated) |
| Loss attributable to owners of the Company (RM'000) | (1,447) | 1,611 | (1,849) | 746 |
| Weighted average number of stock units ('000) | 70,202 | 70,202 | 70,202 | 70,202 |
| (Loss)/earnings per stock unit (sen) | | | | |
| Basic | (2.06) | 2.29 | (2.63) | 1.06 |
| Diluted | (2.06) | 2.29 | (2.63) | 1.06 |

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.

B 12 Notes to condensed statement of comprehensive income

| | Third financial quarter 30.09.2019 RM'000 | Nine months 30.09.2019 RM'000 |
|---|--|--|
| Interest income | 900 | 2,563 |
| Other income including investment income | 1,093 | 2,066 |
| Interest expense | - | - |
| Depreciation | (1,967) | (5,942) |
| Provision for and write off of receivables | - | - |
| Provision for and write off of inventories | - | - |
| Gain/(loss) on disposal of unquoted investments or properties | - | - |
| Impairment of assets | - | - |
| Foreign exchange loss | (529) | (114) |
| Gain/(loss) on derivatives | - | - |
| Net fair value gain transferred to retained profits upon disposal of quoted investments | 592 | 768 |

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
 28 November 2019