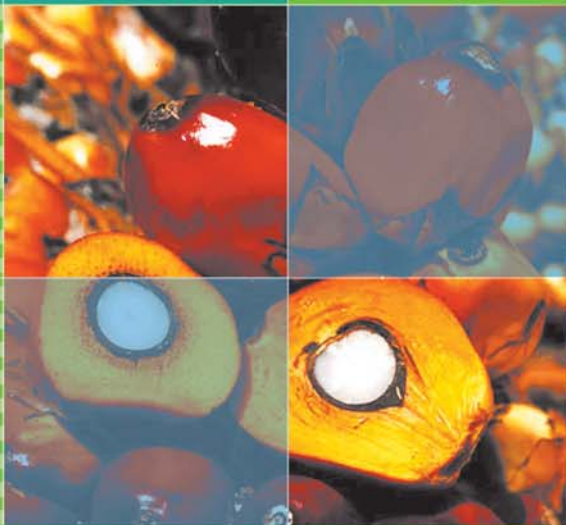


# 2005 Annual Report



**NPC** Resources Berhad  
(502313-P)

# Contents



<b>2</b>	Notice of Annual General Meeting
<b>4</b>	Statement Accompanying Notice of Annual General Meeting
<b>5</b>	Corporate Information
<b>6</b>	Directors' Profile
<b>8</b>	Chairman's Statement
<b>13</b>	Statement on Corporate Governance
<b>19</b>	Directors' Responsibility Statement
<b>20</b>	Additional Compliance Information
<b>21</b>	Audit Committee Report
<b>25</b>	Statement on Internal Control
<b>27</b>	Financial Statements
<b>72</b>	Shareholding Statistics
<b>75</b>	List of Properties
	Form of Proxy

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of the Company will be held at Meeting Room 1, Level 1, The Magellan Sutera, 1 Sutera Harbour Boulevard, Sutera Harbour, Kota Kinabalu, Sabah, on Thursday, 29 June 2006 at 10.30 am to transact the following business:

## AGENDA

### ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2005 and the Reports of the Directors and Auditors thereon.

**Resolution 1**

2. To declare a final gross dividend of 3 sen per share less 28% Malaysian income tax in respect of the financial year ended 31 December 2005.

**Resolution 2**

3. To re-elect the following Directors retiring in accordance with Article 93 of the Company's Articles of Association:

- a) Dato' Seri Tengku Dr Zainal Adlin Bin Tengku Mahamood

**Resolution 3**

- b) Mr Loo Ngin Kong

**Resolution 4**

4. To approve the payment of Directors' fees of RM30,000 for the financial year ended 31 December 2005.

**Resolution 5**

5. To re-appoint Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration.

**Resolution 6**

### SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following resolution:

**Resolution 7**

#### Ordinary Resolution

#### Authority to issue shares pursuant to Section 132D, Companies Act, 1965

" THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from the relevant statutory and regulatory authorities, where such approvals are necessary, full authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price upon such terms and conditions and for such purposes as the Directors

## Notice of Annual General Meeting

(Continued)

may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional new ordinary shares to be issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company. "

7. To transact any other business of the Company of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board  
**NPC Resources Berhad**

**Dorothy Luk Wei Kam (MAICSA 7000414)**  
**Tan Yun Su (MIA 8095)**  
Company Secretaries

Kota Kinabalu, Sabah  
7 June 2006

### Notes:

- a) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but does not need to be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 need not be complied with.
- b) Where a member appoints two (2) or more proxies to attend and vote at the same Meeting, such appointment shall be invalid unless the member specifies the proportion of his (her) holdings to be represented by each proxy.
- c) The instrument appointing a proxy shall be in writing or if such appointor is a corporation either under its Common Seal or the hands of its officers or attorney duly authorized.
- d) The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Lot 9, T3, Taman Tshun Ngen, Mile 5, Jalan Labuk, 90000 Sandakan, Sabah, not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

### Explanatory Notes On Special Business

#### **Ordinary Resolution Pursuant To The Proposed Authority To Directors To Issue New Shares Under Section 132D Of The Companies Act, 1965**

The proposed Ordinary Resolution under item 6 above, if passed, shall give power to the Directors to issue ordinary shares in the capital of the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting.



# Statement accompanying Notice of Annual General Meeting

1. The date, time and place of the Sixth Annual General Meeting:

Date	Time	Place
29 June 2006	10.30 am	Meeting Room 1, Level 1, The Magellan Sutera, 1 Sutera Harbour Boulevard, Sutera Harbour, Kota Kinabalu.

2. The names of the individuals who are standing for election or re-election are:

- (a) Dato' Seri Tengku Dr Zainal Adlin Bin Tengku Mahamood
- (b) Mr Loo Ngin Kong

3. The details of attendance of Directors at Board Meetings:

Five (5) board meetings were held during the financial year from 1 January 2005 to 31 December 2005

	Name	Meetings Attended	Maximum Possible Meetings To Attend
1.	Loo Ngin Kong	4	5
2.	Dato' Seri Tengku Dr Zainal Adlin Bin Tengku Mahamood	3	5
3.	Dato' Loo Pang Kee	3	5
4.	Wong Siew Ying	5	5
5.	Lim Ted Hing	5	5
6.	Dr Edmond Fernandez	5	5
7.	Wong Tet Jung @ Aquinas Wong (resigned on 31 January 2006)	5	5

4. Further details of individuals who are standing for re-election as Directors:

Please refer to the Directors' Profile appearing on pages 6 to 7.



## BOARD OF DIRECTORS

Loo Ngin Kong  
(Executive Chairman)

Dato' Seri Tengku Dr Zainal Adlin Bin  
Tengku Mahamood  
(Independent Non-Executive Deputy  
Chairman)

Dato' Loo Pang Kee  
(Executive Director/Group Managing  
Director)

Wong Siew Ying  
(Executive Director)

Lim Ted Hing  
(Independent Non-Executive Director)

Dr Edmond Fernandez  
(Independent Non-Executive Director)

## AUDIT COMMITTEE

Lim Ted Hing  
(Chairman)

Dr Edmond Fernandez  
(Member)

Dato' Loo Pang Kee  
(Member)

## COMPANY SECRETARIES

Dorothy Luk Wei Kam  
(MAICSA 7000414)

Tan Vun Su  
(MIA 8095)

## REGISTERED OFFICE

Lot 9, T3  
Taman Tshun Ngen  
Mile 5, Jalan Labuk  
90000 Sandakan, Sabah  
Tel : 089-274488  
Fax : 089-226711

## SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.  
Level 26, Menara Multi Purpose  
Capital Square, No. 8, Jalan Munshi  
Abdullah  
50100 Kuala Lumpur

Tel : 03-2721 2222  
Fax : 03-2721 2530/1

## AUDITORS

Ernst & Young  
Chartered Accountants  
16th Floor, Wisma Khoo Siak Chiew  
Jalan Buli Sim Sim  
90000 Sandakan  
Sabah

## PRINCIPAL BANKERS

RHB Bank Berhad  
Bumiputra-Commerce Bank Berhad  
Alliance Bank Malaysia Berhad  
OCBC Bank (Malaysia) Berhad  
Southern Bank Berhad

## SOLICITORS

M.F. Poon, Hiew & Associates  
Advocates & Solicitors  
Mezzanine Floor, Lot 1 & 2,  
Block B, Taman Grandview,  
Jalan Buli Sim-Sim.  
90000 Sandakan, Sabah

## STOCK EXCHANGE LISTING

Main Board of the  
Bursa Malaysia Securities Berhad



## Directors' Profile

**LOO NGIN KONG**, a Malaysian citizen, aged 69, was appointed as Executive Chairman of NPC on 31 January 2002. He has over 30 years' experience in the fields of oil palm plantation and palm oil milling. He started his business venture in the plantation industry in the 1960s and 1970s when he was involved in oil palm cultivation and contracting works for Federal Land Development Authority ("FELDA") in Pahang Darul Makmur and Low Nam Hui Sdn. Bhd. and its subsidiaries and Johor Tenggara Development Authority in Johor Darul Takzim. He expanded his business to Sabah in 1981 when he acquired Growth Enterprise Sdn. Bhd., now a subsidiary of the Company. He also sits on the Board of various private limited companies. He is the father of Dato' Loo Pang Kee, a director and a substantial shareholder of the Company and the husband of Wong Siew Ying, a director and a deemed substantial shareholder of the Company. The details of his related party transactions can be found in note 33 to the Financial Statements. He has never been convicted for any offence within the past 10 years. He attended four (4) out of five (5) board meetings held during the financial year from 1 January 2005 to 31 December 2005.

**DATO' SERI TENGKU DR. ZAINAL ADLIN BIN TENGKU MAHAMOOD**, a Malaysian citizen, aged 66, was appointed as Non-Executive Deputy Chairman of NPC on 31 January 2002. He was redesignated as Independent Non-Executive Deputy Chairman on 12 July 2004. He obtained his Advanced Course in Local Government Administration Certificate from the University of Birmingham, United Kingdom and Institute of Local Government Studies, Sigtuna, Sweden in 1967. In 1981, he obtained the Top Management Programme Certificate from the Asian Institute of Management, and in 1995 was conferred Doctor of Philosophy (Hon.) from University Kebangsaan Malaysia. He began his career as a professionally trained pilot in the late fifties and early sixties. He subsequently served in the Kelantan Civil Service and the Malaysian Home and Diplomatic Service and had served in the capacity of Assistant District Officer, acting District Officer and Assistant State Secretary of Kelantan from 1961 to 1967 and was seconded from the Home and Diplomatic Service to the Sabah State Government for five (5) years from 1968 to 1973 in the capacity of Chief Executive Officer of the newly formed Sabah State Housing Commission. From 1974 to prior to retirement from Government service in 1996, he served the Yayasan Sabah in various capacities including Group Projects Development Manager, Deputy Director, Group Deputy Managing Director and Corporate Advisor. He is the appointed Chairman of the Sabah Tourism Board by the Sabah State Government since May 2000 to date. He is the Vice President Emeritus and Past Chairman of the World Wide Fund for Nature (WWF) Malaysia. He has no family relationship with any other directors or major shareholders of the Company nor any conflict of interest with the Company. He has never been convicted for any offence within the past 10 years. He attended three (3) out of five (5) board meetings held during the financial year from 1 January 2005 to 31 December 2005.

**DATO' LOO PANG KEE**, a Malaysian citizen, aged 37, was appointed as Group Managing Director of NPC on 31 January 2002. He currently sits on the Audit Committee. He joined the Group after the completion of his education in Singapore. He has over fifteen (15) years of working experience in the field of plantation-based activities. His exposure in oil palm cultivation and plantation development work was greatly enhanced over the last decade as he was involved directly in the estate development and rapid expansion of the Natural Plantation



Sdn Bhd ("Natural") group of companies' land bank. His experience in the palm oil milling activities started in the late 1980s when the Natural group of companies ventured into palm oil milling business in 1989 through Berkat Setia Sdn. Bhd. His responsibilities include overseeing the overall management activities of the Group, and the formulation and implementation of the Group's business strategies. He is the son of Loo Ngin Kong, a director and a substantial shareholder of the Company. The details of his related party transactions can be found in note 33 to the Financial Statements. He has never been convicted for any offence within the past 10 years. He attended three (3) out of five (5) board meetings held during the financial year from 1 January 2005 to 31 December 2005.

**WONG SIEW YING**, a Malaysian citizen, aged 52, was appointed as Executive Director of NPC on 31 January 2002. She has played an instrumental role in the expansion of the Natural group of companies over the last 20 years and her areas of responsibility include managing the Group's financial affairs, project funding requirements and credit management. She is the wife of Loo Ngin Kong, a director and a substantial shareholder of the Company. The details of her related party transactions can be found in note 33 to the Financial Statements. She has never been convicted for any offence within the past 10 years. She attended all the five (5) board meetings held during the financial year from 1 January 2005 to 31 December 2005.

**LIM TED HING**, a Malaysian citizen, aged 51, was appointed as the Independent Non-Executive Director of NPC on 25 February 2002. He currently sits on the Audit Committee, Remuneration Committee and Nomination Committee. He is a member of the Malaysian Institute of Accountants and a Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW"). He obtained his Fundamentals of Accounting from the North East London Polytechnic in 1977. Upon completion, he joined Malvern & Co., a firm of public accountants based in London, as an Articled Clerk during which he completed the ICAEW professional examinations in 1983. He joined Ernst & Young in 1985 and was the Senior Manager of its office in Sandakan prior to joining Syarikat Tekala Sdn. Bhd. in 1994 as the Group Financial Controller. Later in June 1996, he was appointed as an Executive Director/Chief Operating Officer of Tekala Corporation Berhad, a company listed on the Main Board of Bursa Malaysia, and its subsidiaries. Other than his business interest in Tekala Group, he also sits on the board of Borneo Golf Resort Berhad as well as several other private limited companies. He has no family relationship with any other directors or major shareholders of the Company nor any conflict of interest with the Company. He has never been convicted for any offence within the past 10 years. He attended all the five (5) board meetings held during the financial year from 1 January 2005 to 31 December 2005.

**DR. EDMOND FERNANDEZ**, a Malaysian citizen, aged 51, was appointed as the Independent Non-Executive Director of NPC on 25 February 2002. He currently sits on the Audit Committee, Remuneration Committee and Nomination Committee. He graduated in 1981 from the University of Mysore, India. He started his medical practice in 1982 as a Medical Officer in Queen Elizabeth Hospital, Kota Kinabalu, Sabah and later in 1984, he was posted to Sandakan Health Department, Sabah as the Area Medical Officer. From 1988 onwards, he practised as a Private Medical Practitioner with Klinik Elopura Sdn. Bhd. ("KESB") and he was appointed as the Director of KESB in 1995. In 2001, he obtained his Licentiate of the Faculty of Occupational Medicine from Ireland and he was also appointed as a committee member of the Sandakan Water Watch Committee. He is the founding President of the Sandakan Toastmaster Club. He has no family relationship with any other directors or major shareholders of the Company. The details of his related party transactions can be found in note 33 to the Financial Statements. He has never been convicted for any offence within the past 10 years. He attended all the five (5) board meetings held during the financial year from 1 January 2005 to 31 December 2005.



## Chairman's Statement

On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report and the Audited Financial Statements for the Group and also the Company for the financial year ended 31 December 2005.

### BACKGROUND

NPC RESOURCES BERHAD is principally an investment holding company while its subsidiaries are involved in investment holding, provision of management services, operation of oil palm plantations and palm oil mills, trading of fresh fruit bunches ("FFB"), and provision of transportation services. The Company was listed on the Main Board of the Kuala Lumpur Stock Exchange on 7 May 2002.

The Group currently operates approximately 8,705 hectares of plantation land and two palm oil processing mills which have a combined production capacity of 120 tonnes of FFB per hour, all of which are located in the state of Sabah. The palm oil processing mills owned by the Group are located at Kilometre 87, Sandakan-Lahad Datu Highway, Segaliud Lokan in the district of Kinabatangan ("SROPP mill") and at Kilometre 70, Sandakan-Telupid-Kota Kinabalu Highway in the district of Labuk-Sugut ("Berkat mill").



### INDUSTRY TREND AND DEVELOPMENT

The Malaysian oil palm industry recorded a mixed performance in 2005 due to the continued strong growth in production. The prices and export earnings dipped, despite an increase in exports of all oil palm products during the year. This also resulted in higher closing stocks for the year.

The total oil palm planted area increased by 4.5% or 174,000 hectares to 4.0 million hectares in 2005. Sabah remained the largest oil palm planted State with 1.2 million hectares or 30% of the total planted area.

The production of crude palm oil continued to increase for seven consecutive years reaching 15.0 million tonnes in 2005 from 14.0 million tonnes the previous year. The impressive production growth of 7.1% was mainly attributed to the increase in matured areas, enhanced plantation and mill management, recovery in fresh fruit bunches yield per hectare to 18.88 tonnes and continued improvement in the



oil extraction rate (OER) to 20.15%. The increase in OER during the past two years can be partly attributed to the Productivity Campaigns carried out by MPOB. In the case of crude palm kernel oil, production also rose by 12.1% to 1.8 million tonnes in tandem with the increase in palm kernel production and crushings by 8.3% and 11.3% respectively.

The average prices of oil palm products retracted in 2005, after sustaining an upward trend during the past three years. The price decline was attributed by the high stocks at the beginning of the year, renewed concerns over the build-up in domestic stocks owing to the slow pace of exports during the second-half of the year and lower soyabean oil prices in the world market. In addition, the de-pegging of the RM in July 2005 and market expectations that the RM will strengthen also dampened market sentiments. The average crude palm oil (CPO) price fell 13.4% or RM 216 to RM1,394 as against RM1,610 the previous year. CPO prices traded in a narrow range throughout the year with the highest and lowest CPO monthly average prices recorded in October and February at RM 1,455 and RM 1,305 respectively. The average price of palm kernel also declined by 4.3% to RM 1,017. The average price of FFB at 1% OER also fell in tandem with the lower CPO price by 15.7% to RM 14.55 from RM17.26 the previous year.



The forecast smaller growth in CPO production to 15.1 million tonnes in 2006 after seven years of uninterrupted uptrend in production growth is expected to mitigate the pressure of the higher palm oil carry-over stocks. Demand for palm oil also looks promising with the abolishment of palm oil import quota by China, trans-fat labeling in the US and increasing worldwide demand for biodiesel. Coupled with this and the projected higher growth in world oils and fats demand against production, the outlook for palm oil prices in 2006 is likely to be positive.

*(Source: Overview of the Malaysian Oil Palm Industry 2005 by the MPOB)*

### GROUP PERFORMANCE

For the financial year ended 2005, the average CPO price realised by the Group was RM1,357 per tonne representing a 11% decrease as compared to RM1,524 per tonne realised in 2004 and the average palm kernel (PK) price realised was RM956 per tonne, representing a 0.5% increase as compared to RM951 per tonne

## Chairman's Statement

(Continued)

realised in 2004. The Group achieved total CPO production of 127,259 tonnes and PK production of 30,856 tonnes for the financial year ended 2005 as compared to the CPO production of 114,185 tonnes and PK production of 26,903 tonnes in 2004. The total FFB processed by the Group for 2005 was 601,481 tonnes as compared to 541,582 tonnes in previous financial year. The higher productions achieved contributed to a higher Group turnover of RM200,645,893 for 2005 as compared to RM195,094,227 for 2004.

The CPO and PK extraction rates of the Group for 2005 were 21.16% and 5.13% as compared to 21.08% and 4.97% respectively for 2004. The increase in CPO and PK extraction rate and FFB production from the Group's plantations contributed to higher profit after tax of RM13,140,839 recorded for 2005 as compared to RM10,454,361 recorded for 2004.

### SIGNIFICANT EVENTS

- (a) On 1 February 2005, a subsidiary company, Berkat Setia Sdn. Bhd. entered into a sub-lease agreement with Beba @ Habibah Binti Mutsatu to lease 45 parcels of native land for a period of 30 years commencing 1 January 2005 for a total lease rental of RM1,120,350.



- (b) On 7 March 2005, a subsidiary company, Ladang Zupakeja Sdn. Bhd. had completed the disposal of its leasehold plantation for a cash consideration of RM4,994,000. The disposal had resulted in a gain of RM1,114,827 to the Group.
- (c) On 24 June 2005, a subsidiary company, Berkat Setia Sdn. Bhd acquired 70% equity interest in Best Borneo Oil Palm Resources Sdn. Bhd ("BEST") from Best Offshore Supply & Services Sdn. Bhd. ("BOSS") for a cash consideration of RM100,000.
- (d) On 30 September 2005, a subsidiary company, Kidat Sdn. Bhd. entered into sale of shares agreements with Loo Pang Kiet and Lee Chiew Fong to acquire 100% equity interests in Pedoman Hasil Sdn. Bhd. for a total cash consideration of RM2.



- (e) On 19 December 2005, a 73.5% owned subsidiary company, Ladang Zupakeja Sdn. Bhd., which was dormant was placed under members' voluntary winding up. The completion of the winding up process is pending clearance from the relevant statutory bodies.
- (f) On 26 January 2006, a subsidiary company, Ballerina Sdn. Bhd. entered into an agreement with Mr. Hon Kak Wei, Mr. Lo Vui Ming, Mr. Hsu Yu-Ming and Mr. Chong Kui Fung to acquire 70% equity interest in Better Prospects Sdn. Bhd. ("BPSB") for a total cash consideration of RM415,852. The acquisition was completed on 15 March 2006.
- (g) On 26 January 2006, a subsidiary company, Ballerina Sdn. Bhd. entered into an agreement with Mr. Hsu Yu-Ming and Mr. Chen Sheng Huang to acquire 70% equity interest in Miracle Display Sdn. Bhd. ("MDSB") for a total cash consideration of RM12,000. The acquisition was completed on 28 February 2006.



### DIVIDENDS

- (a) Since the financial year ended 31 December 2004, a final dividend of 3% less 28% taxation on 120,000,000 ordinary shares in respect of the financial year ended 31 December 2004 amounting to RM2,592,000 (2.16 sen net per ordinary share) was paid on 5 August 2005.
- (b) An interim dividend of 3% less 28% taxation on 120,000,000 ordinary shares in respect of the financial year ended 31 December 2005 amounting to RM2,592,000 (2.16 sen net per ordinary share) which was approved by the Board of Directors on 22 February 2006, was paid on 3 April 2006 and will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2006.



## Chairman's Statement

(Continued)

- (c) At the forthcoming Annual General Meeting, a final dividend of 3% less 28% taxation on 120,000,000 ordinary shares in respect of the financial year ended 31 December 2005 amounting to RM2,592,000 (2.16 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2006.

### GROUP PROSPECTS

The future prospects of the Group are expected to be reasonably good mainly due to the following reasons:-

- (a) 89.40% of the Group's current 7,476 hectares of planted oil palms are matured (have been planted for four (4) years or more). Its oil palm plantations are relatively young with approximately 55.94% of the trees planted aged between four (4) to less than twelve (12) years old, whilst the remaining 10.60% are immature (planted for less than four (4) years). The oil palms normally reach their peak in terms of yield and oil extraction rate at the age of between seven (7) to fifteen (15) years old. It is expected that in view of the progressive maturity of the plantations, it will pave the way for higher growth when most of the trees reach maturity; and
- (b) the continuing efforts by the management to improve the operating efficiency of its plantations and palm oil processing mills through enhancement of yield and extraction productivity with the implementation of effective human resource management, close supervision of its oil palm plantations and effective cost control policy. These measures are aimed to sustain high profitability beyond 2005.

### ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express our sincere gratitude to the management and valued employees of the Group who have continued with their commitment, dedication and co-operation during the year.

I would also like to express our sincere appreciation for the long-standing support, co-operation and guidance of our valued customers, suppliers, business associates, bankers and regulatory authorities.

Lastly, to the shareholders of the Company, we thank you for your faith in us and for your continuous support to the Group.

Thank you.

**Loo Ngin Kong**  
Executive Chairman



## A. BOARD OF DIRECTORS

### Board responsibilities

The Board and Management are committed to ensuring good corporate governance are observed throughout the Group. The Board views corporate governance as synonymous with three key concepts; namely transparency, accountability as well as corporate performance.

The Board of Directors plays a primary role in corporate governance by setting out the strategic direction of the Group, establishing goals and monitoring the achievement of the goals. A Strategic Plan has been adopted as one of the key policies in ensuring that the Group crystallises its future plans and provides a clear direction for the Board and Officers of the Group. A structured risk management process has also been established to better identify, formalise, monitor within the various operating units and manage the business risks functions affecting the Group.

### Board Committees

The Board has three standing committees; the Audit Committee, the Remuneration Committee and Nomination Committee. The Board of Directors delegates certain responsibilities to the Audit Committee in order to enhance business and operational efficiency as well as efficacy. The Chairman of the Audit Committee reports back to the Board the outcome of the Committee meetings. The membership and Terms of Reference of the Committee are as stated on pages 21 to 24 of this Annual Report.

### Board Balance

The Board of Directors comprises six members comprising three Executive Directors and three Independent Non-executive Directors. The Board is of the view that the interest of shareholders of the Company are fairly represented through the current composition. The Board recognizes the importance and contribution of its independent non-executive directors. They represent the element of objectivity, impartiality and independent judgement of the Board. This ensures that there is sufficient check and balance at the Board level.

The Directors combined in them expertise and experience in various fields such as palm oil industry, investment, public services and accounting. Their expertise, experience and background result in thorough examination and deliberations of the various issues and matters affecting the Group. The profile of each Director is presented on pages 6 to 7 of this Annual Report. In addition, all the members of the Board have attended the Mandatory Accreditation Program as required and prescribed by the Bursa Malaysia Securities Berhad ("Bursa Malaysia").

Pursuant to best practices, Mr. Lim Ted Hing has been identified and appointed as the Senior Independent Non-Executive Director, to whom any concerns pertaining to the Group may be conveyed.



## Statement on Corporate Governance

(Continued)

### Board Meetings

The Board had held 5 meetings during the financial year ended 31 December 2005. Details of the attendance of the Directors at the Board Meetings are as follows:

	<b>Name</b>	<b>Meetings Attended</b>	<b>Maximum Possible Meetings To Attend</b>
1.	Loo Ngin Kong	4	5
2.	Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood	3	5
3.	Dato' Loo Pang Kee	3	5
4.	Wong Siew Ying	5	5
5.	Lim Ted Hing	5	5
6.	Dr. Edmond Fernandez	5	5
7.	Wong Tet Jung @ Aquinas Wong (resigned on 31 January 2006)	5	5

In the interval between Board meetings, for matters requiring urgent Board decisions, Board approvals were sought via circular resolutions which were attached with sufficient information required for an informed decision.

### Supply of information

The Company Secretaries, in consultation with the Executive Chairman and the Group Managing Director, issues formal agenda for each meeting. All Directors have access to the advice and services of the Company Secretaries together with all information within the Group. The appointment and removal of Company Secretaries are matters for the Board as a whole. The Board recognises that the Executive Chairman is entitled to the strong and positive support of the Company Secretaries who are responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. Directors are informed and aware they may take independent professional advice, if necessary and appropriate in furtherance of their duties, at the expense of the Group.

### Appointments

In compliance with the Listing Requirements, a Nomination Committee was established by the Board on 22 November 2002. The Committee comprises two Independent Non-Executive Directors. The members as at the date of this Annual Report are:

1. Mr. Lim Ted Hing (Independent Non-Executive Director) - Chairman
2. Dr. Edmond Fernandez (Independent Non-Executive Director)



The Committee is entrusted to formally and transparently review annually the Board structure, size and composition; to nominate candidates to fill vacancies; and recommend for re-election of Directors who are retiring. All Directors will be subject to the same assessment criteria and process. The Board through this Committee ensures that there is an appropriate induction and training programme for new Board members.

The Committee met once during the financial year.

### Re-election

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting.

## B. DIRECTOR'S REMUNERATION

### The Level and Make -Up of Remuneration

In compliance with the Listing Requirements, a Remuneration Committee was established by the Board on 22 November 2002. The Committee comprises two Independent Non-Executive Directors. The members as at the date of this Annual Report are:

1. Mr. Lim Ted Hing (Independent Non-Executive Director)
2. Dr. Edmond Fernandez (Independent Non-Executive Director)

The Board as a whole determines the remuneration of the Directors with individual Directors abstaining from decisions in respect of their own remuneration.

### Procedure

The Committee is delegated with the following duties in accordance with its approved terms of reference:

- to annually review in a formal and transparent manner, the remuneration packages of all the Executive Directors and make recommendations therewith; and
- to recommend to the Board the Company's framework for retaining and rewarding the Executive Directors

The Committee shall ensure that the Company attracts and retains the Directors needed to run the Group successfully. The Executive Directors are to be appropriately rewarded giving due regard to the performance of the Directors and business, whilst the Non-executive Directors are to be rewarded to reflect their experience and level of responsibilities.

The Committee met once during the financial year.

### Disclosure

The details of the remuneration for the Directors of the Company during the financial year ended 31 December 2005 are as follows:

## Statement on Corporate Governance

(Continued)

<b>Directors' Remuneration</b>	<b>Executive Directors RM</b>	<b>Non-Executive Directors RM</b>
Fees	15,000	15,000
Emoluments	1,986,312	95,400
Benefits-in-kind	71,716	-
<b>Total</b>	<b>2,073,028</b>	<b>110,400</b>

The number of Directors whose remuneration during the financial year ended 31 December 2005 falls within the following bands is as follows:

<b>Directors' Remuneration RM'000</b>	<b>Number of Directors</b>	
	<b>Executive</b>	<b>Non-Executive</b>
Below 50	-	3
50 to 300	-	-
301 to 350	2	-
351 to 500	-	-
501 to 550	1	-
551 to 850	-	-
851 to 900	1	-

### C. DIRECTORS' TRAINING AND EDUCATION

All Directors have attended the Mandatory Accreditation Programme as required by Bursa Malaysia.

The Directors are encouraged to attend talks, seminars, workshops, conferences and other training programmes to update themselves on, inter-alia, areas relevant to the Group's operations; Directors' responsibilities and corporate governance issues, new development in the plantation industries, as well as on changes to statutory requirements and regulatory guidelines.

Description of the type of training attended by the Directors for the financial year ended 31 December 2005 are as follows:

<b>Training Programme</b>	<b>Attended by:</b>
The Malaysian Private Debt Securities (PDS) or Bond Market: A Director's Perspective On Efficient And Alternative Financing Sources organised by Rating Agency Malaysia Berhad	<ul style="list-style-type: none"> <li>• Loo Ngin Kong</li> <li>• Wong Siew Ying</li> <li>• Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood</li> </ul>



Training Programme	Attended by:
Value Creation And Corporate Governance: Growth & Bottom Line Financial Strategies In Today's Markets organised by Rating Agency Malaysia Berhad	<ul style="list-style-type: none"> <li>• Loo Ngin Kong</li> <li>• Wong Siew Ying</li> <li>• Dr Edmond Fernandez</li> </ul>
Training on Implementation of Goods And Services Tax (GST) organised by Ernst & Young Tax Consultants Sdn Bhd	<ul style="list-style-type: none"> <li>• Loo Ngin Kong</li> <li>• Wong Siew Ying</li> <li>• Dato' Loo Pang Kee</li> </ul>
Executive Education – Owner/President Management Program organised by Harvard Business School, USA	<ul style="list-style-type: none"> <li>• Dato' Loo Pang Kee</li> </ul>
Malaysia Agro-Bio Business Conference 2005 organised by Expomal International Sdn Bhd	<ul style="list-style-type: none"> <li>• Dato' Loo Pang Kee</li> </ul>
Bond Markets organised by International Business Consulting Sdn Bhd	<ul style="list-style-type: none"> <li>• Dato' Seri Tengku Dr. Zainal Adlin Bin Tengku Mahamood</li> </ul>
International Currency Risk Management organised by International Business Consulting Sdn Bhd	<ul style="list-style-type: none"> <li>• Dr Edmond Fernandez</li> </ul>
Technical Seminar – FRS Update organised by Ernst & Young	<ul style="list-style-type: none"> <li>• Lim Ted Hing</li> </ul>
Directors Academy organized by Smart Focus	<ul style="list-style-type: none"> <li>• Wong Tet Jung @ Aquinas Wong</li> </ul>

## D. SHAREHOLDERS

### Dialogue between Companies and Investors

The Board believes in clear and regular communication with its shareholders and institutional investors. Besides the various announcements made during the financial year and release of financial results on a quarterly basis, the Board anticipates through its Fourth Annual Report to provide shareholders with an overview of the Group's performance and its business activities.

In all circumstances, the Board is cautious not to provide undisclosed material information about the Group. The Board recognises the importance of timely and equal dissemination of information to shareholders. As such, it strictly adheres to the disclosure requirements of the Bursa Malaysia.

### Annual General Meeting ("AGM")

The Board understands that the AGM is the principal forum for dialogue with shareholders. Hence opportunities will be made for shareholders to raise questions pertaining to the business activities of the Group. The Executive Chairman and where appropriate, the Group Managing Director will be responding to the shareholders' questions during the coming meeting. Each item of special business included in the notice of the meeting will be accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of issues involved. In respect of re-election of Directors, the Board will ensure that full information is disclosed

## **Statement** on Corporate Governance

(Continued)

through the notice of meeting regarding Directors who are retiring and who are willing to serve if re-elected.

### **E. ACCOUNTABILITY AND AUDIT**

#### **Financial Reporting**

In presenting the annual financial statements and quarterly announcements to the shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 32 of this annual report.

#### **Internal Control**

The Directors acknowledge their responsibilities for maintaining a sound system of internal control which is necessary to safeguard the Group's assets and shareholders' investment. In this respect, the Board affirms its overall responsibility for the Group's internal control system, which encompasses risk management practices as well as financial, operational and compliance controls. Information on the Group's internal control system is presented in the Statement on Internal Control laid out on pages 25 to 26 of this annual report.

#### **Relationship with Auditors**

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 21 to 24 of this annual report. A summary of the activities of the Audit Committee during the year, including the evaluation of the internal audit process, is set out in the Audit Committee Report on page 24 of this annual report.

#### **Compliance statement**

The Group had substantially complied with the Best Practices of the Code throughout the financial year.

# Directors' Responsibility Statement

in respect of the preparation of the audited financial statements



The Directors are required by the Companies Act, 1965 to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flows for the financial year. The Directors consider that in presenting the financial statements, the Group has used appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgments and estimates.

The Directors have a general responsibility for ensuring the Group and the Company keep accounting records and financial statements, which disclose with reasonable accuracy the financial position of the Group and of the Company. The Directors have taken steps to ensure that such financial statements comply with the Companies Act, 1965, approved accounting standards in Malaysia and other regulatory provisions.

The Directors are also responsible for taking steps that are reasonably open to them to safeguard the assets of the Group and prevent and detect fraud and other irregularities.



## **Additional Compliance Information**

The following additional information is provided in compliance with the Listing Requirement of the Bursa Malaysia Securities Berhad:-

**1. Utilisation of Proceeds Raised From Corporate Proposals**

This was not applicable during the financial year.

**2. Share Buybacks**

During the financial year, there were no share buybacks by the Company.

**3. Options, Warrants or Convertible Securities**

There were no options, warrants or convertible securities issued during the financial year.

**4. American Deposit Receipt ('ADR') or Global Deposit Receipt ('GDR') Programme**

During the financial year, the Company did not sponsor any ADR or GDR programme.

**5. Imposition of Sanctions/Penalties**

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant authorities.

**6. Non-Audit Fees**

The amount of non-audit fees paid to an associate of the auditors are disclosed in note 7 to the financial statements.

**7. Profit Estimate, Forecast or Projection**

No material variance arose between the audited results for the financial year and the unaudited results previously announced. There were no profit estimate, forecast or projection for the financial year ended 31 December 2005.

**8. Profit Guarantee**

During the financial year, there were no profit guarantee given by the Company.

**9. Material Contracts**

There were no material contracts entered into by the Company and/or its subsidiaries which involve Directors' and major shareholders' interest either still subsisting at the end of the financial year.

**10. Revaluation Policy on Landed Properties**

Landed properties of the Company are not revalued and are stated at cost less accumulated depreciation.

**11. Recurrent Related Party Transactions**

The details of the related party transactions are set out in note 33 to the financial statements.

# Audit Committee Report

Composition, Terms of Reference and Functions

21

NPC Resources Berhad  
2005 Annual Report



## COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee and their respective designations are as follows:-

Name	Designation	Directorship
a) Lim Ted Hing	Chairman	Independent Non-Executive Director
b) Dr. Edmond Fernandez	Member	Independent Non-Executive Director
c) Dato' Loo Pang Kee	Member	Group Managing Director

The Audit Committee was formed by the Board of Directors on 19 March 2002.

The Chairman of the Audit Committee, Mr. Lim Ted Hing is a Chartered Accountant with the Malaysian Institute of Accountants (MIA).

## Terms of reference

The Audit Committee is governed by the following terms of reference:

### 1. Composition of the audit committee

The Audit Committee shall be appointed by the Board of Directors from among their numbers and shall comprise at least three directors, the majority of whom shall be independent of senior management and operating executives and unencumbered by any relationships that might, in the opinion of the Board of Directors, be considered conflict of interest. The members of the Audit Committee shall elect a chairman from among themselves who shall be an independent director.

At least one member of the audit committee:-

- a) must be a member of the Malaysian Institute of Accountants (MIA); or
- b) if he is not a member of the MIA, he must have at least 3 years' working experience and:-
  - i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  - iii) fulfills such other requirements as prescribed by Bursa Malaysia.

No alternate director shall be appointed as a member of the audit committee.

## **Audit Committee Report**

### Composition, Terms of Reference and Functions (Continued)

#### **2. Authority**

The Audit Committee is authorised by the Board of Directors to:

- a) investigate any activities within its terms of reference;
- b) have the resources required to perform its duties;
- c) have full and unrestricted access to any information and documents relevant to its activities;
- d) have direct communication channels with the internal and external auditors and senior management of the Group;
- e) be able to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary; and
- f) be able to convene meetings with the external auditors, excluding the attendance of the executive member of the Committee, whenever deemed necessary.

#### **3. Duties**

The duties of the Committee should include the following:

- a) to consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;
- b) to discuss with the external auditors before audit commences, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved;
- c) to review the assistance given by the Company and its officers to the external and internal auditors;
- d) to review the adequacy and the integrity of the Group's internal control systems and management information systems with the external auditors;
- e) to review the quarterly and year-end financial statements of the Company prior to the approval by the Board; focusing particularly on:
  - i) any changes in accounting policies and practices;
  - ii) significant adjustments arising from the audit;
  - iii) the going concern assumption;
  - iv) compliance with applicable accounting standards approved by the Malaysian Accounting Standards Board ("MASB") and other legal requirements;
- f) to discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
- g) to review the external auditors' audit report, management letter and management's response;



- h) to perform the following in respect of the internal audit function:
  - i) review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - ii) review the internal audit program, processes and results of the internal audit process and where necessary ensure that appropriate actions taken on the recommendations of the internal auditors;
  - iii) review any appraisal or assessment of the performance of the internal audit function;
  - iv) approve any appointment or termination of internal auditors; and
  - v) inform itself of resignation of internal auditors and provide the resigning internal auditors an opportunity to submit reasons for resigning;
- i) to consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- j) to consider the major findings of internal investigations and management's response; and
- k) to consider other topics as defined by the Board

#### 4. Quorum and procedures for meetings

The Audit Committee meetings shall not be less than four times a year. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

Representatives of external auditors may be required to be in attendance at meetings where matters relating to the audit of the statutory accounts are to be discussed. However, at least once a year, the Audit Committee shall meet with the external auditors without any executive Board Members present, if deemed necessary.

The Committee shall meet at least annually with the internal auditors to discuss the internal audit findings for the financial year without any executive Board Members present, if deemed necessary.

Other appropriate officers of the Group may be invited to attend, except for those portions of the meetings where their presence is considered inappropriate, as determined by the Chairman of the Audit Committee.

The quorum for the meeting shall be any two members, one of whom shall be an independent director.

The Company Secretaries shall be Secretaries to the Audit Committee. The Secretaries in conjunction with the Chairman, shall draw up agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

Minutes of each meeting shall be kept and distributed to each member of the Audit Committee. The Audit Committee Chairman shall report on each meeting to the Board of Directors.

## Audit Committee Report

### Composition, Terms of Reference and Functions (Continued)

#### 5. Retirement and resignation

In the event of any vacancy in an audit committee resulting in the non-compliance of subparagraphs 15.10(1) of Bursa Malaysia Securities Berhad Listing Requirements, the vacancy must be filled within 3 months.

#### 6. Review of the audit committee

The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every 3 years to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

### INTERNAL AUDIT

The Company has outsourced its internal audit function to an independent accounting firm. The areas covered by the internal auditors include internal audit functions, review on the compliances with Malaysian Code on Corporate Governance and review of the Group's Risks Profile and Management. The results of the internal audit function are set out in the Statement of Internal Control.

### MEETINGS AND SUMMARY OF ACTIVITIES

The Committee had held five meetings during the financial year. The attendance record of the Audit Committee members in each of the meetings is as follows:

<b>Name</b>	<b>Meetings Attended</b>	<b>Maximum Possible Meetings To Attend</b>
Lim Ted Hing	5	5
Dr. Edmond Fernandez	5	5
Dato' Loo Pang Kee	3	5

The main activities undertaken by the Committee were as follows:

- reviewed the unaudited Quarterly Financial Results of the Company and its disclosure requirements before recommending them for the Board's approval;
- reviewed the year end financial statements of the Company prior to submission to the Board for their consideration and approval. This review was to ensure that the financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable accounting standards approved by MASB;
- reviewed the audit plans and service charter presented by the external auditors; and
- reviewed the internal audit program, processes and results of the internal audit processes.



## RESPONSIBILITY

The Board recognises that it is responsible for the Group's system of internal control and for reviewing its adequacy and integrity.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, present throughout the financial year under review and up to date of approval of the annual report and financial statements, and is in accordance with the guidance as contained in the publication – Statement on Internal Control Guidance for Directors of Public Listed Companies.

As with any internal control system, controls can only provide reasonable but not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives.

## RISK MANAGEMENT FRAMEWORK AND CONTROL SELF - ASSESSMENT

The Board's primary objective and direction in managing the Group's risks are focused on the achievement of the Group's business objectives. The risk management framework has been formalised in compliance with Bursa Malaysia Securities Berhad Listing Requirements with emphasis on compliance with the Corporate Governance and Internal Control. The Board reviews the risk management framework annually and the management has been entrusted to continuously monitor the principal risks of the Group identified, evaluate existing controls and formulate the necessary action plans with its respective process owners. The Executive Directors are tasked with the responsibility of continuous monitoring and reviewing strategic directions and significant operational matters of the Group.

## OTHER KEY ELEMENTS OF INTERNAL CONTROL

Scheduled meetings at head office and operation sites were held to identify, discuss and resolve business and operational issues. The Board was aware of, and involved in, when necessary in resolving, any significant issue identified at those meetings. The Executive Directors are actively involved in the day-to-day operations of the Group.

The Group has a clear management structure that clearly defines lines of accountability and delegated authority. There is also proper segregation of duties to ensure safe custody of the Group's assets. The Group's organisation chart includes the Central Working Committee, headed by a Chief Operation Officer. The central working committee meets monthly at head office to discuss and review the Group's operations and ensures that they are carried out in accordance with standards set and expected by the Board. There is a structured and formal employee appraisal system that ensures employees are remunerated based on their performance.

The Board has reviewed the Group's budget for the current financial year. The budgeting process includes the preparation of budgets by individual operating



## **Statement** on Internal Control

(Continued)

units, which are approved at management level and ultimately by the Board. Actual performance and results are monitored against budgets, with reasons for significant variances identified and highlighted to management and the Board for the appropriate corrective measures.

### **INTERNAL AUDIT FUNCTION**

The Board remains committed towards continuous improvement and enhancement of its internal controls to ensure that there is increased certainty of the achievement of business objectives, thus enhancing shareholder value.

The Group has outsourced its Internal Audit function to an independent accounting firm, which reports to the Audit Committee. The internal audit was carried out based on the Internal Audit plan that was reviewed by the Audit Committee and approved by the Board of Directors.

The risk based internal audit approach has examined, evaluated and ensured compliance with the Group's policies, procedures and system of controls. It has also evaluated the effectiveness of the internal control system and assessed the consequences of any potential risks and suggested any improvements required.

A number of minor internal control weaknesses were identified during the year, all of which have been or are being addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require a disclosure in the Group's Annual Report. The board confirms that its system of internal control was operational throughout the financial year and up to the date of approval of the Annual Report.



<b>28</b>	Directors' Report
<b>32</b>	Statement by Directors
<b>32</b>	Statutory Declaration
<b>33</b>	Report of the Auditors
<b>34</b>	Income Statements
<b>35</b>	Balance Sheets
<b>37</b>	Statements of Changes in Equity
<b>38</b>	Cash Flow Statements
<b>40</b>	Notes to the Financial Statements
<b>72</b>	Shareholding Statistics
<b>75</b>	List of Properties
	Form of Proxy

## Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2005.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiary companies are stated in Note 15 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

### RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Profit after taxation	13,140,839	9,293,798
Minority interests	(909,631)	-
Net profit for the year	12,231,208	9,293,798

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effect arising from the disposal of a leasehold plantation by a subsidiary company resulting in a gain of RM1,114,827 to the Group.

### DIVIDENDS

- Since the financial year ended 31 December 2004, a final dividend of 3% less 28% taxation on 120,000,000 ordinary shares in respect of the financial year ended 31 December 2004 amounting to RM2,592,000 (2.16 sen net per ordinary share) was paid on 5 August 2005.
- An interim dividend of 3% less 28% taxation on 120,000,000 ordinary shares in respect of the financial year ended 31 December 2005 amounting to RM2,592,000 (2.16 sen net per ordinary share) which was approved by the Board of Directors on 22 February 2006, was paid on 3 April 2006 and will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2006.
- At the forthcoming Annual General Meeting, a final dividend of 3% less 28% taxation on 120,000,000 ordinary shares in respect of the financial year ended 31 December 2005 amounting to RM2,592,000 (2.16 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2006.

### SIGNIFICANT EVENTS

- On 1 February 2005, a subsidiary company, Berkat Setia Sdn. Bhd. entered into a sub-lease agreement with Beba @ Habibah Binti Mutsatu to lease 45 parcels of native land for a period of 30 years commencing 1 January 2005 for a total lease rental of RM1,120,350.



### SIGNIFICANT EVENTS (CONTINUED)

- (b) On 7 March 2005, a subsidiary company, Ladang Zupakeja Sdn. Bhd. had completed the disposal of its leasehold plantation for a cash consideration of RM4,994,000. The disposal had resulted in a gain of RM1,114,827 to the Group.
- (c) On 24 June 2005, a subsidiary company, Berkat Setia Sdn. Bhd. acquired 70% equity interest in Best Borneo Oil Palm Resources Sdn. Bhd. ("BEST") from Best Offshore Supply & Services Sdn. Bhd. ("BOSS") for a cash consideration of RM100,000.
- (d) On 30 September 2005, a subsidiary company, Kidat Sdn. Bhd. entered into sale of shares agreements with Loo Pang Kiet and Lee Chiew Fong to acquire 100% equity interests in Pedoman Hasil Sdn. Bhd. for a total cash consideration of RM2.
- (e) On 19 December 2005, a 73.5% owned subsidiary company, Ladang Zupakeja Sdn. Bhd., which was dormant was placed under members' voluntary winding up. The completion of the winding up process is pending clearance from the relevant statutory bodies.

### SUBSEQUENT EVENTS

- (a) On 26 January 2006, a subsidiary company, Ballerina Sdn. Bhd. entered into an agreement with Mr. Hon Kak Wei, Mr. Lo Vui Ming, Mr. Hsu Yu-Ming and Mr. Chong Kui Fung to acquire 70% equity interest in Better Prospects Sdn. Bhd. ("BPSB") for a total cash consideration of RM415,852. The acquisition was completed on 15 March 2006.
- (b) On 26 January 2006, a subsidiary company, Ballerina Sdn. Bhd. entered into an agreement with Mr. Hsu Yu-Ming and Mr. Chen Sheng Huang to acquire 70% equity interest in Miracle Display Sdn. Bhd. ("MDSB") for a total cash consideration of RM12,000. The acquisition was completed on 28 February 2006.

### DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Loo Ngin Kong  
Tengku Datuk Dr. Zainal Adlin Bin Tengku Mahamood  
Dato' Loo Pang Kee  
Wong Siew Ying  
Lim Ted Hing  
Dr. Edmond Fernandez  
Wong Tet Jung @ Aquinas Wong (Resigned on 31 January 2006)

### DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 9 to the financial statements or the fixed salary of a full-time employee of Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 33 to the financial statements.

## Directors' Report

(Continued)

30

### DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			
	1.1.2005	Acquired	Sold	31.12.2005
<b>The Company</b>				
<b>Direct Interest</b>				
Loo Ngin Kong	7,961,724	-	-	7,961,724
Tengku Datuk Dr. Zainal Adlin Bin Tengku Mahamood	1	-	-	1
Dato' Loo Pang Kee	9,929,506	-	-	9,929,506
Wong Siew Ying	5,622,684	-	-	5,622,684
Lim Ted Hing	450,000	187,000	-	637,000
Dr. Edmond Fernandez	30,000	-	-	30,000
Wong Tet Jung @ Aquinas Wong	-	380,000	(200,000)	180,000
<b>Indirect Interest</b>				
Dato' Loo Pang Kee	38,400,000	-	-	38,400,000
Wong Siew Ying	38,400,000	-	-	38,400,000
Wong Tet Jung @ Aquinas Wong	824,000	376,000	(300,000)	900,000

The Directors, Loo Ngin Kong, Dato' Loo Pang Kee and Wong Siew Ying, by virtue of their interests in shares in the Company, are also deemed to have interest in shares in all of its related corporations to the extent the Company has an interest.

### OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
  - (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.



### OTHER STATUTORY INFORMATION (CONTINUED)

- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
  - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

**LOO NGIN KONG**

Sandakan, Malaysia  
26 April 2006

**WONG SIEW YING**



## Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, LOO NGIN KONG and WONG SIEW YING, being two of the Directors of NPC RESOURCES BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 34 to 71 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2005 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors.

**LOO NGIN KONG**

**WONG SIEW YING**

Sandakan, Malaysia  
26 April 2006

---

## Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, TAN VUN SU, being the Officer primarily responsible for the financial management of NPC RESOURCES BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 34 to 71 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared )  
by the abovenamed TAN VUN SU )  
at Sandakan in the State of Sabah )  
on 26 April 2006 )

**TAN VUN SU**

Before me -

**COMMISSIONER FOR OATHS**

# Report of the Auditors to the Members

of NPC Resources Berhad (Incorporated in Malaysia)

33

NPC Resources Berhad  
2005 Annual Report



We have audited the financial statements set out on pages 34 to 71. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
  - (i) the financial position of the Group and of the Company as at 31 December 2005 and of the results and the cash flows of the Group and of the Company for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174 (3) of Act.

## **ERNST & YOUNG**

AF: 0039

Chartered Accountants

## **CHONG YEW HOONG**

1502/04/07 (J)

Partner

Sandakan, Malaysia

26 April 2006

# Income Statements

for the Year Ended 31 December 2005

	Note	Group		Company	
		2005 RM	2004 RM	2005 RM	2004 RM
Revenue	5	200,645,893	195,094,227	14,272,425	11,926,806
Cost of sales	6	(174,774,976)	(174,433,581)	-	-
Gross profit		25,870,917	20,660,646	14,272,425	11,926,806
Other operating income		1,813,069	2,341,785	47,246	619
Other operating expenses		(117,764)	(183,117)	-	-
Distribution costs		(1,947,223)	(1,239,492)	-	-
Administrative expenses		(5,597,556)	(4,831,251)	(3,756,087)	(3,542,988)
Profit from operations	7	20,021,443	16,748,571	10,563,584	8,384,437
Finance costs		(2,522,278)	(3,364,895)	(1,039,973)	(1,193,809)
Finance income		-	-	1,039,623	131,290
Net finance costs	10	(2,522,278)	(3,364,895)	(350)	(1,062,519)
Profit before taxation		17,499,165	13,383,676	10,563,234	7,321,918
Taxation	11	(4,358,326)	(2,929,315)	(1,269,436)	(865,584)
Profit after taxation		13,140,839	10,454,361	9,293,798	6,456,334
Minority interests		(909,631)	(928,436)	-	-
Net profit for the year		12,231,208	9,525,925	9,293,798	6,456,334
Net dividends per ordinary share in respect of the year (sen):	12	4.32	3.60	4.32	3.60
Earnings per share (sen):					
- basic	13	10.19	7.94		
- diluted	13	-	-		

The accompanying notes form an integral part of the financial statements.

# Balance Sheets

as at 31 December 2005

35

NPC Resources Berhad  
2005 Annual Report



		Group		Company	
Note		2005 RM	2004 RM	2005 RM	2004 RM
<b>Non-Current Assets</b>					
Property, plant and equipment	14	219,911,188	211,694,252	99,261	81,887
Investments in subsidiary companies	15	-	-	296,978,297	296,228,297
Goodwill on consolidation	16	4,258,029	3,870,399	-	-
Deferred tax assets	30	-	159,521	-	-
		224,169,217	215,724,172	297,077,558	296,310,184
<b>Current Assets</b>					
Amounts due from subsidiary companies	17	-	-	100,395,493	817,318
Inventories	18	13,773,209	11,561,161	-	-
Trade receivables	19	5,604,245	4,317,701	-	-
Other receivables	20	3,429,546	10,134,184	61,853	90,767
Tax refundable		765,929	763,000	233,223	271,147
Fixed deposits with licensed banks	21	839,177	74,938	-	-
Cash and bank balances		1,228,366	1,855,646	52,923	100,513
		25,640,472	28,706,630	100,743,492	1,279,745
<b>Current Liabilities</b>					
Amounts due to subsidiary companies	22	-	-	260,559,659	165,109,344
Borrowings	23	32,400,866	31,643,626	8,011,805	8,000,512
Trade payables	25	9,723,321	12,544,145	-	-
Other payables	26	4,566,084	4,507,850	596,487	814,219
Dividend payable		-	1,728,000	-	1,728,000
Provision for taxation		345,845	451,040	-	-
		47,036,116	50,874,661	269,167,951	175,652,075
<b>Net Current Liabilities</b>		(21,395,644)	(22,168,031)	(168,424,459)	(174,372,330)
		202,773,573	193,556,141	128,653,099	121,937,854

## Balance Sheets

as at 31 December 2005 (Continued)

		Group		Company	
Note		2005 RM	2004 RM	2005 RM	2004 RM
<b>Financed By:</b>					
Share capital	27	120,000,000	120,000,000	120,000,000	120,000,000
Retained profits	28	23,141,372	13,502,164	8,632,586	1,930,788
Share premium	29	-	-	-	-
Shareholders' equity		143,141,372	133,502,164	128,632,586	121,930,788
Minority interests		12,806,623	11,919,462	-	-
Borrowings		14,985,210	18,872,094	-	-
Deferred tax liabilities	30	31,840,368	29,262,421	20,513	7,066
Non-current liabilities		46,825,578	48,134,515	20,513	7,066
		202,773,573	193,556,141	128,653,099	121,937,854
<b>Net Assets Per Share</b>		1.19	1.11		

The accompanying notes form an integral part of the financial statements.

# Statements of Changes in Equity

for the Year Ended 31 December 2005



	Note	Share Capital RM	Non- Distributable Share Premium RM	Distributable Retained Profits RM	Total RM
<b>Group</b>					
At 1 January 2004		80,000,000	29,193,432	16,510,807	125,704,239
Issuance of bonus shares		40,000,000	(29,193,432)	(10,806,568)	-
Net profit for the year		-	-	9,525,925	9,525,925
Dividends	12	-	-	(1,728,000)	(1,728,000)
<b>At 31 December 2004</b>		120,000,000	-	13,502,164	133,502,164
Net profit for the year		-	-	12,231,208	12,231,208
Dividends	12	-	-	(2,592,000)	(2,592,000)
<b>At 31 December 2005</b>		120,000,000	-	23,141,372	143,141,372
<b>Company</b>					
<b>At 1 January 2004</b>		80,000,000	29,193,432	8,009,022	117,202,454
Issuance of bonus shares		40,000,000	(29,193,432)	(10,806,568)	-
Net profit for the year		-	-	6,456,334	6,456,334
Dividends	12	-	-	(1,728,000)	(1,728,000)
<b>At 31 December 2004</b>		120,000,000	-	1,930,788	121,930,788
Net profit for the year		-	-	9,293,798	9,293,798
Dividends	12	-	-	(2,592,000)	(2,592,000)
<b>At 31 December 2005</b>		120,000,000	-	8,632,586	128,632,586

The accompanying notes form an integral part of the financial statements.



# Cash Flow Statements

for the Year Ended 31 December 2005

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
<b>Cash Flows From Operating Activities</b>				
Profit before taxation	17,499,165	13,383,676	10,563,234	7,321,918
Adjustments for:				
Amortisation of lease plantation development expenditure	700,815	-	-	-
Depreciation of property, plant and equipment	5,966,583	5,675,395	12,155	8,364
Plant and equipment scrapped	59,751	-	-	-
Finance costs	2,522,278	3,364,895	1,039,973	1,193,809
Loss on disposal of property, plant and equipment	23,301	-	-	-
Interest income	(129,199)	(101,326)	(1,039,996)	(131,909)
Dividend income	-	-	(10,508,825)	(8,626,806)
Gain on disposal of property, plant and equipment	(1,233,928)	(1,283,359)	-	-
Operating profit/(loss) before working capital changes	25,408,766	21,039,281	66,541	(234,624)
Increase in amounts due from subsidiary companies	-	-	(99,578,175)	-
Increase in inventories	(2,212,048)	(1,191,184)	-	-
Decrease/(increase) in receivables	5,443,940	357,495	28,914	(10,081)
Increase/(decrease) in amounts due to subsidiary companies	-	-	95,450,315	(6,635,847)
(Decrease)/increase in payables	(4,674,046)	(3,726,080)	(217,732)	689,248
Net cash generated from/(used in) operations	23,966,612	16,479,512	(4,250,137)	(6,191,304)
Income tax paid	(1,387,843)	(1,221,065)	(1,221,111)	(1,127,507)
Tax refunded	3,046	22,772	3,046	-
Interest paid	(195,428)	(948,389)	(649,552)	(812,101)
Net cash generated from/(used in) operating activities	22,386,387	14,332,830	(6,117,754)	(8,130,912)

## Cash Flow Statements

for the Year Ended 31 December 2005 (Continued)



	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
<b>Cash Flows From Investing Activities</b>				
Dividend income	-	-	10,508,825	8,626,806
Interest on advances recovered	-	-	1,039,623	-
Interest income	129,199	101,326	373	131,909
Subscription of additional shares in a subsidiary company	-	-	(750,000)	-
Net proceeds from disposal of property, plant and equipment	5,227,759	5,482,791	-	-
Purchase of property, plant and equipment and additions to plantation development expenditure (Note 14)	(16,163,434)	(9,453,929)	(29,529)	(90,251)
Interest capitalised under plantation development expenditure (Note 14)	(183,401)	(382,358)	-	-
Real Property Gains Tax paid	(702,087)	-	-	-
Net cash (used in)/generated from investing activities	(11,691,964)	(4,252,170)	10,769,292	8,668,464
<b>Cash Flows From Financing Activities</b>				
Dividend paid	(4,320,000)	-	(4,320,000)	-
Dividend paid to minority interests	(52,470)	(221,357)	-	-
Proceeds from drawdown of term loans	5,600,000	6,400,000	-	-
Net proceeds from drawdown of bankers' acceptances	2,351,000	1,229,000	-	-
Net proceeds from drawdown of revolving credits	-	2,000,000	-	-
Repayment of term loans	(9,392,254)	(17,438,580)	-	-
Repayment of leasing liabilities	-	(26,880)	-	-
Repayment of hire purchase liabilities	(1,792,370)	(2,327,986)	-	-
Interest on hire purchase paid	(226,826)	(348,595)	-	-
Interest on leasing paid	-	(984)	-	-
Interest on term loans paid	(1,372,946)	(1,812,748)	-	-
Interest on bankers' acceptances paid	(311,839)	(321,108)	-	-
Interest paid on revolving credits	(403,946)	-	(379,128)	(448,636)
Net cash used in financing activities	(9,921,651)	(12,869,238)	(4,699,128)	(448,636)
<b>Net increase/(decrease) in cash and cash equivalents</b>	772,772	(2,788,578)	(47,590)	88,916
<b>Cash and cash equivalents at beginning of year</b>	(2,348,378)	440,200	100,513	11,597
<b>Cash and cash equivalents at end of year (Note 32)</b>	(1,575,606)	(2,348,378)	52,923	100,513

The accompanying notes form an integral part of the financial statements.

# Notes to the Financial Statements

31 December 2005

## 1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiary companies are stated in Note 15 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Bursa Malaysia Securities Berhad. The financial statements of the Group and of the Company are expressed in Ringgit Malaysia.

The registered office and principal place at which business is carried out is located at Lot 9, T3 Taman Tshun Ngen, Mile 5, Jalan Labuk, 90000 Sandakan, Sabah.

The number of employees of the Group and of the Company at the end of the financial year was 1,631 (2004: 1,490) and 43 (2004: 43) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 April 2006.

## 2. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board of Directors and the Group's policy is not to engage in speculative transactions.

### (a) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing borrowings. The Group had no substantial long term interest-bearing assets as at 31 December 2005. The investments in financial assets are mainly short term in nature and have been mostly placed in fixed deposits, marketable securities or occasionally, in short term commercial papers.

The Group monitors the interest rate on borrowings closely to ensure that the borrowings are maintained at favourable rates.

### (b) Liquidity Risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

### (c) Credit Risk

Credit risk is managed by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored through the Group's associations to business partners with current proven track records. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

### (d) Fair Values

There is no disclosure of fair value for investment in subsidiary companies and borrowings under the basis of Islamic principles as these are excluded from FRS 132 - Financial Instruments: Disclosure and Presentation.



### 2. FINANCIAL RISK MANAGEMENT POLICIES (CONTINUED)

#### (d) Fair Values (Continued)

The nominal amount and fair value of the contingent liabilities of the Company as disclosed in Note 36 to the financial statements not recognised in the balance sheet as at 31 December 2005 are RM70,393,678 (2004: RM61,385,178) and RM37,139,746 (2004: RM37,269,465) respectively.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and Cash Equivalents, Trade and Other Receivables/Payables

The carrying amounts approximate fair values due to the relatively short maturity term of these financial instruments.

(ii) Amounts Due from/to Subsidiary Companies

It is not practicable to estimate the fair values of these amounts due principally to a lack of fixed repayment terms entered into by the parties involved.

(iii) Borrowings

The carrying amounts of borrowings as reflected in the balance sheets approximate their fair values.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the significant accounting policies.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia.

#### (b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies. Subsidiary companies are those entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiary companies are measured at their fair values at the date of acquisition. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Basis of Consolidation (Continued)

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences.

Minority interests in the consolidated balance sheet consist of the minorities' share of the fair value of the identifiable assets and liabilities of the acquiree as at acquisition date and the minorities' share of movements in the acquiree's equity since then.

### (c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(m). Goodwill arising on the acquisition of subsidiary companies is presented separately in the balance sheet and is not amortised.

### (d) Investments in Subsidiary Companies

The Company's investments in subsidiary companies are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(m).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

### (e) Property, Plant and Equipment, and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3(m).

Long leasehold land with an unexpired lease term of more than 50 years is not amortised and the Directors are of the opinion that the non-amortisation of the long leasehold land has no material effect on the financial statements. The effect of the non-amortisation of the long term leases is disclosed in Note 14 to the financial statements.

Short leasehold land and lease plantation development expenditure are amortised over the remaining period of the lease.

No amortisation is considered necessary on plantation development expenditure as its value is maintained through replanting programme. Replanting expenditure is recognised in the income statement in the year in which the expenditure is incurred.

New planting expenditure incurred on land clearing and upkeep of palms to maturity is capitalised under plantation development expenditure. A portion of the indirect overheads which include general and administrative expenses and interest expense incurred on immature plantation is similarly capitalised under plantation development expenditure until such time when the plantation attains maturity.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(e) Property, Plant and Equipment, and Depreciation (Continued)**

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Buildings	2% - 10%
Mill structure	5%
Oil mill plant and machinery	8% - 20%
Heavy equipment	8% - 20%
Motor vehicles	8% - 20%
Furniture, fittings and equipment	10% - 20%

Capital work-in-progress is not depreciated until it is completed and ready for use.

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

**(f) Inventories**

Inventories are stated at lower of cost and net realisable value.

Cost of crude palm oil and milled oil palm produce are determined on the first in, first out method. The cost comprises direct material cost, direct labour cost, other direct charges and an appropriate proportion of factory overheads.

Cost of fresh fruit bunches, consumable stores and culverts are determined on the weighted average cost method. The cost comprises the actual cost of purchases and expenses in bringing them into stores.

Cost of oil palm nurseries is determined using the weighted average cost method. The cost comprises the actual cost of seedlings and upkeep expenses.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated costs necessary to make the sale.

**(g) Cash and Cash Equivalents**

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

**(h) Leases**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) Leases (Continued)

#### (i) Finance Leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 3(e).

#### (ii) Operating Leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

### (i) Provision for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

### (j) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income tax payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.





### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (k) Employee Benefits

##### (i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group.

##### (ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

#### (l) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

##### (i) Sale of fresh fruit bunches

Revenue from sale of fresh fruit bunches, crude palm oil and palm kernel are recognised upon delivery of goods to customers.

##### (ii) Management and transportation fees income

Revenue from management and transportation services is recognised upon rendering of services to customers.

##### (iii) Property letting income

Revenue from property letting is recognised on accrual basis.

##### (iv) Dividend income

Dividend from subsidiary companies is recognised when the right to receive payment is established.

#### (m) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (n) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

#### (i) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

#### (ii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

#### (iii) Interest-Bearing Borrowings

Interest-bearing bank overdrafts and other facilities are recorded at the amount of proceeds received, net of transaction costs. Borrowing costs directly attributable to the acquisition and development of plantation are capitalised as part of the cost of the plantations, until such time when the plantations attain maturity. All other borrowing costs are recognised in the income statement as an expense in the period in which they are incurred.

#### (iv) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

## 4. SIGNIFICANT EVENTS

- (a) On 1 February 2005, a subsidiary company, Berkat Setia Sdn. Bhd. entered into a sub-lease agreement with Beba @ Habibah Binti Mutsatu to lease 45 parcels of native land for a period of 30 years commencing 1 January 2005 for a total lease rental of RM1,120,350.
- (b) On 7 March 2005, a subsidiary company, Ladang Zupakeja Sdn. Bhd. had completed the disposal of its leasehold plantation for a cash consideration of RM4,994,000. The disposal had resulted in a gain of RM1,114,827 to the Group.
- (c) On 24 June 2005, a subsidiary company, Berkat Setia Sdn. Bhd acquired 70% equity interest in Best Borneo Oil Palm Resources Sdn. Bhd ("BEST") from Best Offshore Supply & Services Sdn. Bhd. ("BOSS") for a cash consideration of RM100,000.
- (d) On 30 September 2005, a subsidiary company, Kidat Sdn. Bhd. entered into sale of shares agreements with Loo Pang Kiet and Lee Chiew Fong to acquire 100% equity interests in Pedoman Hasil Sdn. Bhd. for a total cash consideration of RM2.


**4. SIGNIFICANT EVENTS (CONTINUED)**

- (e) On 19 December 2005, a 73.5% owned subsidiary company, Ladang Zupakeja Sdn. Bhd., which was dormant was placed under members' voluntary winding up. The completion of the winding up process is pending clearance from the relevant statutory bodies.

**5. REVENUE**

	<b>Group</b>		<b>Company</b>	
	<b>2005 RM</b>	<b>2004 RM</b>	<b>2005 RM</b>	<b>2004 RM</b>
Sale of crude palm oil	171,294,152	169,078,094	-	-
Sale of palm kernel	28,581,548	24,767,234	-	-
Sale of fresh fruit bunches	615,671	1,150,307	-	-
Management fees	-	-	3,763,600	3,300,000
Dividend from subsidiary companies:				
- Gross	-	-	4,361,111	4,026,806
- Tax exempt	-	-	6,147,714	4,600,000
Transportation income	144,922	98,592	-	-
Property letting	9,600	-	-	-
	200,645,893	195,094,227	14,272,425	11,926,806

**6. COST OF SALES**

This represents cost of inventories sold and services rendered.

**7. PROFIT FROM OPERATIONS**

	<b>Group</b>		<b>Company</b>	
	<b>2005 RM</b>	<b>2004 RM</b>	<b>2005 RM</b>	<b>2004 RM</b>
This is stated after charging/(crediting):				
Amortisation of lease plantation development expenditure (Note 14)	700,815	-	-	-
Auditors' remuneration				
- current year	104,200	95,495	20,000	15,000
- other services	2,000	37,000	2,000	37,000
- underprovision in prior year	21,100	400	-	-
Professional fees charged by an associate of the Company's auditors	128,800	86,364	35,800	24,200
Depreciation of property, plant and equipment (Note 14)	5,966,583	5,675,395	12,155	8,364
Non-Executive Directors' remuneration (Note 9)	110,400	91,200	110,400	91,200
Plant and equipment scrapped	59,751	-	-	-
Rental of premises and land	151,109	113,950	90,000	-
Lease rental	98,719	-	-	-
Loss on disposal of property, plant and equipment	23,301	-	-	-
Management fees	-	-	6,500	6,140
Staff costs (Note 8)	14,799,324	12,877,151	3,085,353	2,873,945

## Notes to the Financial Statements

31 December 2005 (Continued)

### 7. PROFIT FROM OPERATIONS (CONTINUED)

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Equipment hire income	-	(38,617)	-	-
Gain on disposal of property, plant and equipment	(1,233,928)	(1,283,359)	-	-
Interest income	(129,199)	(101,326)	(373)	(619)
Management fees income	-	(6,140)	-	-
Rental income	(32,600)	(35,050)	-	-

### 8. STAFF COSTS

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Salaries and wages	14,826,489	13,085,773	2,669,110	2,562,349
Employees' Provident Fund contributions	727,268	619,287	406,129	302,570
SOCSSO contributions	47,518	42,584	10,114	9,026
	15,601,275	13,747,644	3,085,353	2,873,945
Capitalised under capital work-in- progress	(4,459)	-	-	-
Capitalised under plantation development expenditure	(797,492)	(870,493)	-	-
Recognised in income statement	14,799,324	12,877,151	3,085,353	2,873,945

Included in staff costs of the Group and of the Company are Executive Directors' remuneration of RM2,049,496 (2004: RM1,883,672) and RM2,049,496 (2004: RM1,883,672) respectively as further disclosed in Note 9.

## Notes to the Financial Statements

31 December 2005 (Continued)



### 9. DIRECTORS' REMUNERATION

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
<b>Directors of the Company</b>				
Executive:				
- Salaries, bonus and other emoluments	1,986,312	1,835,214	1,986,312	1,835,214
- Fees	15,000	-	15,000	-
- Benefits in kind	85,466	85,120	85,466	85,120
	2,086,778	1,920,334	2,086,778	1,920,334
Non-Executive:				
- Allowances	95,400	91,200	95,400	91,200
- Fees	15,000	-	15,000	-
	2,197,178	2,011,534	2,197,178	2,011,534
<b>Director of Subsidiary Companies</b>				
Executive - emoluments	48,184	48,458	48,184	48,458
	2,245,362	2,059,992	2,245,362	2,059,992

### 10. NET FINANCE COSTS

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
<b>Finance costs:</b>				
Interest expense on:				
Advances from subsidiary companies	-	-	649,202	812,101
Bankers' acceptances	311,839	321,108	-	-
Bank overdrafts	190,631	427,024	-	-
Bank loans	1,555,019	2,182,310	-	-
Hire purchase	228,105	361,211	-	-
Leasing	-	984	-	-
Revolving credits	415,239	404,314	390,421	381,518
Others	4,846	50,302	350	190
	2,705,679	3,747,253	1,039,973	1,193,809
Interest capitalised under plantation development expenditure	(183,401)	(382,358)	-	-
	2,522,278	3,364,895	1,039,973	1,193,809
<b>Finance income:</b>				
Interest income from advances and related charges recovered	-	-	(1,039,623)	(131,290)
	2,522,278	3,364,895	350	1,062,519

## Notes to the Financial Statements

31 December 2005 (Continued)

50

### 11. TAXATION

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Income tax:				
On results for the year	3,190,276	3,417,430	1,243,995	869,471
Tax credit arising from dividends paid by subsidiary companies	(1,277,706)	(3,446,273)	-	-
Under/(over)provided in prior years	106,071	74,872	11,994	(10,953)
	2,018,641	46,029	1,255,989	858,518
Deferred tax (Note 30):				
Relating to origination of temporary differences	2,187,002	3,067,240	7,328	7,066
Under/(over)provided in prior years	192,564	(456,526)	6,119	-
	2,379,566	2,610,714	13,447	7,066
Real Property Gains Tax:				
Current year	194,498	272,572	-	-
Overprovided in prior year	(234,379)	-	-	-
	(39,881)	272,572	-	-
Tax expense for the year	4,358,326	2,929,315	1,269,436	865,584

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Profit before taxation	17,499,165	13,383,676	10,563,234	7,321,918
Tax expense at Malaysian statutory tax rate of 28% (2004: 28%)	4,899,767	3,747,429	2,957,706	2,050,137
Effect of income subject to tax rate of 20%*	(216,414)	(119,893)	-	-
Effect of income not subject to tax	(482,748)	(654,739)	(1,721,360)	(1,288,000)
Effect of expenses not deductible for tax purposes	240,508	672,357	14,977	114,400
Realisation of deferred tax liabilities on fair value adjustment upon disposal of property, plant and equipment	(498,573)	(106,822)	-	-
Utilisation of current year reinvestment allowance	(45,606)	(167,119)	-	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	-	(332,816)	-	-


**11. TAXATION (CONTINUED)**

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Deferred tax assets on unutilised tax losses and unabsorbed capital allowance previously recognised, now unrecognised	85,613	-	-	-
Under/(over)provision of deferred tax in prior years	192,564	(456,526)	6,119	-
Deferred tax not recognised in respect of current year's tax losses and unabsorbed capital allowances	117,025	-	-	-
Under/(over)provision of income tax expense in prior years	106,071	74,872	11,994	(10,953)
Real Property Gains Tax	194,498	272,572	-	-
Overprovision of Real Property Gains Tax in prior year	(234,379)	-	-	-
Tax expense for the year	4,358,326	2,929,315	1,269,436	865,584

\* Pursuant to Paragraph 2A, Schedule 1, Part 1 of the Income Tax Act, 1967, the income tax rate applicable to the first RM500,000 of the chargeable income of certain subsidiary companies is 20% as they are considered small and medium scale companies.

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Tax savings recognised during the year arising from:				
- Utilisation of tax losses brought forward	759,814	1,036,016	-	-
- Utilisation of unabsorbed capital and agriculture allowances brought forward from previous years	1,627,773	2,160,969	-	-
Unutilised tax losses carried forward	8,711,970	10,282,133	-	-
Unabsorbed capital and agriculture allowances carried forward	9,000,329	13,557,556	-	-



## Notes to the Financial Statements

31 December 2005 (Continued)

52

### 12. DIVIDENDS

	Group		Net Dividends Per Ordinary Share in Respect of Year Ended 31 December	
	2005 RM	2004 RM	2005 Sen	2004 Sen
Dividends in respect of financial year ended 31 December 2004:				
- Interim dividend of 2% less 28% taxation on 120,000,000 ordinary shares, approved on 26 November 2004 and paid on 7 January 2005	-	1,728,000	-	1.44
- Final dividend of 3% less 28% taxation on 120,000,000 ordinary shares, approved on 29 June 2005 and paid on 5 August 2005	2,592,000	-	-	2.16
	2,592,000	1,728,000	-	3.60
Dividends in respect of financial year ended 31 December 2005 approved and paid or proposed subsequent to year end:				
- Interim dividend of 3% less 28% taxation on 120,000,000 ordinary shares, approved on 22 February 2006 and paid on 3 April 2006	2,592,000	-	2.16	-
- Final dividend of 3% less 28% taxation on 120,000,000 ordinary shares proposed for shareholders' approval at the forthcoming Annual General Meeting	2,592,000	-	2.16	-
	5,184,000	-	4.32	-

An interim dividend of 3% less 28% taxation on 120,000,000 ordinary shares in respect of the financial year ended 31 December 2005 amounting to RM2,592,000 (2.16 sen net per ordinary share) which was approved by the Board of Directors on 22 February 2006, was paid on 3 April 2006 and will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2006.

At the forthcoming Annual General Meeting, a final dividend of 3% less 28% taxation on 120,000,000 ordinary shares in respect of the financial year ended 31 December 2005 amounting to RM2,592,000 (2.16 sen net per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2006.


**13. EARNINGS PER SHARE**
**(a) Basic**

The basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	<b>Group</b>	
	<b>2005</b>	<b>2004</b>
Net profit for the year (RM)	12,231,208	9,525,925
Weighted average number of ordinary shares in issue	120,000,000	120,000,000
Basic earnings per share (Sen)	10.19	7.94

**(b) Diluted**

The Group has no potential ordinary shares in issue as at balance sheet date and therefore, diluted earnings per share has not been presented.

**14. PROPERTY, PLANT AND EQUIPMENT**
**Group**

	<b>Leasehold plantations and buildings RM</b>	<b>Oil mill plant and machinery RM</b>	<b>Heavy equipment and motor vehicles RM</b>	<b>Furniture, fittings and equipment RM</b>	<b>Capital work-in- progress* RM</b>	<b>Total RM</b>
<b>Cost</b>						
At 1 January 2005	202,672,151	29,199,465	18,442,068	4,088,568	833,560	255,235,812
Acquisition of subsidiary company	-	-	2,637,659	-	-	2,637,659
Additions	13,027,833	786,170	1,771,203	362,064	1,248,851	17,196,121
Disposals	(3,808,542)	-	(345,371)	(28,103)	-	(4,182,016)
Scrapped	-	(140,000)	(244,663)	-	-	(384,663)
Reclassifications	1,115,788	464,966	-	651	(1,581,405)	-
At 31 December 2005	213,007,230	30,310,601	22,260,896	4,423,180	501,006	270,502,913
<b>Accumulated Depreciation</b>						
At 1 January 2005	15,734,667	14,925,500	10,302,420	2,578,973	-	43,541,560
Acquisition of subsidiary company	-	-	751,777	-	-	751,777
Charge for the year	2,432,485	2,085,057	1,914,309	356,333	-	6,788,184
Disposals	(42,831)	-	(107,947)	(14,106)	-	(164,884)
Scrapped	-	(135,798)	(189,114)	-	-	(324,912)
At 31 December 2005	18,124,321	16,874,759	12,671,445	2,921,200	-	50,591,725

## Notes to the Financial Statements

31 December 2005 (Continued)

54

### 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### Group

	Leasehold plantations and buildings RM	Oil mill plant and machinery RM	Heavy equipment and motor vehicles RM	Furniture, fittings and equipment RM	Capital work-in-progress* RM	Total RM
<b>Net Book Value</b>						
At 31 December 2005	194,882,909	13,435,842	9,589,451	1,501,980	501,006	219,911,188
At 31 December 2004	186,937,484	14,273,965	8,139,648	1,509,595	833,560	211,694,252
<b>Depreciation charge for 2004</b>	1,639,079	2,061,423	1,802,461	355,109	-	5,858,072

\* Capital work-in-progress as at 31 December 2005 mainly represents construction of estate buildings and other infrastructure facilities.

Leasehold plantations and buildings of the Group comprise:

	Long leasehold land RM	Short leasehold land RM	Buildings and mill structure RM	Plantation development expenditure RM	Total RM
<b>Cost</b>					
At 1 January 2005	60,222,086	1,054,400	32,634,861	108,760,804	202,672,151
Additions	7,530,574	1,346,023	514,045	3,637,191	13,027,833
Disposals	(1,640,848)	-	(104,014)	(2,063,680)	(3,808,542)
Reclassification from capital work-in-progress	-	-	302,617	813,171	1,115,788
At 31 December 2005	66,111,812	2,400,423	33,347,509	111,147,486	213,007,230
<b>Accumulated Depreciation</b>					
At 1 January 2005	-	292,753	15,441,914	-	15,734,667
Charge for the year	-	63,338	1,668,332	700,815	2,432,485
Disposals	-	-	(42,831)	-	(42,831)
At 31 December 2005	-	356,091	17,067,415	700,815	18,124,321
<b>Net Book Value</b>					
At 31 December 2005	66,111,812	2,044,332	16,280,094	110,446,671	194,882,909
At 31 December 2004	60,222,086	761,647	17,192,947	108,760,804	186,937,484
<b>Depreciation charge for 2004</b>	-	19,507	1,619,572	-	1,639,079


**14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**
**Company**

	<b>Furniture, fittings and equipment RM</b>
<b>Cost</b>	
At 1 January 2005	90,251
Additions	29,529
At 31 December 2005	119,780
<b>Accumulated Depreciation</b>	
At 1 January 2005	8,364
Charge for the year	12,155
At 31 December 2005	20,519
<b>Net Book Value</b>	
At 31 December 2005	99,261
At 31 December 2004	81,887
<b>Depreciation charge for 2004</b>	8,364

- (i) The oil palm plantation and buildings of certain subsidiaries are located on several parcels of native land leased by the subsidiaries.
- (ii) During the financial year, the Group and the Company acquired property, plant and equipment with a total cost of RM17,196,121 and RM29,529 (2004: RM11,096,177 and RM90,251) respectively as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2005 RM</b>	<b>2004 RM</b>	<b>2005 RM</b>	<b>2004 RM</b>
Assets acquired under hire purchase arrangement	728,500	1,077,213	-	-
Depreciation of property, plant and equipment capitalised	120,786	182,677	-	-
Finance costs capitalised	183,401	382,358	-	-
Cash payments made for acquisition of property, plant and equipment	16,163,434	9,453,929	29,529	90,251
	17,196,121	11,096,177	29,529	90,251

## Notes to the Financial Statements

31 December 2005 (Continued)

56

### 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (iii) Depreciation of property, plant and equipment is taken up in the financial statements as follows:

	Group	
	2005 RM	2004 RM
Recognised in income statement	6,667,398	5,675,395
Capitalised under plantation development expenditure	120,786	182,677
	6,788,184	5,858,072

- (iv) Plantation development expenditure capitalised during the financial year included the following:

	Group	
	2005 RM	2004 RM
Management fees	233,948	323,400
Depreciation of property, plant and equipment	120,786	182,677
Interest on term loans	182,073	369,562
Interest on hire purchase	1,279	12,616
Other interest	49	180

- (v) The net book values of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group	
	2005 RM	2004 RM
Oil mill machinery	477,599	651,341
Heavy equipment	2,348,534	2,989,223
Motor vehicles	1,898,019	1,891,937
	4,724,152	5,532,501

- (vi) The net book value of property, plant and equipment pledged to secure borrowings as referred to in Note 23 are as follows:

	Group	
	2005 RM	2004 RM
Long leasehold land	27,378,286	18,069,157
Buildings	10,040,632	10,597,252
Plantation development expenditure	53,540,760	44,958,006
Mill structures	3,183,138	3,577,310
	94,142,816	77,201,725

- (vii) The financial effect of non-amortisation of long leasehold land as stated in Note 3(e) on the financial results of the Group, is a decrease in amortisation charge of RM883,446 (2004: RM769,377).


**15. INVESTMENTS IN SUBSIDIARY COMPANIES**

	Company	
	2005 RM	2004 RM
Unquoted shares at cost		
At 1 January	296,228,297	83,682,498
Acquisitions of subsidiaries arising from internal restructuring exercise	-	212,545,799
Subscription of additional shares in a subsidiary company	750,000	-
At 31 December	296,978,297	296,228,297

The particulars of subsidiary companies which are incorporated in Malaysia, at 31 December 2005 are:

Subsidiary Companies	Principal Activities	Effective Interest Held	
		2005 %	2004 %
Agrisa Trading Sdn. Bhd.	Operation of an oil palm plantation	100	100
Berkat Setia Sdn. Bhd.	Operation of an oil palm plantation and palm oil mill	100	100
Ballerina Sdn. Bhd.	Property letting	100	100
Dat Soon Trading Sendirian Berhad	Trading of fresh fruit bunches	100	100
Growth Enterprise Sendirian Berhad	Operation of an oil palm plantation	100	100
Intan Ramai Sdn. Bhd.	Operation of oil palm plantations	100	100
Kian Merculaba Sdn. Bhd.	Operation of an oil palm plantation	100	100
Kidat Sendirian Berhad	Provision of transportation services	100	100
Sinar Ramai Sdn. Bhd.	Operation of an oil palm plantation	100	100
Seraya Plantation Sdn. Bhd.	Operation of an oil palm plantation	100	100
Sungai Ruku Oil Palm Plantation Sdn. Bhd.	Operation of palm oil mill	100	100
Syarikat Emashijau Sdn. Bhd.	Provision of management services on purchasing of consumable stores	100	100
Syarikat Sofrah Sdn. Bhd.	Operation of an oil palm plantation	100	100
Transglobe Enterprise Sdn. Bhd.	Operation of an oil palm plantation	100	100
Wenow Enterprise Sdn. Bhd.	Trading of fresh fruit bunches	100	100
Bintang Kinabalu Plantation Sdn. Bhd.	Dormant	100	100
Deltafort Sdn. Bhd.	Dormant	100	100

## Notes to the Financial Statements

31 December 2005 (Continued)

58

### 15. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTINUED)

		Effective Interest Held	
Subsidiary Companies	Principal Activities	2005 %	2004 %
Mature Land Sdn. Bhd.	Dormant	100	100
Miasa Plantation Sdn. Bhd.	Dormant	100	100
Natural Plantation Sdn. Bhd.	Dormant	100	100
Ngin Kong Holdings Sdn. Bhd.	Dormant	100	100
Permata Alam Sdn. Bhd.	Dormant	100	100
Sebuda Sdn. Bhd.	Dormant	100	100
Soon Tai Enterprise Sdn. Bhd.	Dormant	100	100
Sungai Kenali Sdn. Bhd.	Dormant	100	100
Syarikat Jejco Sdn. Bhd.	Dormant	100	100
<b>Subsidiary company of Berkat Setia Sdn. Bhd.</b>			
Best Borneo Oil Palm Resources Sdn. Bhd.	Trading and marketing of oil palm products and related materials	70	-
<b>Subsidiary company of Growth Enterprise Sendirian Berhad</b>			
Telupid Kelapa Sawit Sdn. Bhd.	Investment holding	70	70
<b>Subsidiary company of Kidat Sendirian Berhad</b>			
Pedoman Hasil Sdn. Bhd.	Provision of transportation services	100	-
<b>Subsidiary company of Telupid Kelapa Sawit Sdn. Bhd.</b>			
Bonus Indah Sdn. Bhd.	Operation of oil palm plantations	70	70
<b>Subsidiary company of Natural Plantation Sdn. Bhd.</b>			
Summer Focus Sdn. Bhd.	Dormant	100	100
<b>Subsidiary company of Sungai Ruku Oil Palm Plantation Sdn. Bhd.</b>			
* Ladang Zupakeja Sdn. Bhd.	Dormant	73.5	73.5

\* This company was placed under voluntary winding up on 19 December 2005.




**15. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTINUED)**

On 24 June 2005, a subsidiary company, Berkat Setia Sdn. Bhd. acquired 70% equity interest in Best Borneo Oil Palm Resources Sdn. Bhd. for a total cash consideration of RM100,000.

On 30 September 2005, a subsidiary company, Kidat Sendirian Berhad acquired the entire equity interests of Pedoman Hasil Sdn. Bhd. for a total cash consideration of RM2.

Effects of the acquisitions are as follows:

- (a) The acquisitions have the following effect on the Group's financial results for the current financial year:

	2005 RM
Revenue	558,097
Loss from operations	(46,172)
Loss after taxation	(30,300)

- (b) The acquisitions have the following effect on the financial position of the Group as at the end of current financial year:

	2005 RM
Property, plant and equipment	1,683,825
Other receivables	12,574
Cash on hand	100,002
Other payables	(1,742,794)
Deferred taxation	(342,030)
Minority interest	(29,505)
Group's share of net liabilities	(317,928)

- (c) The fair values of assets and liabilities assumed from the acquisition of the subsidiary companies were as follows:

	24.6.2005 RM	30.9.2005 RM	Total RM
Property, plant and equipment	-	1,885,882	1,885,882
Receivables	-	9,837	9,837
Cash on hand	100,000	2	100,002
Hire purchase payables	-	(1,895,447)	(1,895,447)
Deferred taxation	-	(357,902)	(357,902)
Fair value of net assets/(liabilities)	100,000	(357,628)	(257,628)
Less: Minority interest	30,000	-	30,000
Group's share of net assets/(liabilities)	70,000	(357,628)	(287,628)
Goodwill on acquisition	30,000	357,630	387,630
Cost of acquisition	100,000	2	100,002
Cash on hand of subsidiaries acquired	(100,000)	(2)	(100,002)
Net cash outflow of the Group	-	-	-

## Notes to the Financial Statements

31 December 2005 (Continued)

### 16. GOODWILL ON CONSOLIDATION

	Group	
	2005 RM	2004 RM
At 1 January	3,870,399	3,587,913
Arising from acquisition of subsidiary companies during the year	387,630	-
Adjustment for additional stamp duty on the acquisition of subsidiary companies in prior years pursuant to the listing exercise	-	282,486
At 31 December	4,258,029	3,870,399

### 17. AMOUNTS DUE FROM SUBSIDIARY COMPANIES

	Company	
	2005 RM	2004 RM
Balance arising from ordinary business activities	1,368,200	817,318
Interest-bearing advances	17,277,324	-
Balances arising from Group internal restructuring exercise	81,749,969	-
	100,395,493	817,318

The interest-bearing advances subject to interest charge at rates ranged from 4.90% to 8.50% per annum.

### 18. INVENTORIES

	Group	
	2005 RM	2004 RM
<b>At cost</b>		
Crude palm oil and palm kernel	12,152,829	10,194,794
Consumable stores	1,174,260	956,056
Oil palm nurseries	273,024	211,066
Culverts	138,295	160,045
Live stocks	34,801	39,200
	13,773,209	11,561,161

There were no inventories stated at net realisable value as at 31 December 2005 and 2004.

### 19. TRADE RECEIVABLES

The Group's normal trade credit term ranges from 7 days to 14 days.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors.


**20. OTHER RECEIVABLES**

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Sundry deposits	471,592	622,876	61,853	81,977
Prepayments	209,469	190,538	-	-
Balance of proceeds from disposal of leasehold plantation receivable	-	460,155	-	-
Interest-bearing advance given to a fresh fruit bunches supplier	-	2,515,925	-	-
Sundry receivables	2,824,169	6,420,374	-	8,790
	3,505,230	10,209,868	61,853	90,767
Less: Provision for doubtful debts	(75,684)	(75,684)	-	-
	3,429,546	10,134,184	61,853	90,767

The interest-bearing advance was unsecured and attracted interest at 1.5% above the bank's base lending rate. This amount was recovered from supply of fresh fruit bunches over 10 monthly instalments commencing February 2005.

**21. FIXED DEPOSITS WITH LICENSED BANKS**

Fixed deposits of the Group amounting to RM63,774 (2004: RM74,938) are held under lien to secure bank guarantees issued in favour of third parties on behalf of the Group.

The weighted average effective interest rates of deposits at the balance sheet ranged from 2.40% to 3.70% (2004: 2.40% to 3.70%) per annum.

The fixed deposits as at the end of the financial year are renewable on a yearly basis.

**22. AMOUNTS DUE TO SUBSIDIARY COMPANIES**

	Company	
	2005 RM	2004 RM
Balances arising from Group internal restructuring exercise	143,063,002	143,063,002
Interest-bearing advances	9,276,812	15,115,675
Interest-free advances	108,219,845	6,930,667
	260,559,659	165,109,344

All the above amounts are unsecured and have no fixed terms of repayment.

The interest-bearing advances subject to interest charge at rates ranged from 4.90% to 8.50% (2004: 4.85% to 8.50%) per annum.

## Notes to the Financial Statements

31 December 2005 (Continued)

### 23. BORROWINGS

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
<b>Short Term Borrowings</b>				
Secured:				
Bank overdrafts	3,643,149	4,278,962	-	-
Revolving credits	10,011,805	10,000,512	8,011,805	8,000,512
Bankers' acceptances	9,333,000	6,982,000	-	-
Bank loans	5,970,621	6,595,283	-	-
Islamic bank loans	2,302,790	2,116,526	-	-
Hire purchase and finance lease payables (Note 24)	1,139,501	1,670,343	-	-
	32,400,866	31,643,626	8,011,805	8,000,512
<b>Long Term Borrowings</b>				
Secured:				
Bank loans	7,455,499	8,466,870	-	-
Islamic bank loans	6,595,818	8,938,303	-	-
Hire purchase and finance lease payables (Note 24)	933,893	1,466,921	-	-
	14,985,210	18,872,094	-	-
<b>Total Borrowings</b>				
Secured:				
Bank overdrafts	3,643,149	4,278,962	-	-
Revolving credits	10,011,805	10,000,512	8,011,805	8,000,512
Bankers' acceptances	9,333,000	6,982,000	-	-
Bank loans	13,426,120	15,062,153	-	-
Islamic bank loans	8,898,608	11,054,829	-	-
Hire purchase and finance lease payables (Note 24)	2,073,394	3,137,264	-	-
	47,386,076	50,515,720	8,011,805	8,000,512
<b>Maturity of borrowings (excluding hire purchase and finance lease):</b>				
Within one year	31,261,365	29,973,283	8,011,805	8,000,512
More than 1 year and less than 2 years	8,249,169	7,380,315	-	-
More than 2 years and less than 5 years	5,257,703	9,838,592	-	-
5 years or more	544,445	186,266	-	-
	45,312,682	47,378,456	8,011,805	8,000,512


**23. BORROWINGS (CONTINUED)**

The effective interest/profit rates for borrowings at balance sheet date excluding hire purchase and finance lease payables, were as follows:

	Group		Company	
	2005 %	2004 %	2005 %	2004 %
Bank overdrafts	6.50 - 7.75	6.50 - 7.75	-	-
Revolving credits	4.85 - 4.90	4.85	4.85	4.85
Bankers' acceptances	4.63 - 5.75	4.55 - 5.20	-	-
Bank loans	4.85 - 8.00	4.80 - 8.00	-	-
Islamic bank loans	5.75 - 8.50	6.35 - 8.50	-	-

The borrowings are secured by:

- legal charges over several parcels of leasehold land and plantations of certain subsidiary companies together with the palm oil mill erected thereon as disclosed in Note 14 to the financial statements;
- debentures incorporating fixed and floating charges over the assets of certain subsidiary companies;
- joint and several guarantees issued by certain Directors of the Company; and
- corporate guarantee given by the Company and certain subsidiary companies.

**24. HIRE PURCHASE AND FINANCE LEASE PAYABLES**

	Group	
	2005 RM	2004 RM
<b>Minimum lease payments:</b>		
Not later than 1 year	1,241,521	1,856,550
Later than 1 year and not later than 2 years	546,281	1,036,395
Later than 2 years and not later than 5 years	450,665	515,659
Later than 5 years	1,076	23,476
Less: Future finance charges	2,239,543 (166,149)	3,432,080 (294,816)
Present value of hire purchase and finance lease liabilities	2,073,394	3,137,264
<b>Present value of hire purchase and finance lease liabilities:</b>		
Not later than 1 year	1,139,501	1,670,343
Later than 1 year and not later than 2 years	517,228	958,510
Later than 2 years and not later than 5 years	415,594	485,603
Later than 5 years	1,071	22,808
	2,073,394	3,137,264

## Notes to the Financial Statements

31 December 2005 (Continued)

### 24. HIRE PURCHASE AND FINANCE LEASE PAYABLES (CONTINUED)

	Group	
	2005 RM	2004 RM
<b>Analysed as:</b>		
Due within 12 months (Note 23)	1,139,501	1,670,343
Due after 12 months (Note 23)	933,893	1,466,921
	2,073,394	3,137,264

The effective interest rates at the balance sheet date for hire purchase and lease liabilities ranged from 6.75% to 8.00% (2004: 6.80% to 8.00%) per annum.

### 25. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 days.

### 26. OTHER PAYABLES

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Deposit received in respect of disposal of land pending completion	-	499,400	-	-
Accruals	2,329,037	1,734,789	85,000	297,484
Sundry payables	2,237,047	2,273,661	511,487	516,735
	4,566,084	4,507,850	596,487	814,219

### 27. SHARE CAPITAL

	Number of Ordinary Shares of RM1 Each		Amount	
	2005	2004	2005 RM	2004 RM
<b>Authorised</b>				
At 1 January and 31 December	500,000,000	500,000,000	500,000,000	500,000,000
<b>Issued and fully paid</b>				
At 1 January	120,000,000	80,000,000	120,000,000	80,000,000
Issuance of bonus shares	-	40,000,000	-	40,000,000
At 31 December	120,000,000	120,000,000	120,000,000	120,000,000


**28. RETAINED PROFITS**

As at 31 December 2005, the Company has tax exempt profits available for distribution of approximately RM10,748,000 (2004: RM4,600,000) subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax-exempt income account to frank the payment of dividends out of its entire retained profits as at 31 December 2005.

**29. SHARE PREMIUM (NON-DISTRIBUTABLE)**

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
At 1 January	-	29,193,432	-	29,193,432
Capitalised for bonus issue	-	(29,193,432)	-	(29,193,432)
At 31 December	-	-	-	-

**30. DEFERRED TAXATION**

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
At 1 January	29,102,900	26,492,186	7,066	-
Arising from acquisition of a subsidiary company	357,902	-	-	-
Recognised in income statement (Note 11)	2,379,566	2,610,714	13,447	7,066
At 31 December	31,840,368	29,102,900	20,513	7,066
<b>Presented after appropriate offsetting as follows:</b>				
Deferred tax assets	-	(159,521)	-	-
Deferred tax liabilities	31,840,368	29,262,421	20,513	7,066
	31,840,368	29,102,900	20,513	7,066

## Notes to the Financial Statements

31 December 2005 (Continued)

66

### 30. DEFERRED TAXATION (CONTINUED)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

#### Deferred Tax Liabilities of the Group:

	Property, Plant and Equipment RM	Fair Value Adjustment RM	Total RM
At 1 January 2005	16,741,883	18,817,438	35,559,321
Arising from acquisition of a subsidiary company	120,996	379,351	500,347
Recognised in income statement	1,502,710	(540,530)	962,180
At 31 December 2005	18,365,589	18,656,259	37,021,848
At 1 January 2004	14,743,403	18,924,260	33,667,663
Recognised in income statement	1,998,480	(106,822)	1,891,658
At 31 December 2004	16,741,883	18,817,438	35,559,321

#### Deferred Tax Liabilities of the Company:

At 1 January 2005	7,066	-	7,066
Recognised in income statement	13,447	-	13,447
At 31 December 2005	20,513	-	20,513
At 1 January 2004	-	-	-
Recognised in income statement	7,066	-	7,066
At 31 December 2004	7,066	-	7,066

#### Deferred Tax Assets of the Group:

	Unabsorbed Capital and Agriculture Allowances RM	Unutilised Tax Losses RM	Total RM
At 1 January 2005	(3,604,031)	(2,852,390)	(6,456,421)
Arising from acquisition of a subsidiary company	-	(142,445)	(142,445)
Recognised in income statement	821,348	596,038	1,417,386
At 31 December 2005	(2,782,683)	(2,398,797)	(5,181,480)
At 1 January 2004	(4,193,091)	(2,982,386)	(7,175,477)
Recognised in income statement	589,060	129,996	719,056
At 31 December 2004	(3,604,031)	(2,852,390)	(6,456,421)

The availability of the unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the Group are subject to no substantial changes in shareholdings of the Group under Section 44(5A), 44(5B) and Schedule 3, Paragraphs 75A and 75B of Income Tax Act, 1967.



## Notes to the Financial Statements

31 December 2005 (Continued)

67

NPC Resources Berhad  
2005 Annual Report



### 31. NET ASSETS PER SHARE

The net assets per share is calculated by dividing the shareholders' equity by 120,000,000 (2004: 120,000,000) ordinary shares of the Company in issue as at 31 December 2005.

### 32. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group		Company	
	2005 RM	2004 RM	2005 RM	2004 RM
Fixed deposits with licensed banks	839,177	74,938	-	-
Cash and bank balances	1,228,366	1,855,646	52,923	100,513
Bank overdrafts	(3,643,149)	(4,278,962)	-	-
	(1,575,606)	(2,348,378)	52,923	100,513

### 33. RELATED PARTY TRANSACTIONS

Group	2005		2004	
	Amount of transactions RM	Outstanding amount RM	Amount of transactions RM	Outstanding amount RM
<b>Transactions with a company in which certain Directors of the Company, Loo Ngin Kong and Wong Siew Ying, are also directors:</b>				
Ladang Hassan & Loo Sdn. Bhd.				
- Transportation income	30,709	-	24,717	-
- Purchase of fresh fruit bunches	447,496	-	441,570	-
- Store handling income	1,480	-	1,440	-
- Payroll handling income	19,160	-	16,200	-
Kinabalu Agricultural Sdn. Bhd.				
- Transportation income	-	-	50,177	-
- Purchase of fresh fruit bunches	-	-	5,959	-
- Sale of stone and cement	4,354	-	30,247	-
<b>Transactions with a Director of the Company, Loo Ngin Kong:</b>				
Rental expense	68,400	-	62,800	-
Purchase of fresh fruit bunches	26,590	1,189	37,107	-

## Notes to the Financial Statements

31 December 2005 (Continued)

68

### 33. RELATED PARTY TRANSACTIONS (CONTINUED)

Group	2005		2004	
	Amount of transactions RM	Outstanding amount RM	Amount of transactions RM	Outstanding amount RM
<b>Transactions with a company in which a Director of the Company, Dr. Edmond Fernandez is a director and shareholder:</b>				
Medical expenses	10,292	-	7,727	-
<b>Company</b>				
<b>Transactions with subsidiary companies:</b>				
<b>Purchasing handling fees paid to a subsidiary company, Syarikat Emashijau Sdn. Bhd.</b>	6,500	6,500	6,140	6,140
Gross and tax exempt dividends from subsidiary companies				
- Growth Enterprise Sendirian Berhad	222,222	-	-	-
- Natural Plantation Sdn. Bhd.	-	-	4,026,806	-
- Sungai Ruku Oil Palm Plantation Sdn. Bhd.	361,111	-	4,600,000	-
- Seraya Plantation Sdn. Bhd.	791,667	570,000	-	-
- Ngin Kong Holdings Sdn. Bhd.	85,000	-	-	-
- Soon Tai Enterprise Sdn. Bhd.	195,907	-	-	-
- Syarikat Jejco Sdn. Bhd.	158,561	-	-	-
- Bintang Kinabalu Plantation Sdn. Bhd.	241,131	-	-	-
- Ballerina Sdn. Bhd.	444,456	-	-	-
- Sebuda Sdn. Bhd.	1,083,180	-	-	-
- Berkat Setia Sdn. Bhd.	5,130,717	4,706,780	-	-
- Miasa Plantation Sdn. Bhd.	39,383	-	-	-
- Transglobe Enterprise Sdn. Bhd.	97,222	70,000	-	-
- Intan Ramai Sdn. Bhd.	829,194	599,750	-	-
- Deltafort Sdn. Bhd.	99,296	-	-	-
- Mature Land Sdn. Bhd.	49,222	-	-	-
- Agrisa Trading Sdn. Bhd.	680,556	490,000	-	-
Interest on advances and related charges charged by				
- Sungai Ruku Oil Palm Plantation Sdn. Bhd.	143,252	143,252	139,091	-
- Natural Plantation Sdn. Bhd.	531,557	531,557	449,799	-
- Growth Enterprise Sendirian Berhad	21,266	21,266	223,211	-


**33. RELATED PARTY TRANSACTIONS (CONTINUED)**

Company	2005		2004	
	Amount of transactions RM	Outstanding amount RM	Amount of transactions RM	Outstanding amount RM
<b>Transactions with subsidiary companies: (Continued)</b>				
Interest on advances and related charges charged to				
- Kian Merculaba Sdn. Bhd.	100,375	100,375	-	-
- Seraya Plantation Sdn. Bhd.	57,811	57,811	-	-
- Agrisa Trading Sdn. Bhd.	69,143	69,143	-	-
- Intan Ramai Sdn. Bhd.	258,637	258,637	-	-
- Bonus Indah Sdn. Bhd.	421,150	421,150	-	-
- Transglobe Enterprise Sdn. Bhd.	179,380	179,380	-	-
- Growth Enterprise Sendirian Berhad	-	-	119,562	-
- Natural Plantation Sdn. Bhd.	-	-	11,728	-
Management fees charged to				
- Agrisa Trading Sdn. Bhd.	188,200	188,200	86,000	9,638
- Berkat Setia Sdn. Bhd.	1,220,200	-	1,066,000	112,480
- Bonus Indah Sdn. Bhd.	509,400	509,400	450,000	76,000
- Growth Enterprise Sendirian Berhad	83,400	-	78,000	-
- Intan Ramai Sdn. Bhd.	147,000	147,000	122,000	122,000
- Kian Merculaba Sdn. Bhd.	200,000	200,000	185,000	185,000
- Ladang Zupakeja Sdn. Bhd.	6,400	-	41,000	6,900
- Seraya Plantation Sdn. Bhd.	102,400	102,400	90,000	90,000
- Sungai Ruku Oil Palm Plantation Sdn. Bhd.	983,600	-	854,000	-
- Sinar Ramai Sdn. Bhd.	90,600	-	88,000	88,000
- Syarikat Sofrah Sdn. Bhd.	11,200	-	8,000	-
- Transglobe Enterprise Sdn. Bhd.	221,200	221,200	199,000	127,300
- Mature Land Sdn. Bhd.	-	-	33,000	-
Net debit/(credit) movement of accounts with subsidiary companies arising from Group internal restructuring exercise:				
- Ngin Kong Holdings Sdn. Bhd.	(4,514,601)	(4,429,601)	(109,216)	(109,216)
- Growth Enterprise Sendirian Berhad	(15,389,370)	(15,145,970)	29,781,105	-
- Bintang Kinabalu Plantation Sdn. Bhd.	(9,152,054)	(8,910,923)	-	-
- Ballerina Sdn. Bhd.	(3,300,505)	(2,946,049)	(8,330)	(8,330)
- Sebuda Sdn. Bhd.	(3,404,433)	(2,321,253)	(3,418,961)	(3,418,961)
- Telupid Kelapa Sawit Sdn. Bhd.	(28,533,947)	(28,533,947)	(913,119)	(913,119)
- Berkat Setia Sdn. Bhd.	(1,367,728)	-	2,532,480	-
- Miasa Plantation Sdn. Bhd.	(7,678,624)	(7,639,241)	(1,002,846)	(1,002,846)
- Sinar Ramai Sdn. Bhd.	(178,600)	-	-	-
- Syarikat Sofrah Sdn. Bhd.	(961,796)	(950,596)	(28,215)	(20,215)
- Ladang Zupakeja Sdn. Bhd.	(13,300)	-	(34,100)	-
- Wenow Enterprise Sdn. Bhd.	(245,963)	(245,963)	(29,808)	(29,808)
- Sungai Kenali Sdn. Bhd.	(3,611,388)	(3,611,388)	-	-
- Soon Tai Enterprise Sdn. Bhd.	(1,790,784)	(1,594,877)	-	-

## Notes to the Financial Statements

31 December 2005 (Continued)

### 33. RELATED PARTY TRANSACTIONS (CONTINUED)

Company	2005		2004	
	Amount of transactions RM	Outstanding amount RM	Amount of transactions RM	Outstanding amount RM
<b>Transactions with subsidiary companies: (Continued)</b>				
Net debit/(credit) movement of accounts with subsidiary companies arising from Group internal restructuring exercise: (Continued)				
- Syarikat Jejco Sdn. Bhd.	(953,930)	(795,369)	-	-
- Summer Focus Sdn. Bhd.	(6,448)	(6,448)	-	-
- Natural Plantation Sdn. Bhd.	(17,854,235)	(17,854,235)	(8,502,177)	-
- Deltafort Sdn. Bhd.	(1,533,943)	(1,454,647)	(32,654)	(32,654)
- Dat Soon Enterprise Sdn. Bhd.	(1,288,635)	(1,288,635)	(28,974)	(28,974)
- Sungai Ruku Oil Palm Plantation Sdn. Bhd.	(6,205,991)	(4,962,391)	(5,145,006)	-
- Bonus Indah Sdn. Bhd.	33,384,400	33,384,400	(374,000)	-
- Seraya Plantation Sdn. Bhd.	4,010,461	4,010,461	-	-
- Transglobe Enterprise Sdn. Bhd.	13,004,337	13,004,337	(71,700)	-
- Intan Ramai Sdn. Bhd.	21,631,914	21,631,914	-	-
- Mature Land Sdn. Bhd.	1,033,633	-	(1,532,175)	(1,499,175)
- Agrisa Trading Sdn. Bhd.	5,168,503	5,168,503	(76,362)	-
- Permata Alam Sdn. Bhd.	308,264	-	(5,391,670)	(5,391,670)
- Kian Merculaba Sdn. Bhd.	8,952,138	8,952,138	-	-
- Kidat Sdn. Bhd.	7,700,279	7,700,279	(2,957,702)	(2,957,702)
- Syarikat Emashijau Sdn. Bhd.	3,594,971	3,594,971	(6,381,351)	(6,381,351)
<b>Rent of premises charged by a subsidiary company, Ballerina Sdn. Bhd.</b>	90,000	-	-	-
<b>Transactions arising from Group internal restructuring exercise:</b>				
Purchase consideration for acquisition of subsidiary companies from				
- Natural Plantation Sdn. Bhd.	-	-	51,089,671	29,343,399
- Growth Enterprise Sendirian Berhad	-	-	71,765,000	27,961,863
- Ngin Kong Holdings Sdn. Bhd.	-	-	82,981,643	82,981,643
- Sungai Ruku Oil Palm Plantation Sdn. Bhd.	-	-	2,240,000	2,070,097
- Bintang Kinabalu Plantation Sdn. Bhd.	-	-	706,000	706,000
- Berkat Setia Sdn. Bhd.	-	-	3,481,000	-
Purchase of plant and equipment from				
- Ngin Kong Holdings Sdn. Bhd.	-	-	29,205	29,205
- Berkat Setia Sdn. Bhd.	-	-	5,000	-

All related party transactions were entered into upon terms and conditions mutually agreed between the relevant parties.


**34. SUBSEQUENT EVENTS**

- (a) On 26 January 2006, a subsidiary company, Ballerina Sdn. Bhd. entered into an agreement with Mr. Hon Kak Wei, Mr. Lo Vui Ming, Mr. Hsu Yu-Ming and Mr. Chong Kui Fung to acquire 70% equity interest in Better Prospects Sdn. Bhd. ("BPSB") for a total cash consideration of RM415,852. The acquisition was completed on 15 March 2006.
- (b) On 26 January 2006, a subsidiary company, Ballerina Sdn. Bhd. entered into an agreement with Mr. Hsu Yu-Ming and Mr. Chen Sheng Huang to acquire 70% equity interest in Miracle Display Sdn. Bhd. ("MDSB") for a total cash consideration of RM12,000. The acquisition was completed on 28 February 2006.

**35. CAPITAL COMMITMENTS**

	Group	
	2005 RM	2004 RM
Capital expenditure:		
Approved and contracted for:		
Acquisition of leasehold plantation	-	6,990,000
Acquisition of equipment	172,665	-
Approved but not contracted for:		
Acquisition of plant and machinery and extension of mill structures	7,256,000	2,836,200
Construction of estates buildings and infrastructure	2,255,000	3,278,000
Acquisition of equipment	1,074,800	1,180,304
	10,758,465	14,284,504

**36. CONTINGENT LIABILITIES**

	Company	
	2005 RM	2004 RM
Unsecured:		
Corporate guarantees given as securities for banking facilities granted to subsidiary companies	70,393,678	61,385,178

**37. SEGMENTAL INFORMATION**

No segmental information is being presented as the Group is operating principally in the oil palm industry and within the country.

# Shareholding Statistics

as at 3 May 2006

## SHARE CAPITAL

Paid-Up & Issued Share Capital	:	120,000,000
Authorised Share Capital	:	500,000,000
Type of Shares	:	Ordinary shares of RM1.00 each
No. of shareholders	:	1,081
Voting Rights	:	One vote per ordinary share

## DISTRIBUTION OF SHAREHOLDINGS

Size of holdings	No. of Holders	% of Holders	Total Holdings	% of Holdings
1 to 99	30	2.78	570	0.00
100 to 1,000	549	50.78	115,616	0.09
1,001 to 10,000	350	32.38	1,281,456	1.07
10,001 to 100,000	105	9.71	3,462,250	2.89
100,001 to 5,999,999*	43	3.98	42,367,790	35.31
6,000,000 and above**	4	0.37	72,772,318	60.64
Total	1,081	100.00	120,000,000	100.00

Notes: \* Less than 5% of issued holdings  
 \*\* 5% and above of issued holdings

## SUBSTANTIAL SHAREHOLDERS

According to the Register maintained under Section 69L of the Companies Act, 1965, the substantial shareholders' interests in shares of the Company (excluding bare trustees) are as follows:

	Ordinary shares of RM1.00 each			
	Direct interests	%	Indirect interests	%
Jubilant Ventures Sdn Bhd	38,400,000	32.00	-	-
Koh Kin Lip	21,329,844	17.77	946,300	0.79
Dato' Loo Pang Kee	9,929,506	8.27	38,400,000*	32.00
Loo Ngin Kong	7,961,724	6.63	-	-
Wong Siew Ying	5,622,684	4.69	38,400,000*	32.00

Note: \* held through Jubilant Ventures Sdn. Bhd.

## Shareholding Statistics

as at 3 May 2006 (Continued)



### DIRECTORS' INTERESTS

According to the Register maintained under Section 134 of the Companies Act, 1965, the directors' interests in shares of the Company are as follows:

Name of Directors	Ordinary shares of RM1.00 each			
	Direct interests	%	Indirect interests	%
Loo Ngin Kong	7,961,724	6.63	-	-
Tengku Datuk Dr. Zainal Adlin Bin Tengku Mahamood	1	0.00	-	-
Dato' Loo Pang Kee	9,929,506	8.27	38,400,000*	32.00
Wong Siew Ying	5,622,684	4.69	38,400,000*	32.00
Lim Ted Hing	637,000	0.53	-	-
Dr. Edmond Fernandez	30,000	0.03	-	-

Notes: \* held through Jubilant Ventures Sdn. Bhd.

### THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS AT 3 MAY 2006

No.	Name	No. of Shares Held	%
1	Jubilant Ventures Sdn Bhd	38,400,000	32.00
2	Koh Kin Lip	18,410,594	15.34
3	Amsec Nominees (Tempatan) Sdn Bhd AmBank (M) Berhad for Dato' Loo Pang Kee	8,000,000	6.67
4	Loo Ngin Kong	7,961,724	6.63
5	Mayban Nominees (Tempatan) Sdn Bhd Amanahraya - JMF Asset Management Sdn Bhd for Mutual Yield Sdn Bhd (C318-240203)	5,452,500	4.54
6	Wong Siew Ying	4,872,684	4.06
7	Loo Pang Chieng	4,200,000	3.50
8	Employees Provident Fund Board	3,068,650	2.56
9	Citicorp Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Kin Lip (474094)	2,919,250	2.43
10	Lai Ming Chun @ Lai Poh Lin	2,616,000	2.18
11	KAF Nominees (Tempatan) Sdn Bhd Little Touch (M) Sdn Bhd	2,013,150	1.68
12	Dato' Loo Pang Kee	1,926,506	1.61
13	Seah Sen Onn @ David Seah	1,902,500	1.59

## Shareholding Statistics

as at 3 May 2006 (Continued)

### THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS AT 3 MAY 2006 (CONTINUED)

No.	Name	No. of Shares Held	%
14	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Siew Kong	1,202,250	1.00
15	Phyllis Lo Set Fui	994,000	0.83
16	Rickoh Corporation Sdn Bhd	946,300	0.79
17	Seah Sen Onn @ David Seah	815,000	0.68
18	Kwong Siew Kien	784,000	0.65
19	Wong Siew Ying	750,000	0.63
20	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Junior Koh Siew Hui	654,700	0.55
21	Lim Cher Seng	612,300	0.51
22	Citigroup Nominees (Asing) Sdn Bhd UBS AG Singapore for Faith Limited	608,300	0.51
23	RHB Capital Nominees (Tempatan) Sdn Bhd Ng Szit Chong (SDK)	539,000	0.45
24	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koh Siew Boon	511,300	0.43
25	AQW & Co Sdn Bhd	503,400	0.42
26	Lim Ted Hing	450,000	0.38
27	Inter-Pacific Equity Nominees (Asing) Sdn Bhd Kim Eng Securities Pte Ltd for Wong Hon Chak	320,000	0.27
28	Citigroup Nominees (Asing) Sdn Bhd UBS AG Singapore for Multiasia International Limited	309,000	0.26
29	Ng Lee Ling	291,000	0.24
30	Ioannis Koromilas	290,550	0.24



# List of Properties

as at 31 December 2005

75

NPC Resources Berhad  
2005 Annual Report



Description/ Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2005 RM	Date Acquired
<b>Plantation land</b>						
Growth estate, KM 70, Sandakan-Telupid -Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	183.05	99 years lease expiring 31 December 2077 and 31 December 2086	N/A	Oil palm plantation	4,610,293	2002
Soon Tai estate, KM 71, Sandakan-Telupid -Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	38.03	99 years lease expiring 31 December 2077	N/A	Oil palm plantation	1,018,924	2002
Jejco estate, KM 71, Sandakan-Telupid -Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	40.71	99 years lease expiring 31 December 2077	N/A	Oil palm plantation	1,426,328	2002
Bintang estate, KM 71, Sandakan-Telupid -Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	195.47	99 years lease expiring 31 December 2078	N/A	Oil palm plantation	5,665,938	2002
SROPP estate and 7.7 hectares of durian orchard, KM 73, Sandakan-Telupid -Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	224.94	99 years lease expiring 31 December 2077 and 31 December 2080	N/A	Oil palm plantation	5,161,491	2002
Teh estate, KM 75, Sandakan-Telupid -Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	242.81	99 years lease expiring 31 December 2077 and 31 December 2079	N/A	Oil palm plantation	7,508,164	2005
Ballerina estate, KM 80, Sandakan-Telupid -Kota Kinabalu Highway, District of Kinabatangan, Sabah	163.13	99 years lease expiring 31 December 2077	N/A	Oil palm plantation	4,146,667	2002
Sebuda estate, KM 80, Sandakan-Telupid -Kota Kinabalu Highway, District of Kinabatangan, Sabah	316.00	99 years lease expiring 31 December 2078	N/A	Oil palm plantation	6,641,596	2002

## List of Properties

as at 31 December 2005 (Continued)

Description/ Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2005 RM	Date Acquired
<b>Plantation land (Continued)</b>						
Telupid estates, KM 80 & KM 100, Sandakan-Telupid -Kota Kinabalu Highway, Districts of Kinabatangan & Labuk-Sugut, Sabah	1,379.95	99 years lease expiring 31 December 2078	N/A	Oil palm plantation	32,944,490	2002
Berkat estate, Mile 62, Sandakan-Telupid -Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	101.71	99 years lease expiring 31 December 2096	N/A	Oil palm plantation	1,545,470	2002 & 2005
Bonus Indah estate, KM 111, Sandakan-Telupid -Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	999.60	99 years lease expiring 31 December 2091	N/A	Oil palm plantation	24,256,184	2002
Berkat estate, KM 111, Sandakan-Telupid -Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	432.50	99 years lease expiring 31 December 2083 and 31 December 2093	N/A	Oil palm plantation	8,307,053	2002
Kian Merculaba estate, KM 113, Sandakan-Telupid -Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	498.40	99 years lease expiring 31 December 2091	N/A	Oil palm plantation	8,510,263	2003
Natural estate, KM 124, Sandakan-Telupid -Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	102.19	99 years lease expiring 31 December 2079	N/A	Oil palm plantation	2,601,214	2002
Miasa estate, KM 124, Sandakan-Telupid -Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	440.90	99 years lease expiring 31 December 2079 and 31 December 2081	N/A	Oil palm plantation	10,048,963	2002
Seraya estate, KM 124, Sandakan-Telupid -Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	181.79	99 years lease expiring 31 December 2080	N/A	Oil palm plantation	4,067,982	2002

## List of Properties

as at 31 December 2005 (Continued)



Description/ Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2005 RM	Date Acquired
<b>Plantation land (Continued)</b>						
Transglobe estate, KM 124, Sandakan-Telupid -Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	302.80	99 years lease expiring 31 December 2082	N/A	Oil palm plantation	6,815,668	2002
Sinar Ramai estate, KM 143, Sandakan-Telupid -Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	192.30	99 years lease expiring 31 December 2086	N/A	Oil palm plantation	4,406,208	2002
Intan Ramai estate, KM 143, Sandakan-Telupid -Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	228.10	99 years lease expiring 31 December 2086	N/A	Oil palm plantation	4,149,958	2002
Deltafort estate, KM 87, Segaliud Lokan, District of Kinabatangan, Sabah	400.30	99 years lease expiring 31 December 2087	N/A	Oil palm plantation & plantable reserve	5,913,626	2002
SROPP estate, KM87, Segaliud Lokan, District of Kinabatangan, Sabah	40.47	99 years lease expiring 31 December 2077	N/A	Oil palm plantation	1,135,901	2002
SROPP estate, KM30 Labuk Road, District of Sandakan, Sabah	39.02	99 years lease expiring 31 December 2060	N/A	Oil palm plantation	1,753,539	2002
Permata Alam estate, KM87, Sandakan-Lahad Datu Highway, District of Kinabatangan, Sabah	200.30	99 years lease expiring 31 December 2085	N/A	Oil palm plantation	5,063,165	2003
Sungai Kenali estate, KM87, Sandakan-Lahad Datu Highway, District of Kinabatangan, Sabah	197.90	99 years lease expiring 31 December 2085	N/A	Oil palm plantation	3,654,301	2003

## List of Properties

as at 31 December 2005 (Continued)

Description/ Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Age of buildings (years)	Usage	Net book value as at 31.12.2005 RM	Date Acquired
<b>Other landed properties</b>						
Ballerina , 2 adjoining double storey shophouses with a built-up area of 782.13m <sup>2</sup> , Lot 8 & 9, Taman Tshun Ngen, Mile 5, Labuk Road, District of Sandakan, Sabah	395.55m <sup>2</sup>	999 years lease expiring 9 July 2887	31	Office buildings	890,745	2002
Ballerina, 1 double storey shophouse with a built-up area of 391.07m <sup>2</sup> , Lot 11, Taman Tshun Ngen, Mile 5, Labuk Road, District of Sandakan, Sabah	197.78 m <sup>2</sup>	999 years lease expiring 9 July 2887	31	Office building	330,308	2003
Growth, a renovated double storey intermediate terraced house with a built-up area of 220m <sup>2</sup> , No. 7, Jalan Terasek 2, Bangsar Baru, 59100 Kuala Lumpur	173.72 m <sup>2</sup>	Term in perpetuity	14	Staff accom- modation	743,210	2002
SROPP palm oil mill with a built-up area of 6,232m <sup>2</sup> , KM 87, Segaliud-Lokan, Sandakan-Lahad Datu Highway, District of Kinabatangan, Sabah	35.39	99 years lease expiring 31 December. 2077	11	Palm oil mill	5,897,077	2002
Berkat palm oil mill, with a built-up area of 4,193.80m <sup>2</sup> , KM 70, Sandakan-Telupid -Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	4.05	60 years lease expiring 31 December 2044	20	Palm oil mill	4,169,198	2002
<b>TOTAL</b>					<b>173,383,924</b>	



I/We, \_\_\_\_\_  
of \_\_\_\_\_  
being a member/members of NPC RESOURCES BERHAD,  
hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him, \_\_\_\_\_  
of \_\_\_\_\_

or failing him the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Sixth Annual General Meeting of the Company, to be held at Meeting Room 1, Level 1, The Magellan Sutera, 1 Sutera Harbour Boulevard, Sutera Harbour, Kota Kinabalu, Sabah on Thursday, 29 June 2006 at 10.30 am or any adjournment thereof.

I/We direct my/our proxy to vote for or against the Resolutions to be proposed at the Meeting as hereinunder indicated.

No.	Resolutions	For	Against
1.	To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2005.		
2.	To declare a final gross dividend of 3 sen per share less 28% Malaysian income tax for the financial year ended 31 December 2005.		
3.	To re-elect Dato' Seri Tengku Dr Zainal Adlin Bin Tengku Mahamood retiring pursuant to Article 93.		
4.	To re-elect Mr Loo Ngin Kong retiring pursuant to Article 93.		
5.	To approve the payment of Directors' fees of RM30,000 for the financial year ended 31 December 2005.		
6.	To re-appoint Ernst & Young as Auditors and to authorize the Directors to fix their remuneration.		
7.	Authority to issue shares pursuant to Section 132D, Companies Act, 1965.		

(Please indicate with an "X" in the appropriate box against each resolution how you wish your proxy to vote. If this form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit).

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2006

**NO. OF SHARES HELD**

\_\_\_\_\_  
Signature(s) of Member(s)

**Notes:**

- A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but does not need to be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 need not be complied with.
- Where a member appoints two (2) or more proxies to attend and vote at the same Meeting, such appointment shall be invalid unless the member specifies the proportion of his (her) holdings to be represented by each proxy.
- The instrument appointing a proxy shall be in writing or if such appointor is a corporation either under its Common Seal or the hands of its officers or attorney duly authorized.
- The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Lot 9, T3, Taman Tshun Ngen, Mile 5, Jalan Labuk, 90000 Sandakan, Sabah, not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

The Company Secretaries  
**NPC Resources Berhad**

Lot 9, T3  
Taman Tshun Ngen  
Mile 5, Jalan Labuk  
90000 Sandakan  
Sabah

*Affix  
Stamp*