

# ANNUAL REPORT 2002

**NEGRI SEMBILAN OIL PALMS BERHAD** 592-D  
(Incorporated In Malaysia)

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

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## **FINANCIAL HIGHLIGHT AND FINANCIAL CALENDAR**

### **FINANCIAL HIGHLIGHT - GROUP**

	<b>2002</b>	<b>2001</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	43,364	35,087
Operating profit	13,409	21,050
Share of results of associated companies	(121)	1,028
Profit before taxation	13,288	22,078
Taxation	(2,805)	(989)
Profit after taxation	10,483	21,089
Minority interests	(976)	(4,938)
Net profit for the year	9,507	16,151
Dividends	5,945	3,676
Issued and paid-up share capital	66,175	64,180
Shareholders' funds	208,510	201,326
Earnings per stock unit		
- Basic	14.6 sen	25.2 sen
- Diluted	14.4 sen	-
Dividends		
- First interim dividend	4% tax exempt	6% tax exempt
- Second interim dividend	5% tax exempt	3% tax exempt
Dividend cover (times)	1.6	4.4
Net tangible assets per stock unit	RM3.15	RM3.14

### **FINANCIAL CALENDAR**

Financial year	1 January 2002 to 31 December 2002
Announcement of results	
First financial quarter ended 31 March 2002	24 May 2002
Second financial quarter ended 30 June 2002	22 August 2002
Third financial quarter ended 30 September 2002	28 November 2002
Fourth financial quarter ended 31 December 2002	24 February 2003
Dividends payment	
First interim	30 September 2002
Second interim	31 December 2002
Despatch of 2002 Annual Report	8 May 2003
Seventy First Annual General Meeting	30 May 2003

## **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Seventy First Annual General Meeting of the Company will be held at Ballroom 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Friday, 30 May 2003 at 12.00 noon for the following purposes: -

1. To receive and adopt the Directors' Report and the Financial Statements for the financial year ended 31 December 2002 and the Auditors' Report thereon. (Resolution 1)
2. To approve the directors' fees for the financial year ended 31 December 2002 and to authorise the directors to divide such fees in the proportions and manner to be determined by them. (Resolution 2)
3. To re-elect the following directors retiring under Article 94 of the Articles of Association of the Company: -
  - (i) Mr Goh Pock Ai (Resolution 3)
  - (ii) Dr Goh Han Teng (Resolution 4)
  - (iii) Mr Sio Sit Po (Resolution 5)
4. To consider and if thought fit, pass the following resolutions pursuant to Section 129(6) of the Companies Act, 1965: -
  - (i) "That Mr Goh Eng Chew, who retires pursuant to Section 129 of the Companies Act, 1965 be re-appointed a director of the Company to hold office until the next Annual General Meeting of the Company." (Resolution 6)
  - (ii) "That Mr Wong Aun Phui, who retires pursuant to Section 129 of the Companies Act, 1965 be re-appointed a director of the Company to hold office until the next Annual General Meeting of the Company." (Resolution 7)
  - (iii) "That Mr Goh Beng Hwa @ Gho Bin Hoa, who retires pursuant to Section 129 of the Companies Act, 1965 be re-appointed a director of the Company to hold office until the next Annual General Meeting of the Company." (Resolution 8)
5. Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed on page 86 of the Annual Report has been received by the Company for the nomination of Messrs. Ernst & Young who have given their consent to act, for appointment as Auditors and of the intention to propose the following ordinary resolution: -

" That Messrs. Ernst & Young be and are hereby appointed Auditors of the Company in place of retiring Auditors, Messrs. Hanafiah Raslan & Mohamad at a remuneration to be fixed by the Directors and to hold office until the conclusion of the next Annual General Meeting." (Resolution 9)
6. As special business, to consider and if thought fit, pass the following ordinary resolutions: -

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR NSOP AND ITS SUBSIDIARIES TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH RELATED PARTIES ("PROPOSED RENEWAL OF RECURRENT RPT MANDATE")**  
(Resolutions 10 – 15)

The text of the above resolutions together with the details of the Proposed Renewal of Recurrent RPT Mandate are set out in the Circular to Shareholders dated 8 May 2003.
7. To transact any other ordinary business of the Company of which proper notice shall have been given to the Company.

By Order of the Board

Gan Kok Tiong  
Company Secretary

Kuala Lumpur  
8 May 2003

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTES:**

1. A member entitled to attend and vote at this Meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. If the member is a corporation, the Form of Proxy must be executed under its common seal or under the hand of a person duly authorised in writing.
3. The Form of Proxy must be deposited at the Registered Office, No. 107-1 Changkat Tambi Dollah, 55100 Kuala Lumpur not less than 48 hours before the time fixed for the Meeting or any adjournment thereof.
4. For Item 6, further information are set out in the Circular to Shareholders dated 8 May 2003 which is despatched together with the 2002 Annual Report.

**STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

1. Directors who are standing for re-election and re-appointment at the Seventy First Annual General Meeting

- (a) Goh Pock Ai - Retiring pursuant to Article 94 of the Articles of Association
- (b) Dr Goh Han Teng - Retiring pursuant to Article 94 of the Articles of Association
- (c) Sio Sit Po - Retiring pursuant to Article 94 of the Articles of Association
- (d) Goh Eng Chew - Retiring pursuant to Section 129 of the Companies Act, 1965
- (e) Wong Aun Phui - Retiring pursuant to Section 129 of the Companies Act, 1965
- (f) Goh Beng Hwa @ Gho Bin Hoa - Retiring pursuant to Section 129 of the Companies Act, 1965

2. Details of attendance of Directors at Board Meeting held during the financial year ended 31 December 2002

A total of four (4) Board Meetings were held during the financial year ended 31 December 2002.

Details of attendance of Directors at the Board Meetings are as follows:-

<u>Name</u>	<u>Number of Meetings Attended</u>
Goh Eng Chew	4
Wong Aun Phui	4
Goh Pock Ai	4
Goh Beng Hwa @ Gho Bin Hoa	4
Sio Sit Po	2
Dato' Ong Bok Lim	4
Keong Choon Keat	4
Goh Yeok Beng	3
Dr Goh Han Teng	3
Gho Lian Chin	3
Goh Wei Lei	4
Goh Lei Eng	0

3. Seventy First Annual General Meeting

Venue : Ballroom 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur  
Date : 30 May 2003 (Friday)  
Time : 12.00 noon.

**STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

4. Details of Directors who are standing for re-election and re-appointment

(a) Goh Pock Ai, 62 years of age, Singaporean. Executive Director. Appointed to the Board on 15 May 1971. He is a member of the Audit Committee. He has vast experience and extensive knowledge in oil palm plantation and property development. Other public companies in which he is a director are Chin Teck Plantations Berhad, Eng Thye Plantations Berhad, Timor Oil Palm Plantation Berhad and Tiong Thye Company Berhad, the major shareholder of the Company. He is also a director of Sin Thye Management Sdn Bhd, Sin Thye Oil Mills Sdn Bhd and Huay Guan Investment Pte Ltd. His shareholdings in the Company and the subsidiaries, Eng Thye Plantations Berhad and Timor Oil Palm Plantation Berhad, as at 31 March 2003, are as follows: -

(i) The Company: -

Ordinary Stock Units of RM1 each

<-----Direct----->		<-----Indirect----->	
No.	%	No.	%
1,100	+	-	-

+ Shareholdings is less than 0.01%

(ii) The subsidiaries: -

Ordinary Shares of RM1 each

	<-----Direct----->		<-----Indirect----->	
	No.	%	No.	%
Eng Thye Plantations Berhad	-	-	-	-
Timor Oil Palm Plantation Berhad	10,000	0.10	-	-

He is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group as disclosed on pages 84 to 85 of the Annual Report. He has had no convictions for any offences within the past ten years. He is the brother of Goh Eng Chew and Dr Goh Han Teng.

(b) Dr Goh Han Teng, 63 years of age, Singaporean. Non-Independent Non-Executive Director. Appointed to the Board on 23 June 1984. He was formerly the Managing Director of a real estate company listed in Singapore. He was also formerly a director of a licensed commercial bank and a licensed finance company both of which were listed in Singapore. Other public companies in which he is a director are Chin Teck Plantations Berhad, Eng Thye Plantations Berhad (alternate director), Timor Oil Palm Plantation Berhad and Tiong Thye Company Berhad, the major shareholder of the Company. His shareholdings in the Company and the subsidiaries, Eng Thye Plantations Berhad and Timor Oil Palm Plantation Berhad, as at 31 March 2003, are as follows: -

(i) The Company: -

Ordinary Stock Units of RM1 each

<-----Direct----->		<-----Indirect----->	
No.	%	No.	%
7,400	0.01	30,000	0.05

**STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

(ii) The subsidiaries: -

Ordinary Shares of RM1 each

	<-----Direct----->		<-----Indirect----->	
	No.	%	No.	%
Eng Thye Plantations Berhad	-	-	-	-
Timor Oil Palm Plantation Berhad	10,000	0.10	-	-

He is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group as disclosed on pages 84 to 85 of the Annual Report. He has had no convictions for any offences within the past ten years. He is the brother of Goh Eng Chew and Goh Pock Ai.

(c) Sio Sit Po, 54 years of age, Singaporean. Independent Non-Executive Director. He was first appointed as an alternate director on 16 June 1995 and ceased as alternate director on 10 January 1997. Subsequently, he was appointed as a director on 3 February 1997. He is a member of the Audit Committee. Holds a Bachelor of Science (Hons) from the Nanyang University, Singapore. Worked in a licensed commercial bank listed in Singapore since graduation till 1999. Other public companies in which he is a director are Chin Teck Plantations Berhad and Eng Thye Plantations Berhad. His shareholdings in the Company and the subsidiaries, Eng Thye Plantations Berhad and Timor Oil Palm Plantation Berhad, as at 31 March 2003, are as follows: -

(i) The Company: -

Ordinary Stock Units of RM1 each

<-----Direct----->		<-----Indirect----->	
No.	%	No.	%
253,414	0.38	-	-

(ii) The subsidiaries: -

Ordinary Shares of RM1 each

	<-----Direct----->		<-----Indirect----->	
	No.	%	No.	%
Eng Thye Plantations Berhad	-	-	-	-
Timor Oil Palm Plantation Berhad	-	-	-	-

He is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group as disclosed on pages 84 to 85 of the Annual Report. He does not have any family relationship with any director and/or major shareholder of the Company. He has had no convictions for any offences within the past ten years.

**STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

(d) Goh Eng Chew. Executive Chairman. 71-year-old Mr Goh, a Singaporean, has more than thirty years of plantation and financial experience. Appointed to the Board on 17 July 1968. He later served as Chairman from 17 December 1994. He was appointed as the Executive Chairman on 20 December 2000. He is also a member of the Employee Share Option Scheme Committee. He had been Chairman of a licensed commercial bank, a licensed finance company and a real estate company, all of which were formerly listed in Singapore. He is also the Executive Chairman of Chin Teck Plantations Berhad. Other public companies in which he heads the Board are Eng Thye Plantations Berhad, Timor Oil Palm Plantation Berhad and Tiong Thye Company Berhad, the major shareholder of the Company. He is also a director of Sin Thye Management Sdn Bhd, Sin Thye Oil Mills Sdn Bhd and Huay Guan Investment Pte Ltd. His shareholdings in the Company and the subsidiaries, Eng Thye Plantations Berhad and Timor Oil Palm Plantation Berhad as at 31 March 2003, are as follows: -

(i) The Company: -

Ordinary Stock Units of RM1 each

<-----Direct----->		<-----Indirect----->	
No.	%	No.	%
80,000	0.12	38,701,009	58.46

(ii) The subsidiaries: -

Ordinary Shares of RM1 each

	<-----Direct----->		<-----Indirect----->	
	No.	%	No.	%
Eng Thye Plantations Berhad	-	-	15,783,250	83.51
Timor Oil Palm Plantation Berhad	10,000	0.10	6,112,300	58.21

He is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group as disclosed on pages 84 to 85 of the Annual Report. He has had no convictions for any offences within the past ten years. He is the brother of Dr Goh Han Teng and Goh Pock Ai and the father of Goh Wei Lei.

(e) Wong Aun Phui, 81 years of age, Malaysian. Executive Director. He has more than forty years of plantation and banking experience. Appointed to the Board on 15 July 1968. He is a member of the Audit Committee and Employee Share Option Scheme Committee. He was conferred Senior Cambridge Certificate by Cambridge University. He had served as Assistant Managing Director of Malayan Banking Berhad, Managing Director of Pan Malayan Finance Limited and Adviser of Bank Bumiputra Malaysia Berhad (now known as Bumiputra-Commerce Bank Berhad). Formerly, Chairman of Bandar Raya Development Berhad. Other public companies in which he is a director are Chin Teck Plantations Berhad, Pan Malaysian Industries Berhad, Eng Thye Plantations Berhad and Timor Oil Palm Plantation Berhad. He is also a director of Sin Thye Management Sdn Bhd. His shareholdings in the Company and the subsidiaries, Eng Thye Plantations Berhad and Timor Oil Palm Plantation Berhad as at 31 March 2003, are as follows: -

(i) The Company: -

Ordinary Stock Units of RM1 each

<-----Direct----->		<-----Indirect----->	
No.	%	No.	%
325,850	0.49	-	-

**STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

(ii) The subsidiaries: -

Ordinary Shares of RM1 each

	<-----Direct----->		<-----Indirect----->	
	No.	%	No.	%
Eng Thye Plantations Berhad	3,500	0.02	-	-
Timor Oil Palm Plantation Berhad	1,000	0.01	-	-

He is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group as disclosed on pages 84 to 85 of the Annual Report. He does not have any family relationship with any director and/or major shareholder of the Company. He has had no convictions for any offences within the past ten years.

(f) Goh Beng Hwa @ Gho Bin Hoa, 71 years of age, Singaporean. Independent Non-Executive Director. Appointed to the Board on 1 November 1969. Completed High School Certificate. He is a member of the Nomination Committee and Remuneration Committee. He had worked for several years in a listed licensed commercial bank in Singapore and was formerly the Managing Director of a licensed finance company listed in Singapore. Other public companies in which he is a director are Chin Teck Plantations Berhad and Eng Thye Plantations Berhad. His shareholdings in the Company and the subsidiaries, Eng Thye Plantations Berhad and Timor Oil Palm Plantation Berhad as at 31 March 2003, are as follows: -

(i) The Company: -

Ordinary Stock Units of RM1 each

<-----Direct----->		<-----Indirect----->	
No.	%	No.	%
1,010,513	1.53	1,991,689	3.01

(ii) The subsidiaries: -

Ordinary Shares of RM1 each

	<-----Direct----->		<-----Indirect----->	
	No.	%	No.	%
Eng Thye Plantations Berhad	3,500	0.02	-	-
Timor Oil Palm Plantation Berhad	-	-	-	-

He is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group as disclosed on pages 84 to 85 of the Annual Report. He does not have any family relationship with any director and/or major shareholder of the Company. He has had no convictions for any offences within the past ten years.

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**CORPORATE INFORMATION**

**BOARD OF DIRECTORS**

**Executive Chairman  
(Non-Independent)**

Goh Eng Chew

**Executive Directors  
(Non-Independent)**

Wong Aun Phui  
Goh Pock Ai

**Non-Executive Directors  
(Independent)**

Goh Beng Hwa @ Gho Bin Hoa  
Sio Sit Po  
Dato' Ong Bok Lim  
Keong Choon Keat

**Non-Executive Directors  
(Non-Independent)**

Goh Yeok Beng  
Dr Goh Han Teng P.B.M., O.ST.J., F.I.M.G.T., D.DG.,  
M.O.I.F., A.I.M.(P.C.), L.F.A.B.I.  
Gho Lian Chin  
Goh Wei Lei

**Alternate Director**

Gho Bun Tjin (alternate to Gho Lian Chin)

**AUDIT COMMITTEE**

**Chairman  
Members**

Keong Choon Keat  
Dato' Ong Bok Lim  
Sio Sit Po  
Wong Aun Phui  
Goh Pock Ai

**NOMINATION COMMITTEE &  
REMUNERATION COMMITTEE**

**Chairman  
Members**

Gho Lian Chin  
Goh Beng Hwa  
Dato' Ong Bok Lim  
Keong Choon Keat  
Goh Wei Lei

**COMPANY SECRETARY**

Gan Kok Tiong B.Commerce (Accounting)(Hons.), CA(M), CPA

**REGISTERED OFFICE**

107-1, Changkat Tambi Dollah  
55100 Kuala Lumpur  
Telephone: 03-21488901  
Fax: 03-21428195

**AUDITORS**

Hanafiah Raslan & Mohamad  
Chartered Accountants  
Level 23A Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur

**SHARE REGISTRAR AND  
MANAGING AGENT**

Sin Thye Management Sdn Bhd  
107-1, Changkat Tambi Dollah  
55100 Kuala Lumpur  
Telephone: 03-21488901  
Fax: 03-21428195

**LEGAL FORM AND DOMICILE**

Public Limited Liability Company  
Incorporated and Domiciled in Malaysia

**STOCK EXCHANGE LISTING**

Main Board of the Kuala Lumpur Stock Exchange

## **PROFILE OF DIRECTORS**

### **Goh Eng Chew**

Executive Chairman. 71-year-old Mr Goh, a Singaporean, has more than thirty years of plantation and financial experience. Appointed to the Board on 17 July 1968. He later served as Chairman from 17 December 1994. He was appointed as the Executive Chairman on 20 December 2000. He is also a member of the Employee Share Option Scheme Committee. He had been Chairman of a licensed commercial bank, a licensed finance company and a real estate company, all of which were formerly listed in Singapore. He is also the Executive Chairman of Chin Teck Plantations Berhad. Other public companies in which he heads the Board are Eng Thye Plantations Berhad, Timor Oil Palm Plantation Berhad and Tiong Thye Company Berhad, the major shareholder of the Company. He is also a director of Sin Thye Management Sdn Bhd, Sin Thye Oil Mills Sdn Bhd and Huay Guan Investment Pte Ltd. He is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group as disclosed on pages 84 to 85 of the Annual Report. He has had no convictions for any offences within the past ten years. He is the brother of Dr Goh Han Teng and Goh Pock Ai and the father of Goh Wei Lei.

Number of Board meetings attended during the financial year ended 31 December 2002: 4 out of 4

### **Wong Aun Phui**

81 years of age, Malaysian. Executive Director. Has more than forty years of plantation and banking experience. Appointed to the Board on 15 July 1968. He is a member of the Audit Committee and Employee Share Option Scheme Committee. He was conferred Senior Cambridge Certificate by Cambridge University. He had served as Assistant Managing Director of Malayan Banking Berhad, Managing Director of Pan Malayan Finance Limited and Adviser of Bank Bumiputra Malaysia Berhad (now known as Bumiputra-Commerce Bank Berhad). Formerly, Chairman of Bandar Raya Development Berhad. Other public companies in which he is a director are Chin Teck Plantations Berhad, Pan Malaysian Industries Berhad, Eng Thye Plantations Berhad and Timor Oil Palm Plantation Berhad. He is also a director of Sin Thye Management Sdn Bhd. He is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group as disclosed on pages 84 to 85 of the Annual Report. He does not have any family relationship with any director and/or major shareholder of the Company. He has had no convictions for any offences within the past ten years.

Number of Board meetings attended during the financial year ended 31 December 2002: 4 out of 4

### **Goh Pock Ai**

62 years of age, Singaporean. Executive Director. Appointed to the Board on 15 May 1971. He is a member of the Audit Committee. He has vast experience and extensive knowledge in oil palm plantation and property development. Other public companies in which he is a director are Chin Teck Plantations Berhad, Eng Thye Plantations Berhad, Timor Oil Palm Plantation Berhad and Tiong Thye Company Berhad, the major shareholder of the Company. He is also a director of Sin Thye Management Sdn Bhd, Sin Thye Oil Mills Sdn Bhd and Huay Guan Investment Pte Ltd. He is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group as disclosed on pages 84 to 85 of the Annual Report. He has had no convictions for any offences within the past ten years. He is the brother of Goh Eng Chew and Dr Goh Han Teng.

Number of Board meetings attended during the financial year ended 31 December 2002: 4 out of 4

## **PROFILE OF DIRECTORS**

### **Goh Beng Hwa @ Gho Bin Hoa**

71 years of age, Singaporean. Independent Non-Executive Director. Appointed to the Board on 1 November 1969. Completed High School Certificate. He is a member of the Nomination Committee and Remuneration Committee. He had worked for several years in a listed licensed commercial bank in Singapore and was formerly the Managing Director of a licensed finance company listed in Singapore. Other public companies in which he is a director are Chin Teck Plantations Berhad and Eng Thye Plantations Berhad. He is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group as disclosed on pages 84 to 85 of the Annual Report. He does not have any family relationship with any director and/or major shareholder of the Company. He has had no convictions for any offences within the past ten years.

Number of Board meetings attended during the financial year ended 31 December 2002: 4 out of 4

### **Sio Sit Po**

54 years of age, Singaporean. Independent Non-Executive Director. He was first appointed as an alternate director on 16 June 1995 and ceased as alternate director on 10 January 1997. Subsequently, he was appointed as a director on 3 February 1997. He is a member of the Audit Committee. Holds a Bachelor of Science (Hons) from the Nanyang University, Singapore. Worked in a licensed commercial bank listed in Singapore since graduation till 1999. Other public companies in which he is a director are Chin Teck Plantations Berhad and Eng Thye Plantations Berhad. He is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group as disclosed on pages 84 to 85 of the Annual Report. He does not have any family relationship with any director and/or major shareholder of the Company. He has had no convictions for any offences within the past ten years.

Number of Board meetings attended during the financial year ended 31 December 2002: 2 out of 4

### **Dato' Ong Bok Lim**

65 years of age, Malaysian. Independent Non-Executive Director. Appointed to the Board on 31 May 1997. He is a member of the Audit Committee, Employee Share Option Scheme Committee, Nomination Committee and Remuneration Committee. He has vast experience and knowledge in the oil palm plantation industry. He is a director of Eng Thye Plantations Berhad and Sin Thye Management Sdn Bhd. He is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group as disclosed on pages 84 to 85 of the Annual Report. He does not have any family relationship with any director and/or major shareholder of the Company. He has had no convictions for any offences within the past ten years.

Number of Board meetings attended during the financial year ended 31 December 2002: 4 out of 4

## **PROFILE OF DIRECTORS**

### **Keong Choon Keat**

58 years of age, Malaysian. Independent Non-Executive Director. Appointed to the Board on 21 May 2001. He is the Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee. He is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants and a fellow member of the Institute of Chartered Accountants in England and Wales. Attached to Bristol Myers & Company Ltd, England as an Accountant in 1968 and left to join Malaysian Tobacco Company Bhd as an Accountant in 1969. From 1974 to 1999, he was attached to UMW Holdings Bhd where he held various management positions from General Manager to Director, Group Accounts before being promoted to the position of an Executive Director in 1988. Upon retirement in 1999, he joined a consultancy firm providing outplacement and career management consultancy services in Malaysia. Other public companies in which he is a director are JT International Berhad, Malaysian Airline System Berhad, Chin Teck Plantations Berhad, PacificMas Bhd, The Pacific Insurance Bhd and Crest Builder Holdings Berhad. He does not have any family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past ten years.

Number of Board meetings attended during the financial year ended 31 December 2002: 4 out of 4

### **Goh Yeok Beng**

54 years of age, Singaporean. Non-Independent Non-Executive Director. Appointed to the Board on 4 August 1982. He has vast experience and extensive knowledge in the oil palm plantation industry and rubber industry. Other public companies in which he is a director are Chin Teck Plantations Berhad, Timor Oil Palm Plantation Berhad (Executive Director) and Tiong Thye Company Berhad, the major shareholder of the Company. He is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group as disclosed on pages 84 to 85 of the Annual Report. He has had no convictions for any offences within the past ten years.

Number of Board meetings attended during the financial year ended 31 December 2002: 3 out of 4

### **Dr Goh Han Teng P.B.M., O.ST.J., F.I.M.G.T., D.DG., M.O.I.F., A.I.M.(P.C.), L.F.A.B.I.**

63 years of age, Singaporean. Non-Independent Non-Executive Director. Appointed to the Board on 23 June 1984. He was formerly the Managing Director of a real estate company listed in Singapore. He was also formerly a director of a licensed commercial bank and a licensed finance company both of which were listed in Singapore. Other public companies in which he is a director are Chin Teck Plantations Berhad, Eng Thye Plantations Berhad (alternate director), Timor Oil Palm Plantation Berhad and Tiong Thye Company Berhad, the major shareholder of the Company. He is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group as disclosed on pages 84 to 85 of the Annual Report. He has had no convictions for any offences within the past ten years. He is the brother of Goh Eng Chew and Goh Pock Ai.

Number of Board meetings attended during the financial year ended 31 December 2002: 3 out of 4

## **PROFILE OF DIRECTORS**

### **Gho Lian Chin**

55 years of age, Singaporean. Non-Independent Non-Executive Director. Appointed to the Board on 13 July 1995. Holds a Bachelor of Science from the University of Melbourne, Australia. He is the Chairman of the Nomination Committee and Remuneration Committee and a member of the Employee Share Option Scheme Committee. He worked in a licensed commercial bank listed in Singapore as its representative in a foreign country. Subsequently, he was engaged to manage the property division of the bank. He was also formerly a director of a licensed finance company and a real estate company both of which were listed in Singapore. He has extensive experience and knowledge in the rubber industry. Other public companies in which he is a director are Chin Teck Plantations Berhad, Eng Thye Plantations Berhad, Timor Oil Palm Plantation Berhad and Tiong Thye Company Berhad, the major shareholder of the Company. He is also a director of Sin Thye Oil Mills Sdn Bhd. He is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group as disclosed on pages 84 to 85 of the Annual Report. He has had no convictions for any offences within the past ten years. He is the brother of Gho Bun Tjin.

Number of Board meetings attended during the financial year ended 31 December 2002: 3 out of 4

### **Goh Wei Lei**

34 years of age, Singaporean. Non-Independent Non-Executive Director. He was first appointed as an alternate director on 29 March 1994. He ceased as alternate director on 12 March 1996 and was appointed as a director on that date. He is a member of the Nomination Committee and Remuneration Committee. Holds a Bachelor of Science from the Oregon State University, USA. He has vast experience and extensive knowledge in oil palm plantation and property development. Other public companies in which he is a director are Chin Teck Plantations Berhad (alternate director), Eng Thye Plantations Berhad, Timor Oil Palm Plantation Berhad (alternate director) and Tiong Thye Company Berhad (alternate director), the major shareholder of the Company. He is also a director of Huay Guan Investment Pte Ltd. He is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group as disclosed on pages 84 to 85 of the Annual Report. He has had no convictions for any offences within the past ten years. He is the son of Goh Eng Chew.

Number of Board meetings attended during the financial year ended 31 December 2002: 4 out of 4

### **Gho Bun Tjin (alternate to Gho Lian Chin)**

53 years of age, Singaporean. He was first appointed as an alternate director on 29 June 1979 and ceased as alternate director on 21 June 1995. Subsequently, he was appointed as alternate director of Gho Lian Chin on 8 September 1995. Holds a Bachelor of Science from the University of Waterloo, Canada. He worked for a short period in a licensed commercial bank listed in Singapore. He is now working in a commercial company overseeing the general management. Other public companies in which he is an alternate director are Chin Teck Plantations Berhad, Eng Thye Plantations Berhad, Timor Oil Palm Plantation Berhad and Tiong Thye Company Berhad, the major shareholder of the Company. He is deemed interested in certain related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group as disclosed on pages 84 to 85 of the Annual Report. He has had no convictions for any offences within the past ten years. He is the brother of Gho Lian Chin.

## **CHAIRMAN'S STATEMENT**

On behalf of the Board of Directors of Negri Sembilan Oil Palms Berhad, I take great pleasure in presenting the Annual Report and the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2002.

The Government has in the recent past initiated several measures in the oil palm industry while the industry has embarked on aggressive marketing efforts, which have stimulated an increase in export and reduced the carryover stock of palm oil.

As a result, palm oil stocks were reduced and prices started improving progressively. Encouraged by the introduction of Oil Palm Replanting Incentive Scheme, uneconomic old palms were replanted, and the cyclical effect on the production of oil palms i.e. tree stress and production fatigue, have resulted in a decline of the production of crude palm oil. Expectation of higher imports by China, the reduction of import duty by the Indian Government and the fear of the El-Nino weather phenomenon have further supported the improvement in prices.

Adverse weather conditions globally have resulted in a tight supply of vegetable oils while demand is expected to remain strong. Soyabean harvests were lower due to adverse weather conditions which tightened supply and raised soya oil prices. This has further supported the rally in palm oil prices.

## **FINANCIAL PERFORMANCE**

During the financial year under review, revenue of the Group increased by 23.59% to RM43,364,520 due mainly to the substantial increase in the average selling prices of fresh fruit bunches, crude palm oil and palm kernel. The increase in revenue has contributed to a substantial improvement in plantation profit.

However, included in the preceding financial year's profit was gain on sale of investments of RM20,678,209, mainly arising from the acceptance of the cash offers for the shares in Keppel Capital Holdings Ltd which was a one-off transaction and not assessable for tax purposes. This has resulted in a decrease of 41.14% in net profit for the year to RM9,506,247.

Shareholders' funds increased by 3.57% to RM208,510,196.

At Company level, revenue increased by 57.14% to RM16,816,746 and net profit for the year increased by 115.91% to RM9,195,218.

## **DIVIDENDS**

Total dividend of 9%, tax exempt, in respect of the financial year ended 31 December 2002 were paid during the financial year, i.e. a first interim dividend of 4%, tax exempt, was paid on 30 September 2002 and a second interim dividend of 5%, tax exempt, was paid on 31 December 2002. In view of the payment of the interim dividends, the Board has not recommended any final dividend in respect of the financial year ended 31 December 2002.

## **OPERATION REVIEW**

### **Senama Estate**

Production of ffb decreased by 13.84% to 20,705 m/t.

### **Ibam Estate**

Production of ffb increased by 2.28% to 48,706 m/t.

## **CHAIRMAN'S STATEMENT**

### **Gula Estate (Eng Thye Plantations Berhad)**

Production of ffb decreased by 31.62% to 27,661 m/t. Purchases of ffb decreased by 34.62% to 35,846 m/t. Correspondingly, production of crude palm oil decreased by 31.86% to 11,240 m/t and production of palm kernel decreased by 32.63% to 3,865 m/t.

During the year, an additional area of 1,281 acres were replanted. As at 31 December 2002, the total area replanted were 2,450 acres.

### **Maran Estate (Timor Oil Palm Plantation Berhad)**

Production of ffb increased by 7.30% to 23,676 m/t. However, purchases of ffb decreased by 30.39% to 13,655 m/t. Overall, production of crude palm oil decreased by 7.40% to 7,005 m/t and production of palm kernel decreased by 5.83% to 1,988 m/t.

During the year, 476 acres of the young palms attained maturity. As a result, all replanted palms have now attained maturity.

## **CORPORATE DEVELOPMENT**

During the financial year, the Company increased its issued and paid-up share capital from RM64,179,962 to RM66,174,962 by way of the issuance of 1,995,000 ordinary shares of RM1 each pursuant to the exercise of options under the Employee Share Option Scheme.

On 24 February 2003, the Company announced that it proposes to seek the approval of shareholders for the proposed renewal of the shareholders' mandate for the Group to enter into recurrent related party transactions at the forthcoming Annual General Meeting.

A separate Circular to Shareholders, the purpose of which is to provide information on and to seek the approval of shareholders for the ordinary resolutions pertaining to the proposed renewal of shareholders' mandate is enclosed together with the Annual Report.

## **BOARD OF DIRECTORS**

I regret to report that Mdm Goh Lei Eng was disqualified as a director of the Company and her office as a director of the Company was vacated pursuant to Article 99(a)(v) of the Articles of Association of the Company and Paragraph 15.05(1)(c) of the Listing Requirements of Kuala Lumpur Stock Exchange with effect from 1 January 2003 by virtue of her absence from more than 50% of the total meetings of Directors held during the financial year ended 31 December 2002. Her alternate, Mr Goh Seh Kiat, ipso facto, ceased as an alternate director of the Company with effect from 1 January 2003.

## **OUTLOOK FOR YEAR 2003**

The selling prices of fresh fruit bunches, crude palm oil and palm kernel are expected to remain strong and this would have a positive impact on the financial performance for the financial year ending 31 December 2003.

## **APPRECIATION**

On behalf of the Board of Directors, I would like to thank the management and staff for their contribution and commitment. I must also thank our suppliers and customers for their co-operation and support. To our shareholders, I would like to thank you for your continued support and confidence in the Company.

Goh Eng Chew  
Executive Chairman

22 April 2003

## **STATEMENT ON THE APPLICATION OF THE PRINCIPLES AND COMPLIANCE WITH THE BEST PRACTICES OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE**

The Board of Directors is committed to ensure that a high standard of corporate governance is practised throughout the Group in discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

The Board of Directors will continuously evaluate the status of the Group's corporate governance practices and procedures with a view to adopt and implement the Best Practices of the Malaysian Code on Corporate Governance ("the Code") wherever applicable in the best interests of the shareholders of the Company. Save for the exceptions, which are highlighted, the Board considers that it has generally applied the Principles of the Code and complied with the Best Practices of the Code.

Set out below is the description on the manner in which the Company has applied the Principles of the Code and the extent to which it has complied with the Best Practices of the Code.

### **1. Directors**

#### **Board Responsibilities**

The Board retains full and effective control of the Company and is responsible for the overall performance of the Company. It focuses mainly on strategies, performance and critical business issues and is responsible for the following: -

- Group's strategic plans
- Conduct of the Group's business
- Principal risks identification and their management
- Succession planning for senior management
- Shareholders communication policy
- Group's internal control system and management information system

#### **Composition of the Board**

The Board currently consists of eleven directors: -

- One Executive Chairman
- Two Executive Directors
- Four Independent Non-Executive Directors
- Four Non-Independent Non-Executive Directors

There is an alternate director on the Board.

The Executive Chairman and Executive Directors have many years of experience in managing the Group's core business, plantations. The Non-Executive Directors have broad business and commercial experience. The Independent Directors are actively involved in various Board Committees and they provide independent assessment and opinion. The biographical details of the Board members are set out on pages 10 to 13 of the Annual Report.

The Executive Chairman functions both as Chairman of the Board and Executive Director. The Board is mindful of the combined roles but is comfortable that there is no undue risk involved as all related party transactions are dealt with in accordance with the Listing Requirements of the Kuala Lumpur Stock Exchange. The Executive Directors will be informed and consulted before the Executive Chairman makes any significant decision. All major matters and issues are referred to the Board for considerations and approvals. The roles and contributions of Independent Directors also provide an element of objectivity, independent judgement and check and balance on the Board.

## **STATEMENT ON THE APPLICATION OF THE PRINCIPLES AND COMPLIANCE WITH THE BEST PRACTICES OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE**

The Executive Chairman, Goh Eng Chew, the Executive Director, Goh Pock Ai and the four Non-Independent Non-Executive Directors, Goh Yeok Beng, Dr Goh Han Teng, Gho Lian Chin and Goh Wei Lei are directors and alternate director and/or shareholders of Tiong Thye Company Berhad, the largest shareholder of the Company holding 58.46% of the issued and paid-up share capital of the Company as at 31 March 2003.

The Board considers that its complement of the Independent Non-Executive Directors and Non-Independent Non-Executive Directors provides an effective Board with a mix of general management, accounting and finance and business experience and fairly reflects the investment in the Company by shareholders. The Board complies with the Listing Requirements of the Kuala Lumpur Stock Exchange that requires at least two or one third of the Board, whichever is higher, to be independent directors.

All concerns regarding the Company can be conveyed to any one of the Directors. As such, the Board has not appointed a senior Independent Non-Executive Director to whom concerns regarding the Company may be conveyed.

The Board has established Board committees, which operate within the defined terms of reference. These committees are: -

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Employee Share Option Scheme Committee

The Report on Audit Committee for the financial year ended 31 December 2002 is set out on pages 24 to 27 of the Annual Report.

Details of the Nomination Committee and Remuneration Committee are set out on pages 18 to 20 of the Annual Report.

The Employee Share Option Scheme Committee or the Option Committee was established to administer the Negri Sembilan Oil Palms Berhad Employee Share Option Scheme, which became effective on 23 October 2001. The directors who serve on the Option Committee are Goh Eng Chew, Wong Aun Phui, Dato' Ong Bok Lim and Gho Lian Chin. The Company Secretary also serves on the Option Committee.

The Board of Directors will normally meet quarterly and has a formal schedule of matters reserved to it. On other occasions, additional meetings are held as and when required to discuss matters of importance. The Executive Chairman and the Executive Directors will explain to the Board the rationale of the matters to be discussed and the implications on the Company and/or the Group. The Directors participate in the discussion and comments are considered before a decision is made.

Four Directors' meetings were held during the financial year ended 31 December 2002 and the attendance of the Directors are as follows: -

<u>Name</u>	<u>Number of Meetings Attended</u>
Goh Eng Chew	4
Wong Aun Phui	4
Goh Pock Ai	4
Goh Beng Hwa @ Gho Bin Hoa	4
Sio Sit Po	2
Dato' Ong Bok Lim	4
Keong Choon Keat	4
Goh Yeok Beng	3
Dr Goh Han Teng	3
Gho Lian Chin	3
Goh Wei Lei	4
Goh Lei Eng	0

## **STATEMENT ON THE APPLICATION OF THE PRINCIPLES AND COMPLIANCE WITH THE BEST PRACTICES OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE**

Goh Lei Eng was disqualified as a director of the Company and her office as a director of the Company was vacated pursuant to Article 99(a)(v) of the Articles of Association of the Company and Paragraph 15.05(1)(c) of the Listing Requirements of Kuala Lumpur Stock Exchange with effect from 1 January 2003 by virtue of her absence from more than 50% of the total meetings of Directors held during the financial year ended 31 December 2002. Her alternate, Goh Seh Kiat, ipso facto, ceased as an alternate director of the Company with effect from 1 January 2003.

### **Supply of Information**

Each Director receives monthly statement of accounts, which contain information on financial performance and plantation statistics.

Agenda of Board meeting and Board papers for each agenda item are sent to the directors prior to Board meeting. The Board papers include amongst others, quarterly financial results, performance of the estates, financial position of the Company, the market value of its quoted investments, summary of budget and capital expenditure, proposals for major acquisitions and disposals and corporate issues.

Directors have access to information within the Group. Any comments and suggestions for improvements are directed to the Executive Chairman and/or Executive Directors. Directors may also obtain independent professional advice when necessary.

Directors also have direct access to the service of the Company Secretary.

### **Appointments to the Board**

The Nomination Committee was established on 21 May 2001. The members of the Nomination Committee are as follows: -

Chairman	Gho Lian Chin	- Non-Independent Non-Executive Director
Members	Goh Beng Hwa @ Gho Bin Hoa	- Independent Non-Executive Director
	Dato' Ong Bok Lim	- Independent Non-Executive Director
	Keong Choon Keat	- Independent Non-Executive Director
	Goh Wei Lei	- Non-Independent Non-Executive Director

The duties and functions of the Nomination Committee shall be: -

- to propose new nominees for the Board and Board Committee
- to assess directors on an on-going basis
- to annually review the required mix of skills and experience and core competencies of non-executive directors

The Directors have direct access to the services of the Company Secretary who is responsible for ensuring that all appointments are properly made and all necessary information is obtained from directors, both for the Company's own records and for the purposes of meeting the requirements of the Companies Act, 1965, Listing Requirements of Kuala Lumpur Stock Exchange and other regulatory requirements.

One meeting of Nomination Committee was held during the financial year ended 31 December 2002.

All members of the Nomination Committee attended the meeting.

## **STATEMENT ON THE APPLICATION OF THE PRINCIPLES AND COMPLIANCE WITH THE BEST PRACTICES OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE**

### **Directors' Training**

All Directors are required to attend the training programmes that are prescribed by the Kuala Lumpur Stock Exchange from time to time.

All the present Directors have successfully attended the Mandatory Accreditation Programme ("MAP"). The Directors will attend the Continuing Education Programme ("CEP") once the training programme for CEP commences.

An Executive Director and the Company Secretary will also meet newly appointed director(s) to brief him or her on the background information and structure of the Group.

### **Re-election of Directors**

In accordance with the Articles of Association of the Company, all Directors who are appointed by the Board are subject to re-election by shareholders at the first Annual General Meeting after their appointment.

The Articles of Association of the Company provides that one-third of the Directors, or if their number is not three or a multiple of three, then the number nearest to one third shall retire from office once at least three years but shall be eligible for re-election.

Directors who are of or over the age of seventy year shall retire pursuant to Section 129 of the Companies Act, 1965 and shall be re-appointed under the provision of Section 129(6) of the said Act annually.

## **2. Directors' Remuneration**

It is the Company's policy that the level of Directors' remuneration is sufficient to attract and retain the Directors of the calibre needed to run the Group successfully. In the case of Executive Directors, the component parts of the remuneration are structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors concerned.

The Remuneration Committee was established on 21 May 2001. The members of the Remuneration Committee are as follows: -

Chairman	Gho Lian Chin	- Non-Independent Non-Executive Director
Members	Goh Beng Hwa @ Gho Bin Hoa	- Independent Non-Executive Director
	Dato' Ong Bok Lim	- Independent Non-Executive Director
	Keong Choon Keat	- Independent Non-Executive Director
	Goh Wei Lei	- Non-Independent Non-Executive Director

The primary duty and responsibility of the Remuneration Committee is to recommend to the Board the remuneration of the Executive Directors. Nevertheless, the determination of remuneration packages of directors is a matter for the Board as a whole and individual directors are required to abstain from discussion of their own remuneration.

One meeting of Remuneration Committee were held during the financial year ended 31 December 2002.

All members of the Remuneration Committee attended the meeting.

The shareholders at the annual general meeting approve the annual fees payable to the Directors. The Company reimburse reasonable expenses incurred by the Directors in the course of their duties as Directors. The basic salary for each executive director takes into account the compensation practices of other comparable companies and the performance of each individual director. Salary will be reviewed annually (although not necessary increased). Appropriate adjustments will be made to reflect performance and increased responsibilities. Executive Directors are entitled to commission, which is dependent on the financial performance of the Company based on an established formula.

**STATEMENT ON THE APPLICATION OF THE PRINCIPLES AND COMPLIANCE WITH THE BEST PRACTICES OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE**

The details of the total remuneration of the Executive Directors, Non-Executive Directors and Alternate Director of the Company for the financial year ended 31 December 2002 are as follows:-

	No. of Directors	Fees RM	Salaries RM	Commission RM	Other RM	Total RM
Executive Directors						
	1	48,000	168,000	56,141	-	272,141
	1	33,000	120,000	35,402	2,000	190,402
	1	35,000	120,000	28,187	4,000	187,187
	<u>3</u>	<u>116,000</u>	<u>408,000</u>	<u>119,730</u>	<u>6,000</u>	<u>649,730</u>
Non-Executive Directors						
	1	23,000	72,000	3,245	-	98,245
	1	37,000	-	-	2,000	39,000
	1	27,000	-	-	6,000	33,000
	1	25,000	-	-	2,000	27,000
	1	25,000	-	-	2,000	27,000
	1	21,000	-	-	6,000	27,000
	1	23,000	-	-	2,000	25,000
	1	21,000	-	-	-	21,000
	1	13,000	-	-	-	13,000
	<u>9</u>	<u>215,000</u>	<u>72,000</u>	<u>3,245</u>	<u>20,000</u>	<u>310,245</u>
Alternate Director	1	8,000	-	-	-	8,000
		<u>339,000</u>	<u>480,000</u>	<u>122,975</u>	<u>26,000</u>	<u>967,975</u>

### 3. Shareholders

#### Dialogue between the Company and Investors

The annual and quarterly reports and the various mandatory announcements are the primary modes of communication to report on the Group's financial performance and operations and corporate developments.

The annual and quarterly reports are sent to shareholders.

Shareholders and the members of the public can also obtain information on the annual and quarterly reports and the announcements made by accessing the Kuala Lumpur Stock Exchange's website.

It is not the practice of the Company to organise briefings sessions or investors forums for analysts and fund managers.

#### Annual General Meeting

The annual general meeting is the principal forum for dialogue with shareholders. Notice of the Annual General Meeting and the Annual Report are despatched to shareholders. Notice of the Annual General Meeting is also published in a leading English newspaper.

At the Annual General Meeting, shareholders have direct access to the Directors and are given the opportunity to ask questions during the question and answer session prior to the resolutions to approve the audited annual financial statements and directors' report. Suggestions and comments by shareholders are noted by directors for consideration.

## **STATEMENT ON THE APPLICATION OF THE PRINCIPLES AND COMPLIANCE WITH THE BEST PRACTICES OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE**

### **4. Accountability and Audit**

#### **Financial Reporting**

In presenting the annual and quarterly financial statements to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee assists the Board in ensuring accuracy, adequacy and completeness of information for disclosure.

The Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965 is set out on page 40 of the Annual Report and the Statement explaining the Directors' responsibility for preparing the annual audited accounts pursuant to paragraph 15.27 (a) of the Listing Requirements of the Kuala Lumpur Stock Exchange is set out on page 28 of the Annual Report.

#### **Internal Control**

The Directors acknowledge their responsibilities for the Group's system of internal control, which has been designed to meet the Group's particular needs. The system of internal control is designed to manage risks to which the business of the Group is exposed rather than eliminate the risk of failure in achieving business objectives.

The Directors continue to maintain a sound system of internal control to safeguard shareholders' investment and Group's assets.

#### **Internal Audit**

The internal audit function has been outsourced to the external auditors Hanafiah Raslan & Mohamad with the primary objective to carry out a review of the internal control system to determine if the accounting and internal control system procedures have been complied with as well as to identify recommendations to strengthen the accounting and internal control system so as to foster a strong management control environment.

#### **Relationship with the Auditors**

The Company has always maintained a formal and transparent relationship with its auditors.

The role of the Audit Committee in relation to the external auditors is set out in the Report on Audit Committee on pages 24 to 27 of the Annual Report.

## **STATEMENT ON INTERNAL CONTROL**

The Board of Directors is pleased to provide the following statement on the state of internal control of the Group. The statement is made pursuant to Paragraph 15.27(b) of the Listing Requirements of the Kuala Lumpur Stock Exchange. For the purposes of this statement, the Group refers to the Company and its subsidiaries, excluding the associated companies.

### **RESPONSIBILITY**

The Board has overall responsibility for maintaining an effective and sound system of internal control and for reviewing its adequacy.

The system of internal control has been designed to meet the Group's particular needs. There are inherent limitations to any system of internal control. The system of internal control is designed to manage risks to which the Group is exposed rather than eliminate the risk of failure in achieving business objectives.

In pursuing these objectives, internal control can only provide reasonable and not absolute assurance against material misstatement or loss. Furthermore, it should be recognised that the cost of control procedures should not outweigh or exceed the expected benefits.

### **INTERNAL CONTROL PROCESSES**

There is a continuous process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the financial year under review and up to the date of approval of the annual report and financial statements.

The process is regularly reviewed by the Board and is in accordance with the guidance as contained in the publication – Statement of Internal Control: Guidance for Directors of Public Listed Companies.

### **KEY ELEMENTS OF INTERNAL CONTROL**

- **Organisational Structure**

The Group is headed by the Executive Chairman and assisted by the Executive Directors. The Executive Chairman and Executive Directors have many years of experience in managing the Group's core business i.e. plantations.

There is in place an operating structure with clear defined lines of accountability and delegated authority for the estates.

- **Audit Committee and Internal Audit**

The Audit Committee was established with a view to assist the Board in discharging its duties. The internal audit function has the primary objective to carry out a review of the internal control system to determine if the accounting and internal control procedures have been complied with as well as to identify recommendations to strengthen the accounting and internal control system so as to foster a strong management control environment.

The internal auditors report directly to the Audit Committee. An internal audit report was presented to the Audit Committee during the financial year. The internal audit report summarised the audit approach, scope, significant audit findings, the overall opinion for the internal control review, management comments on the audit findings and recommendations. The internal audit report also covers the follow-up by the management on implementation of recommendations in their earlier reports.

## **STATEMENT ON INTERNAL CONTROL**

- **Financial Report**

The Group has in place a reporting mechanism whereby Directors receive monthly statement of accounts, which contain information on financial performance and plantation statistics.

Periodical Board meetings are held. Quarterly financial results, performance of the estates, financial position of the Company, the market value of its quoted investments, the sales of fresh fruit bunches, crude palm oil and palm kernel, summary of budget and capital expenditure are presented to the Board at the Board meeting.

- **Estates Visits and Estates Managers Meetings**

An Executive Director and the General Manager regularly visit the Group's estates to monitor the state of affairs of the estates. During the visits, the estate managers report on the progress and performance of the respective estates and discuss and resolve estate operational and key management issues.

Other Directors also visit the Group's estates occasionally and their comments and suggestions for improvements are directed to the Executive Chairman and/or Executive Directors.

Estate Managers Meetings are held twice a year, alternating between an estate on a rotational basis and at head office to discuss and resolve estate operational and key management policies.

- **Review of Recurrent Related Party Transactions**

All recurrent related party transactions are dealt with in accordance with the Listing Requirements of the Kuala Lumpur Stock Exchange. The Board and the Audit Committee review the recurrent related party transactions quarterly.

## **RISK MANAGEMENT**

Management regularly review, identify, evaluate, monitor and manage the significant risks faced by the Group. In addition, internal audit, using a risk-based approach, annually review the operational procedures and processes to ensure the integrity of the management information system.

The Audit Committee chaired by an Independent Non-Executive Director and its members comprising a majority of Independent Non-Executive Directors, provide an independent review of the Group's process for producing financial data, the adequacy, effectiveness and integrity of the system of internal control, compliance with laws, regulations and guidelines, independence of external auditors and internal audit function.

## **CONCLUSION**

The Board is of the opinion that the existing system of internal control is adequate to achieve the Group's business objectives. The Board will continuously assess the adequacy of the Group's system of internal control and make improvements and enhancements to the system as and when necessary.

## **REPORT ON AUDIT COMMITTEE**

The Board of Directors of Negri Sembilan Oil Palms Berhad is pleased to present the report of the Audit Committee for the financial year ended 31 December 2002.

### **MEMBERS OF THE AUDIT COMMITTEE**

The members of the Audit Committee during the financial year ended 31 December 2002 are as follows:-

Chairman	Keong Choon Keat	- Independent Non-Executive Director
Members	Dato' Ong Bok Lim	- Independent Non-Executive Director
	Sio Sit Po	- Independent Non-Executive Director
	Wong Aun Phui	- Non-Independent Executive Director
	Goh Pock Ai	- Non-Independent Executive Director

### **TERMS OF REFERENCE**

The Terms of Reference of the Audit Committee are as follows: -

1. Formation

1.1 The Board pursuant to its resolution formed the Audit Committee on 25 June 1994.

2. Membership

2.1 The members of the Audit Committee shall be appointed by the Board from amongst their number and shall consist of not fewer than three (3) members of whom a majority shall be independent directors.

2.2 At least one (1) member of the Audit Committee: -

- (i) must be a member of the Malaysian Institute of Accountants; or
- (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and: -
- (iii) (a) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
- (b) 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.

2.3 No alternate director can be appointed as a member of the Audit Committee.

2.4 The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an independent director.

2.5 If a member of the Audit Committee retires, resigns, dies or for any reason ceases to be a member resulting in the non-compliance of paragraph 2.1 and 2.2 above, the Board shall within three (3) months of that event, fill the vacancy.

2.6 The Company Secretary or such other person as the Audit Committee may determine shall be the Secretary of the Audit Committee.

## **REPORT ON AUDIT COMMITTEE**

### 3. Meeting

- 3.1 Meetings of Audit Committee shall be held at least four (4) times a year.
- 3.2 In order to form a quorum in respect of a meeting of an Audit Committee, the majority of members present must be independent directors.
- 3.3 Upon the request of the external auditors, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditors believes should be brought to the attention of the Board or shareholders.
- 3.4 The Audit Committee shall meet with the external auditors excluding the attendance of the executive members of the Audit Committee, whenever deemed necessary.
- 3.5 At least 5 calendar days' notice should be given to members of the Audit Committee before a meeting is held. In an emergency meeting, the notice can be shortened provided majority of members agree.
- 3.6 Each member is entitled to one vote. Decision arising from any meeting shall be by majority of votes. The Chairman has no casting vote.
- 3.7 Other directors and employees may attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

### 4. Authority

- 4.1 The Audit Committee is authorised to investigate any activity within its term of reference.
- 4.2 The Audit Committee shall have the resources, which are required to perform its duties.
- 4.3 The Audit Committee shall have full and unrestricted access to any information pertaining to the Group and is authorised to seek any information it requires from any employees and all employees are directed to co-operate with any request made by the Audit Committee and is free to summon any employee to appear before the meeting of the Audit Committee.
- 4.4 The Audit Committee is authorised to communicate directly with the external auditors and person(s) carrying out the internal audit function.
- 4.5 The Audit Committee is authorised to obtain independent professional service or other service and to secure the attendance of persons with relevant experience and expertise at the meeting of the Audit Committee, if it considers necessary.

## **REPORT ON AUDIT COMMITTEE**

### 5. Duties and functions

#### 5.1 The duties and functions of the Audit Committee shall be: -

- (a) to review with the external auditors, the audit plan.
- (b) to review with the external auditors, their evaluation of the system of internal controls.
- (c) to review with the external auditors, their audit report.
- (d) to review the assistance given by the employees to the external auditors.
- (e) to review the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work.
- (f) to review the internal audit programme, processes, the results of the internal audit programme, process or investigation and consider the findings and recommendations of the internal audit and management's response.
- (g) to review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on: -
  - any change in or implementation of accounting policies and practices
  - the going concern assumption
  - significant and unusual events
  - significant adjustments arising from the audit
  - compliance with accounting standards and other legal requirements
- (h) to review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (i) 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)
- (j) to consider the appointment of the external auditors, audit fee and any questions of resignation or dismissal.

#### 5.2 To consider other topics as defined by the Board.

### 6. Minutes

6.1 The Audit Committee shall cause minutes to be duly entered in books provided for the purpose of all proceedings of meetings of Audit Committee.

6.2 Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated.

6.3 The Secretary shall circulate the minutes of meetings of Audit Committee to all members of the Board.

### 7. Reporting of breaches to Kuala Lumpur Stock Exchange.

7.1 Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Kuala Lumpur Stock Exchange, the Audit Committee must promptly report such matter to the Kuala Lumpur Stock Exchange.

### 8. Review of the Audit Committee

8.1 The Board must review the terms of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee and the members have carried out their duties in accordance with the terms of reference.

## **REPORT ON AUDIT COMMITTEE**

### **NUMBER OF AUDIT COMMITTEE MEETINGS HELD DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2002 AND ATTENDANCE OF EACH AUDIT COMMITTEE MEMBER**

During the financial year ended 31 December 2002, a total of four meetings were held.

The attendance of each member is as follows: -

<u>Audit Committee Member</u>	<u>Number of Meetings Attended</u>
Keong Choon Keat	4
Dato' Ong Bok Lim	4
Sio Sit Po	2
Wong Aun Phui	4
Goh Pock Ai	2

### **SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2002**

The Audit Committee met at scheduled times. Agendas were planned and itemised so that matters were deliberated and discussed in a focused and detailed manner.

The Audit Committee carried out the following activities during the financial year ended 31 December 2002: -

- (a) Review of the quarterly and annual financial statements prior to submission to the Board of Directors for consideration and approval.
- (b) Review of the audit results and the audit reports prepared by the external auditors and internal auditors respectively and the recommendations in respect of control weaknesses noted during the course of their audit.
- (c) Review of the audit plans for the financial year prepared by the external auditors.
- (d) Consider and recommend to the Board of Directors the appointment of external auditors.
- (e) Review the transactions with related parties as disclosed in the annual financial statements.

### **INTERNAL AUDIT FUNCTIONS**

The internal audit functions have been outsourced to the external auditors Hanafiah Raslan & Mohamad with the primary objective to carry out a review of the internal control system to determine if the accounting and internal control system procedures have been complied with as well as to identify recommendations to strengthen the accounting and internal control system so as to foster a strong management control environment.

The internal auditors report directly to the Audit Committee.

An internal audit report of the Group for the financial year ended 31 December 2002 was presented to the Audit Committee. The internal audit report summarises the audit approach, scope, significant audit findings, the overall opinion for the internal control review, management comments on the audit findings and recommendations. The internal audit report also covers the follow-up by the management on implementation of recommendations in their earlier reports.

**STATEMENT ON DIRECTORS' RESPONSIBILITY  
FOR THE PREPARATION OF ANNUAL AUDITED ACCOUNTS**

The Directors are required by the Companies Act, 1965 ('the Act') to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and the profit and loss of the Company and of the Group for the financial year.

The Directors are responsible for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and of the Group and which enable them to ensure that the financial statements of the Company and of the Group comply with the provisions of the Act and the applicable approved accounting standards in Malaysia.

The Directors consider that the financial statements set out on pages 42 to 76 have been prepared using appropriate accounting policies, which are consistently applied and are in accordance with the provisions of the Act and applicable approved accounting standards in Malaysia.

The Directors have engaged auditors who are required to undertake inspection and make enquiries they consider to be appropriate for the purpose of enabling them to give their audit report set out on page 41.

This statement is made in accordance with a resolution of the Board of Directors dated 24 February 2003.

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**GROUP FINANCIAL PROFILE**

	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	75,587	59,712	38,663	35,087	43,364
Operating profit	27,739	18,070	5,720	21,050	13,409
Share of results of associated companies	(311)	(15)	(115)	1,028	(121)
Profit before taxation	27,428	18,055	5,605	22,078	13,288
Taxation	(6,732)	(121)	(1,939)	(989)	(2,805)
Profit after taxation	20,696	17,934	3,666	21,089	10,483
Minority interests	(1,655)	(782)	186	(4,938)	(976)
Net profit for the year	19,041	17,152	3,852	16,151	9,507
Dividends	3,360	3,360	3,360	3,676	5,945
Earnings per stock unit (sen)					
Basic	29.7*	26.7*	6.0*	25.2	14.6
Diluted	-	-	-	-	14.4
Net dividend (%)					
First interim	5.76	3.60	5.76	6.00	4.00
Second interim	5.76	3.60	5.76	3.00	5.00
Third	-	4.32	-	-	-
	11.52	11.52	11.52	9.00	9.00
Dividend cover (times)	5.7	5.1	1.1	4.4	1.6

\* Adjusted for the Bonus Issue of 6 for 5.

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**GROUP FINANCIAL PROFILE**

	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	53,963	53,618	53,458	133,409	132,135
Investments	25,240	23,062	20,248	5,800	12,191
	<u>79,203</u>	<u>76,680</u>	<u>73,706</u>	<u>139,209</u>	<u>144,326</u>
<b>CURRENT ASSETS</b>					
Inventories	1,432	1,417	1,327	885	1,163
Trade receivables	2,942	2,337	1,191	2,046	2,256
Other receivables	1,263	1,614	7,123	9,174	3,819
Deposits with financial institutions	49,620	60,081	54,033	85,198	90,723
Cash and bank balances	4,446	4,272	8,176	6,004	5,221
	<u>59,703</u>	<u>69,721</u>	<u>71,850</u>	<u>103,307</u>	<u>103,182</u>
<b>CURRENT LIABILITIES</b>					
Trade payables	1,644	1,730	1,082	1,102	1,068
Other payables	3,253	3,446	3,061	4,780	2,208
Taxation	6,533	-	33	-	-
Dividend	1,680	1,260	1,680	-	-
	<u>13,110</u>	<u>6,436</u>	<u>5,856</u>	<u>5,882</u>	<u>3,276</u>
<b>NET CURRENT ASSETS</b>					
	<u>46,593</u>	<u>63,285</u>	<u>65,994</u>	<u>97,425</u>	<u>99,906</u>
	<u>125,796</u>	<u>139,965</u>	<u>139,700</u>	<u>236,634</u>	<u>244,232</u>
<b>REPRESENTED BY:</b>					
Share capital	29,173	29,173	29,173	64,180	66,175
Reserves	76,753	90,467	90,819	137,146	142,335
Shareholders' equity	<u>105,926</u>	<u>119,640</u>	<u>119,992</u>	<u>201,326</u>	<u>208,510</u>
Minority interests	17,524	17,869	17,230	33,446	33,891
	<u>123,450</u>	<u>137,509</u>	<u>137,222</u>	<u>234,772</u>	<u>242,401</u>
Retirement benefits	660	691	713	754	723
Deferred taxation	1,686	1,765	1,765	1,108	1,108
Non-current liabilities	<u>2,346</u>	<u>2,456</u>	<u>2,478</u>	<u>1,862</u>	<u>1,831</u>
	<u>125,796</u>	<u>139,965</u>	<u>139,700</u>	<u>236,634</u>	<u>244,232</u>
Net tangible assets per stock unit (RM)**	<u>3.63</u>	<u>4.10</u>	<u>4.11</u>	<u>3.14</u>	<u>3.15</u>

\*\* Based on the issued and paid-up share capital as at end of the financial year

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**PLANTATIONS STATISTICS**

	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>
<b>PLANTED AREA (HECTARES)</b>					
<b>As at 31 December</b>					
Mature	6,159	6,152	6,801	6,896	6,558
Immature	1,416	1,423	761	666	992
	<u>7,575</u>	<u>7,575</u>	<u>7,562</u>	<u>7,562</u>	<u>7,550</u>
<b>PRODUCTION (M/T)</b>					
ffb					
- own estates	93,314	117,944	113,621	134,168	120,748
- purchase	69,661	80,693	75,413	74,443	49,501
	<u>162,975</u>	<u>198,637</u>	<u>189,034</u>	<u>208,611</u>	<u>170,249</u>
Crude palm oil	<u>19,123</u>	<u>21,790</u>	<u>21,643</u>	<u>24,060</u>	<u>18,245</u>
Palm kernel	<u>6,266</u>	<u>7,256</u>	<u>7,017</u>	<u>7,848</u>	<u>5,853</u>
<b>EXTRACTION RATE (%)</b>					
Crude palm oil	17.76	17.49	17.93	17.57	18.09
Palm kernel	<u>5.82</u>	<u>5.83</u>	<u>5.81</u>	<u>5.73</u>	<u>5.81</u>

## **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 2002.

### **PRINCIPAL ACTIVITIES**

The principal activities of the Company are the cultivation and sale of fresh fruit bunches and investment holding.

The principal activities of the subsidiaries are described in Note 9 to the financial statements.

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

### **RESULTS**

	<b>Group RM</b>	<b>Company RM</b>
Profit after taxation	10,482,681	9,195,218
Minority interests	(976,434)	-
Net profit for the year	<u>9,506,247</u>	<u>9,195,218</u>

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 of the Group and of the Company.

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 effects arising from the prior year adjustment as disclosed in Note 25.

### **DIVIDENDS**

The amount of dividends paid by the Company since 31 December 2001 were as follows:

	<b>RM</b>
In respect of the financial year ended 31 December 2002:	
First interim tax exempt dividend of 4% paid on 30 September 2002	2,636,799
Second interim tax exempt dividend of 5% paid on 31 December 2002	<u>3,308,098</u>
	<u>5,944,897</u>

In view of the payment of the interim dividends, the directors do not recommend a final dividend in respect of the current financial year.

## **DIRECTORS' REPORT**

### **DIRECTORS**

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

Goh Eng Chew  
Wong Aun Phui  
Goh Pock Ai  
Goh Han Teng  
Goh Beng Hwa @ Gho Bin Hoa  
Goh Yeok Beng  
Gho Lian Chin  
Goh Wei Lei  
Sio Sit Po  
Dato' Ong Bok Lim  
Keong Choon Keat  
Gho Bun Tjin (alternate to Gho Lian Chin)  
Goh Lei Eng (disqualified and office vacated on 1 January 2003)  
Goh Seh Kiat (alternate to Goh Lei Eng – ceased on 1 January 2003)

In accordance with the Company's Articles of Association, Goh Pock Ai, Goh Han Teng and Sio Sit Po retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Goh Eng Chew, Wong Aun Phui and Goh Beng Hwa @ Gho Bin Hoa retire pursuant to Section 129 of the Companies Act, 1965 and resolutions are being proposed for their re-appointment as directors under the provision of Section 129(6) of the said Act to hold office until the next Annual General Meeting of the Company.

### **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 acquisition of shares in or debentures of the Company or any other body corporate other than as may arise from the share options granted pursuant to the Employee Share Option Scheme.

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 Notes 4 and 5 to the financial statements or the fixed salary of a full-time employee of the Company and other related corporations) 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 24 to the financial statements.

## **DIRECTORS' REPORT**

### **DIRECTORS' INTERESTS**

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in the stock units of the Company and shares of its related corporations during the financial year were as follows:

	<b>Number of Ordinary Stock Units of RM1 Each</b>			
	<b>1 January 2002</b>	<b>Bought</b>	<b>Sold</b>	<b>31 December 2002</b>
<b>The Company</b>				
<b>Direct Interests:</b>				
Goh Eng Chew	-	80,000	-	80,000
Wong Aun Phui	245,850	80,000	-	325,850
Goh Pock Ai	1,100	-	-	1,100
Goh Han Teng	37,400	-	(30,000)	7,400
Goh Beng Hwa @ Gho Bin Hoa	1,010,513	-	-	1,010,513
Gho Lian Chin	2,200	-	-	2,200
Gho Bun Tjin	2,200	-	-	2,200
Sio Sit Po	253,414	-	-	253,414
Goh Yeok Beng	-	80,000	-	80,000
<b>Indirect Interests:</b>				
Goh Eng Chew	38,701,009	-	-	38,701,009
Goh Beng Hwa @ Gho Bin Hoa	1,991,689	-	-	1,991,689
Gho Lian Chin	38,852,673	-	-	38,852,673
Goh Seh Kiat	38,737,100	-	-	38,737,100
Goh Han Teng	-	30,000	-	30,000

	<b>Number of Ordinary Shares of RM1 Each</b>			
	<b>1 January 2002</b>	<b>Bought</b>	<b>Sold</b>	<b>31 December 2002</b>
<b>Eng Thye Plantations Berhad - Subsidiary</b>				
<b>Direct Interests:</b>				
Wong Aun Phui	3,500	-	-	3,500
Goh Beng Hwa @ Gho Bin Hoa	3,500	-	-	3,500
Dato' Ong Bok Lim	35,000	-	-	35,000
<b>Indirect Interests:</b>				
Goh Eng Chew	15,783,250	-	-	15,783,250
Gho Lian Chin	15,783,250	-	-	15,783,250
Goh Seh Kiat	15,783,250	-	-	15,783,250

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**DIRECTORS' REPORT**

**DIRECTORS' INTERESTS (CONTD.)**

	Number of Ordinary Shares of RM1 Each			31 December 2002
	1 January 2002	Bought	Sold	
<b>Timor Oil Palm Plantation Berhad</b>				
<b>- Subsidiary</b>				
<b>Direct Interests:</b>				
Goh Eng Chew	10,000	-	-	10,000
Wong Aun Phui	1,000	-	-	1,000
Goh Pock Ai	10,000	-	-	10,000
Goh Yeok Beng	10,000	-	-	10,000
Goh Han Teng	10,000	-	-	10,000
Gho Lian Chin	10,000	-	-	10,000
<b>Indirect Interests:</b>				
Goh Eng Chew	6,112,300	-	-	6,112,300
Gho Lian Chin	6,112,300	-	-	6,112,300
Goh Seh Kiat	6,090,300	-	-	6,090,300
<b>Tiong Thye Company Berhad</b>				
<b>- Holding Company</b>				
<b>Direct Interests:</b>				
Goh Eng Chew	105,000	-	-	105,000
Goh Han Teng	1,000	-	-	1,000
Goh Pock Ai	1,000	-	-	1,000
Gho Lian Chin	1,000	-	-	1,000
Gho Bun Tjin	1,000	-	-	1,000
<b>Indirect Interests:</b>				
Goh Eng Chew	10,038,000	-	-	10,038,000
Gho Lian Chin	5,670,000	-	-	5,670,000
Goh Seh Kiat	3,500,000	-	-	3,500,000

## **DIRECTORS' REPORT**

### **DIRECTORS' INTERESTS (CONTD.)**

The options to subscribe for shares in the Company pursuant to the Employee Share Option Scheme, in force for a period of five years from 23 October 2001 to 22 October 2006 are as follows:

	<b>Options Over Unissued Shares of RM1.00 Each</b>			<b>At 31 December 2002</b>
	<b>At 1 January 2002</b>	<b>Granted</b>	<b>Exercised</b>	
<b>Granted in 2002 at the subscription price of RM1.72 per share</b>				
Goh Eng Chew	-	400,000	(80,000)	320,000
Wong Aun Phui	-	400,000	(80,000)	320,000
Goh Pock Ai	-	400,000	-	400,000
Goh Yeok Beng	-	400,000	(80,000)	320,000

Goh Eng Chew, Gho Lian Chin and Goh Seh Kiat, by virtue of their interests in the holding company, are also deemed interested in the shares of all the related corporations to the extent the holding company has an interest.

Other than as stated above, none of the directors in office at the end of the financial year had any interest in the stock units of the Company and shares of its related corporations during the financial year.

### **ISSUE OF SHARES**

During the financial year, the issued and paid-up share capital of the Company was increased from RM64,179,962 to RM66,174,962 by way of the issuance of 1,995,000 ordinary shares of RM1 each, for cash, pursuant to the ESOS.

### **EMPLOYEE SHARE OPTION SCHEME**

The Negri Sembilan Oil Palms Berhad Employee Share Option Scheme ("ESOS") was approved by the shareholders at the Extraordinary General Meeting held on 24 August 2001 and became effective on 23 October 2001. The new shares to be issued pursuant to the ESOS will be immediately converted into new ordinary stock units of RM1.00 each in the Company upon allotment and issue.

The main features of the ESOS are as follows:

- (a) Eligible employees (including executive directors) of the Group must have been confirmed and served at least twelve months in the employment of the Group on or prior to the date of the offer. The Option Committee appointed by the Board of Directors may at its discretion at any time and from time to time as it shall deem fit make an offer, to any eligible employee (including executive directors) whom the Option Committee may at its discretion select, to subscribe for new shares in the Company in accordance with the terms of the ESOS.
- (b) The maximum number of ordinary shares to be issued under the ESOS shall not be more than 10% of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS, which shall be in force for a period of five years from 23 October 2001 to 22 October 2006.

## **DIRECTORS' REPORT**

### **EMPLOYEE SHARE OPTION SCHEME (CONTD.)**

- (c) The subscription price at which eligible employees (including executive directors) are entitled to exercise the option shall be the weighted average market price of the ordinary stock units as shown in the daily official list issued by the Kuala Lumpur Stock Exchange for the five preceding market days immediately prior to the date of offer provided that:
- (i) a discount, if any, of not more than 10% from the weighted average market price of the ordinary stock units for the five market days immediately preceding the date of offer is allowed; and
  - (ii) the price so determined shall not be less than the par value of the ordinary stock units of RM1.00 each.
- (d) No offer shall be made for less than 1,000 shares nor more than 400,000 shares to any eligible employee (including executive directors).
- (e) The number of shares under the ESOS or the subscription price or both, so far as the options remain unexercised, may be adjusted following any alteration in the capital structure of the Company by way of a capitalisation of profits or reserves, rights issue, reduction of capital, subdivision and/or consolidation of the Company's ordinary stock units.
- (f) The shares under the ESOS shall remain unissued until the option is exercised and shall upon allotment and issue rank pari passu in all respects with the existing ordinary stock units of the Company provided always that the shares so issued shall not be entitled to any dividends, rights, allotments and/or distributions, the entitlement date of which precedes the relevant dates of the allotment of the aforesaid shares.

The persons to whom the options have been granted have no right to participate by virtue of the option in any share issue of any other company.

Exemption has been granted by the Companies Commission of Malaysia for the non-disclosure of names of eligible employees who have been granted options below 100,000 units. The names of eligible employees (including executive directors) who have been granted options of more than 100,000 units are as follows:

<b>Name</b>	<b>Number of options</b>
Goh Eng Chew	400,000
Wong Aun Phui	400,000
Goh Pock Ai	400,000
Goh Yeok Beng	400,000
Wong Aun Jin	280,000
Gan Kok Tiong	250,000
Ooi Aik Theam	185,000
Foo Hoe Kuang	185,000
Goh Kim Lian	185,000
Pua Yong King	185,000
Lee Keng Bon @ Lee Boon Kang	125,000
Ooi Cheng Hock	115,000
Yaw Leh Keng	115,000
	<hr/> <b>3,225,000</b> <hr/>

## **DIRECTORS' REPORT**

### **EMPLOYEE SHARE OPTION SCHEME (CONTD.)**

The movement in the options to take up unissued shares of RM1.00 each during the financial year and the subscription price are as follows:

<----- Number of Share Options ----->

<b>1 January 2002</b>	<b>Granted on 7 March 2002</b>	<b>Exercised</b>	<b>Cancelled</b>	<b>31 December 2002</b>	<b>Subscription Price (RM)</b>	<b>Date of Expiry</b>
-	6,159,000	(1,995,000)	(90,000)	4,074,000	1.72	22 October 2006

### **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 values 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 not otherwise dealt with in this report or the financial statements of the Group and of the Company which would:
- (i) require any amount to be written off as bad debts or render the amount provided for as doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent, and
  - (ii) render the values attributed to 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 render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (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 or 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 or of the Company which has arisen since the end of the financial year.

## **DIRECTORS' REPORT**

### **OTHER STATUTORY INFORMATION (CONTD.)**

(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 or of the Company to meet their obligations as and 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 or of the Company for the financial year in which this report is made.

### **SIGNIFICANT AND SUBSEQUENT EVENTS**

The significant and subsequent events are disclosed in Note 22 to the financial statements.

### **AUDITORS**

The auditors, Hanafiah Raslan & Mohamad, retire and do not seek reappointment. A resolution to appoint Ernst & Young will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the Board  
in accordance with a resolution  
of the directors

GOH ENG CHEW

WONG AUN PHUI

Kuala Lumpur, Malaysia  
Date: 24 February 2003

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**STATEMENT BY DIRECTORS**  
**PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, GOH ENG CHEW and WONG AUN PHUI, being two of the directors of NEGRI SEMBILAN OIL PALMS BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 42 to 76 are drawn up in accordance with applicable 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 2002 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

GOH ENG CHEW

WONG AUN PHUI

Kuala Lumpur, Malaysia  
Date: 24 February 2003

**STATUTORY DECLARATION**  
**PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, GAN KOK TIONG, being the officer primarily responsible for the financial management of NEGRI SEMBILAN OIL PALMS BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 42 to 76 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 GAN KOK TIONG  
at Kuala Lumpur in Wilayah Persekutuan  
on 24 February 2003

GAN KOK TIONG

Before me:

OOI AH BAH  
No. W152  
Commissioner for Oaths  
Kuala Lumpur

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
NEGRI SEMBILAN OIL PALMS BERHAD**

We have audited the accompanying financial statements set out on pages 42 to 76. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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 statement. 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 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 2002 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 subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries 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 subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Hanafiah Raslan & Mohamad  
AF: 0002  
Chartered Accountants

Pushpanathan a/l S. A. Kanagarayar  
1056/03/03(J/PH)  
Partner

Kuala Lumpur, Malaysia  
Date: 24 February 2003

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**

	Note	2002 RM	2001 RM
Revenue	3	43,364,520	35,086,943
Cost of sales	3	<u>(25,878,121)</u>	<u>(26,700,163)</u>
Gross profit		17,486,399	8,386,780
Other operating income		5,416,557	21,507,018
Selling expenses		(1,058,921)	(1,231,236)
Administrative expenses		(6,403,562)	(6,435,626)
Replanting expenditure		<u>(2,031,940)</u>	<u>(1,176,612)</u>
Operating profit	4	13,408,533	21,050,324
Share of results of associated companies		(120,913)	1,027,893
Profit before taxation		<u>13,287,620</u>	<u>22,078,217</u>
Taxation	6	(2,804,939)	(989,185)
Profit after taxation		10,482,681	21,089,032
Minority interests		(976,434)	(4,938,057)
Net profit for the year		<u>9,506,247</u>	<u>16,150,975</u>
Earnings per stock unit (sen)			
Basic	7	14.6	25.2
Diluted	7	<u>14.4</u>	<u>-</u>
Net dividends per stock unit (sen)	21	<u>9.0</u>	<u>9.0</u>

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

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**CONSOLIDATED BALANCE SHEET As At 31 DECEMBER 2002**

	Note	2002 RM	2001 RM
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	132,134,896	133,409,130
Associated companies	10	3,901,914	3,795,349
Other investments	11	8,288,742	2,005,119
		<u>144,325,552</u>	<u>139,209,598</u>
<b>CURRENT ASSETS</b>			
Inventories	12	1,162,190	884,738
Trade receivables	13	2,256,258	2,046,320
Other receivables	14	1,956,620	3,787,826
Tax recoverable		1,862,846	5,386,309
Cash and bank balances	15	95,944,460	91,201,661
		<u>103,182,374</u>	<u>103,306,854</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	16	1,067,576	1,102,049
Other payables		2,207,891	4,780,622
		<u>3,275,467</u>	<u>5,882,671</u>
<b>NET CURRENT ASSETS</b>		<u>99,906,907</u>	<u>97,424,183</u>
		<u>244,232,459</u>	<u>236,633,781</u>
<b>REPRESENTED BY:</b>			
Share capital	17	66,174,962	64,179,962
Reserves	18	142,335,234	137,146,094
Shareholders' equity		208,510,196	201,326,056
Minority interests		33,891,268	33,446,195
		<u>242,401,464</u>	<u>234,772,251</u>
Provision for retirement benefits	19	722,995	753,530
Deferred taxation	20	1,108,000	1,108,000
Non-current liabilities		1,830,995	1,861,530
		<u>244,232,459</u>	<u>236,633,781</u>

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

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**

	Share capital RM	Non- distributable reserves RM	Distributable reserves RM	Total RM
At 1 January 2001	29,172,710	3,560,294	87,258,838	119,991,842
Revaluation surplus of estate land	-	68,977,029	-	68,977,029
Bonus issue	35,007,252	(35,007,252)	-	-
Losses not recognised in income statement	-	(118,028)	-	(118,028)
Currency translation difference	-	(42,500)	-	(42,500)
Expenses in connection with issue of shares	-	(75,528)	-	(75,528)
Net profit for the year	-	-	16,150,975	16,150,975
Transfer to capital reserve relating to gain on sale of investments	-	-	(15,206,779)	(15,206,779)
Transfer to retained profits	-	-	(4,687)	(4,687)
Transfer from revaluation surplus	-	-	4,687	4,687
Dividends (Note 21)	-	-	(3,675,762)	(3,675,762)
Transfer from income statement	-	-	15,206,779	15,206,779
At 31 December 2001	<u>64,179,962</u>	<u>37,412,043</u>	<u>99,734,051</u>	<u>201,326,056</u>
At 1 January 2002	64,179,962	37,412,043	99,734,051	201,326,056
Transfer to retained profits	-	(76,588)	-	(76,588)
Transfer from revaluation surplus relating to disposal of estate land	-	-	76,588	76,588
Issue of shares pursuant to ESOS	1,995,000	1,436,400	-	3,431,400
Currency translation difference, representing gain not recognised in income statement	-	191,390	-	191,390
Net profit for the year	-	-	9,506,247	9,506,247
Dividends (Note 21)	-	-	(5,944,897)	(5,944,897)
At 31 December 2002	<u>66,174,962</u>	<u>38,963,245</u>	<u>103,371,989</u>	<u>208,510,196</u>

An analysis of the movement in each category within reserves is set out in Note 18 to the financial statements.

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

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2002**

	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	13,287,620	22,078,217
Adjustment for:		
Provision for doubtful debts	-	317,281
Share of results retained in associated companies	120,913	(990,765)
Depreciation	1,569,258	1,043,027
Gain on sale of property, plant and equipment	(30,500)	-
Provision for retirement benefits	49,633	41,781
Interest income	(1,872,094)	(1,932,921)
Dividend income	(160,907)	(597,856)
Loss/(gain) on sale of investments	47,811	(20,678,209)
Surplus arising from compulsory acquisition of estate land	(614,411)	(230,016)
Provision for diminution in value of investments	494,747	265,434
Expenses in connection with issue of shares	-	256,091
Unrealised (gain)/loss on foreign exchange	(2,243,199)	2,139,354
Property, plant and equipment written off	540	-
Operating profit before working capital changes	<u>10,649,411</u>	<u>1,711,418</u>
Decrease/(increase) in receivables	1,616,594	(2,381,918)
(Increase)/decrease in inventories	(277,452)	442,282
(Decrease)/increase in payables	<u>(2,607,204)</u>	<u>1,740,098</u>
Cash generated from operations	9,381,349	1,511,880
Retirement benefit paid	(80,168)	(1,523)
Tax refunded/(paid)	<u>754,670</u>	<u>(2,305,096)</u>
Net cash generated from/(used in) operating activities	<u>10,055,851</u>	<u>(794,739)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Placement of fixed deposits	(3,635)	(6,850)
Purchase of investments	(11,797,089)	(2,249,985)
Proceeds from sale of investments	4,970,908	37,665,546
Purchase of property, plant and equipment	(458,242)	(162,864)
Proceeds from sale of property, plant and equipment	30,500	103,776
Compensation received from compulsory acquisition of estate land	777,089	249,696
Distribution from capital reduction in a quoted investment	-	179,830
Interest received	1,876,772	1,963,916
Dividend received	<u>126,988</u>	<u>451,900</u>
Net cash (used in)/generated from investing activities	<u>(4,476,709)</u>	<u>38,194,965</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares pursuant to ESOS	3,431,400	-
Expenses in connection with issue of shares	-	(331,619)
Dividends paid to shareholders of the Company	(5,944,897)	(5,356,110)
Dividends paid to minority interests	<u>(569,680)</u>	<u>(587,914)</u>
Net cash used in financing activities	<u>(3,083,177)</u>	<u>(6,275,643)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,495,965	31,124,583
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	2,243,199	(2,139,354)
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<u>90,971,411</u>	<u>61,986,182</u>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>		
<b>(NOTE 15)</b>	<u>95,710,575</u>	<u>90,971,411</u>

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

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**

	<b>Note</b>	<b>2002 RM</b>	<b>2001 RM</b>
Revenue	3	16,816,746	10,701,944
Cost of sales	3	<u>(4,666,361)</u>	<u>(4,929,606)</u>
Gross profit		12,150,385	5,772,338
Other operating income		3,101,631	3,418,109
Selling expenses		(469,311)	(553,371)
Administrative expenses		<u>(2,681,730)</u>	<u>(2,472,412)</u>
Operating profit	4	12,100,975	6,164,664
Taxation	6	<u>(2,905,757)</u>	<u>(1,905,886)</u>
Net profit for the year		<u>9,195,218</u>	<u>4,258,778</u>

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

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**BALANCE SHEET AS AT 31 DECEMBER 2002**

	Note	2002 RM	2001 RM
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	65,572,994	65,840,248
Subsidiaries	9	74,585,912	76,284,232
Associated companies	10	1,795,325	1,795,325
Other investments	11	1,713,779	754,901
		<u>143,668,010</u>	<u>144,674,706</u>
<b>CURRENT ASSETS</b>			
Inventories	12	134,345	28,369
Trade receivables	13	1,403,910	1,025,633
Other receivables	14	166,014	170,305
Tax recoverable		661,094	4,657,735
Cash and bank balances	15	48,064,253	38,253,986
		<u>50,429,616</u>	<u>44,136,028</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	16	327,457	117,193
Other payables		768,511	688,006
		<u>1,095,968</u>	<u>805,199</u>
<b>NET CURRENT ASSETS</b>		<u>49,333,648</u>	<u>43,330,829</u>
		<u>193,001,658</u>	<u>188,005,535</u>
<b>REPRESENTED BY:</b>			
Share capital	17	66,174,962	64,179,962
Reserves	18	125,667,206	122,678,805
Shareholders' equity		<u>191,842,168</u>	<u>186,858,767</u>
Provision for retirement benefits	19	212,490	199,768
Deferred taxation	20	947,000	947,000
Non-current liabilities		<u>1,159,490</u>	<u>1,146,768</u>
		<u>193,001,658</u>	<u>188,005,535</u>

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

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**

	Share capital RM	Non- distributable reserves RM	Distributable reserves RM	Total RM
At 1 January 2001	29,172,710	75,528	60,620,345	89,868,583
Revaluation surplus of estate land and subsidiaries	-	97,961,764	-	97,961,764
Bonus issue	35,007,252	(35,007,252)	-	-
Expenses in connection with issue of shares *	-	(75,528)	-	(75,528)
Reversal of revaluation surplus on investment	-	(1,479,068)	-	(1,479,068)
Net profit for the year	-	-	4,258,778	4,258,778
Dividends (Note 21)	-	-	(3,675,762)	(3,675,762)
At 31 December 2001	<u>64,179,962</u>	<u>61,475,444</u>	<u>61,203,361</u>	<u>186,858,767</u>
At 1 January 2002				
As previously stated	64,179,962	62,954,512	59,724,293	186,858,767
Prior year adjustment (Note 25)	-	(1,479,068)	1,479,068	-
At 1 January 2002 (restated)	64,179,962	61,475,444	61,203,361	186,858,767
Issue of shares pursuant to ESOS	1,995,000	1,436,400	-	3,431,400
Reversal of revaluation surplus on investment	-	(1,698,320)	-	(1,698,320)
Net profit for the year	-	-	9,195,218	9,195,218
Dividends (Note 21)	-	-	(5,944,897)	(5,944,897)
At 31 December 2002	<u>66,174,962</u>	<u>61,213,524</u>	<u>64,453,682</u>	<u>191,842,168</u>

An analysis of the movement in each category within reserves is set out in Note 18 to the financial statements.

\* representing loss not recognised in income statement

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

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2002**

	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	12,100,975	6,164,664
Adjustment for:		
Expenses in connection with issue of shares	-	256,091
Provision for doubtful debts	-	317,281
Depreciation	563,483	267,659
Provision for retirement benefits	16,715	15,483
Interest income	(1,189,005)	(1,231,233)
Dividend income	(1,925,365)	(2,525,784)
Loss on sale of investments	6,668	5,560
Unrealised (gain)/loss on foreign exchange	(2,394)	9,549
Operating profit before working capital changes	<u>9,571,077</u>	<u>3,279,270</u>
Increase in receivables	(370,127)	(264,671)
Increase in inventories	(105,976)	(13,261)
Increase in payables	290,769	98,378
Cash generated from operations	<u>9,385,743</u>	<u>3,099,716</u>
Retirement benefit paid	(3,993)	-
Tax refunded/(paid)	1,274,848	(2,681,153)
Net cash generated from operating activities	<u>10,656,598</u>	<u>418,563</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Placement of fixed deposits	(2,634)	(7,132)
Proceeds from sale of investments	2	109,722
Purchase of investments	(965,548)	(313,478)
Purchase of property, plant and equipment	(296,229)	(2,490)
Proceeds from sale of property, plant and equipment	-	103,776
Interest received	1,185,146	1,263,828
Dividend received	1,741,401	2,173,686
Net cash generated from investing activities	<u>1,662,138</u>	<u>3,327,912</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares pursuant to ESOS	3,431,400	-
Expenses in connection with issue of shares	-	(331,619)
Dividends paid to shareholders of the Company	(5,944,897)	(5,356,110)
Net cash used in financing activities	<u>(2,513,497)</u>	<u>(5,687,729)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	9,805,239	(1,941,254)
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	2,394	(9,549)
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<u>38,107,273</u>	<u>40,058,076</u>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b> <b>(NOTE 15)</b>	<u>47,914,906</u>	<u>38,107,273</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**1. CORPORATE INFORMATION**

The principal activities of the Company are the cultivation and sale of fresh fruit bunches and investment holding. The principal activities of the subsidiaries are described in Note 9 to the financial statements. There have been no significant changes in the nature of the 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 Kuala Lumpur Stock Exchange. The registered office of the Company is located at 107-1, Changkat Tambi Dollah, 55100 Kuala Lumpur.

The ultimate holding company of the Company is Tiong Thye Company Berhad, a company incorporated in Malaysia.

The number of employees in the Group and the Company at the end of the financial year were 307 (2001: 315) and 66 (2001: 68) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 February 2003.

**2. 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 accounting policies below.

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

**(b) Basis of Consolidation**

**(i) Subsidiaries**

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the 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 a subsidiary are measured at their fair value at the date of acquisition and these values are reflected in the consolidated balance sheet. 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 from consolidation. Goodwill and negative goodwill arising on consolidation is not amortised.

Intragroup 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.

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 exchange differences which were not previously recognised in the consolidated income statement.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**(b) Basis of Consolidation (Contd.)**

(ii) Associated Companies

Associated companies are those companies in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associated companies. Under the equity method of accounting, the Group's share of profits less losses of associated companies during the year is included in the consolidated income statement. The Group's interest in associated companies is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition.

Unrealised gains on transactions between the group and the associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are eliminated unless cost cannot be recovered.

**(c) Investments**

Investments in subsidiaries and associated companies are stated at valuation and at cost respectively, less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m).

The investments in subsidiaries were revalued by the directors during the financial year ended 31 December 2001, based on the net tangible assets of the subsidiaries, with the approval of the relevant authorities and after incorporating the revaluation surplus arising from the revaluation of the freehold estate and long term leasehold estate of the subsidiaries. The increase arising from the valuation was credited to equity as a revaluation surplus. Subsequent decrease, if any, is first offset against the revaluation surplus and thereafter charged to income statement. Upon the disposal of a subsidiary, the amount in revaluation surplus relating to that subsidiary will be transferred directly to retained profits. Revaluation of the investment in subsidiaries will be made at least once every five years.

Any dividends received from a subsidiary after the revaluation, which are paid out of profits earned before the revaluation of the investment in that subsidiary, are offset against the carrying amount of the investments in the books of the Company.

On disposal of such investments, the difference between net disposal proceeds and their carrying amount is charged or credited to the income statement. The gains arising from disposal of investments are thereafter transferred to capital reserve.

**(d) Revenue Recognition**

Revenue relating to sales of goods is recognised when delivery has taken place and the transfers of risks and rewards have been completed.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**(e) Property, Plant and Equipment**

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m).

Freehold and long term leasehold estates are stated at valuation less any identified impairment losses. Revaluations are made at least once every five years based on a valuation by an independent firm of professional registered valuer. Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A revaluation decrease is first offset against an increase on earlier valuation in respect of the same asset and is thereafter recognised as an expense. Upon the disposal of the revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained profits.

Freehold estate is not depreciated. Long term leasehold estates are depreciated over the period of the respective leases of 88 years and 94 years. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset over its residual value over the estimated useful life at the following annual rates:

Buildings	4% - 20%
Motor vehicles and estate equipment	20%
Plant and machinery, office equipment, furniture and fittings	10% - 20%

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement and the attributable portion of the revaluation surplus is taken directly to retained profits.

**(f) New Planting Expenditure**

New planting expenditure incurred on land clearing and upkeep of oil palms to maturity are capitalised under estate costs and are not depreciated.

Interest expenses incurred on borrowings utilised to finance the development of the estate are capitalised up to the point of maturity of the oil palms.

**(g) Replanting Expenditure**

Replanting expenditure incurred in the year is expensed to the income statement. Replanting expenditure represents the total cost incurred from land clearing to the point of harvesting.

**(h) Inventories**

Inventories of oil palm produce and estate stores are stated at the lower of cost (determined on a weighted average basis) and net realisable value. Cost of inventories of oil palm produce includes, where appropriate, the cost of direct materials, direct labour and appropriate production overheads. Net realisable value represents the estimated selling price less costs to be incurred in selling and despatch.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**(i) Foreign Currency**

Transactions in foreign currencies are initially converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

The Group's share of net assets of a foreign associated company is translated into Ringgit Malaysia at the rate of exchange ruling at balance sheet date. All exchange differences due to such currency translation are taken to equity.

The principal exchange rate for every unit of foreign currency ruling at balance date used are as follows:

	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>
Singapore Dollar	2.19	2.03

**(j) Retirement Benefits**

The Group does not have a defined contribution plan nor a defined benefit plan. The Group voluntarily provides for retirement benefits, in addition to the statutory obligations, covering all eligible employees at rates determined by the directors.

**(k) Deferred Taxation**

The tax expense for the year is based on the profit for the year, adjusted for tax purposes, together with a charge or credit for deferred taxation.

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future. Deferred tax benefits are only recognised when there is a reasonable expectation of realisation in the near future.

**(l) Cash and Cash Equivalents**

For the purpose of the cash flow statements, cash and cash equivalents include cash on hand and at banks, deposits at call, net of deposits pledged to financial institutions, which have an insignificant risk of changes in value.

**(m) Impairment of Assets**

At each balance sheet date, the Group reviews the carrying amounts of its assets, other than inventories and financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. 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. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash generating unit to which the asset belongs.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any available previously recognised revaluation surplus for the same asset.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

**(m) Impairment of Assets (contd.)**

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

**(n) Financial Instruments**

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, 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 charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

**(i) Non-Current Investments**

Non-current investments other than investments in subsidiaries and associated companies are stated at cost less provision for any diminution in value. Such provision is made when there is a decline in the value of investments and is recognised as an expense in the period in which the decline occurred.

On disposal of investments, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

**(ii) Receivable**

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.

**(iii) 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.

**(iv) Equity Instruments**

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

**(o) 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 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**3. REVENUE AND COST OF SALES**

Revenue of the Group represents the invoiced value of sales of crude palm oil, palm kernel and fresh fruit bunches. The cost of sales in relation to the Group's invoiced value of sales consists of cost of cultivation, raw materials, labour and overheads.

Revenue of the Company represents the invoiced value of fresh fruit bunches. The cost of sales in relation to the Company's invoiced value of sales consists of cost of cultivation, labour and overheads.

**4. OPERATING PROFIT**

Operating profit is stated after charging:

	<b>Group</b>		<b>Company</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Auditors' remuneration				
- statutory audit	72,000	60,000	26,000	21,600
- other services	20,000	20,000	9,000	9,000
Directors' remuneration (Note 5)	1,012,935	1,077,161	655,808	585,057
Depreciation	1,569,258	1,043,027	563,483	267,659
Provision for doubtful debts	-	317,281	-	317,281
Write off of property, plant and equipment	540	-	-	-
Provision for diminution in value of investments	494,747	265,434	-	-
Staff costs	7,024,413	6,818,185	2,284,374	2,142,729
Provision for retirement benefits (Note 19)	49,633	41,781	16,715	15,483
Loss on foreign exchange				
- unrealised	-	2,139,354	-	9,549
- realised	-	-	325	-
Loss on sale of investments	47,811	-	6,668	5,560
	<hr/>	<hr/>	<hr/>	<hr/>
and crediting:				
Gross dividends received from				
Subsidiaries	-	-	1,868,848	2,473,525
Quoted investments				
- in Malaysia	56,517	19,475	56,517	19,475
- outside Malaysia	104,390	578,381	-	-
Associated company	-	-	-	32,784
Interest income	1,872,094	1,932,921	1,189,005	1,231,233
Rental income	840	840	-	-
Gain on foreign exchange				
- realised	-	753,394	-	7,782
- unrealised	2,243,199	-	2,394	-
Gain on sale of property, plant and equipment	30,500	-	-	-
Gain on sale of investments	-	20,678,209	-	-
Surplus arising from compulsory acquisition of certain estate land	614,411	230,016	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**5. DIRECTORS' REMUNERATION**

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Directors of the Company				
Executive directors:				
Salaries	408,000	408,000	336,000	336,000
Commission	119,730	168,528	96,808	49,317
Other emoluments	6,000	4,000	6,000	4,000
Fees	116,000	115,233	48,000	47,233
	<u>649,730</u>	<u>695,761</u>	<u>486,808</u>	<u>436,550</u>
Non-executive directors:				
Salaries	72,000	72,000	-	-
Commission	3,245	42,293	-	-
Other emoluments	20,000	16,000	20,000	16,000
Fees	223,000	206,507	149,000	132,507
	<u>318,245</u>	<u>336,800</u>	<u>169,000</u>	<u>148,507</u>
	<u>967,975</u>	<u>1,032,561</u>	<u>655,808</u>	<u>585,057</u>
Directors of subsidiaries				
Non-executive directors:				
Salaries	12,960	12,600	-	-
Fees	32,000	32,000	-	-
	<u>44,960</u>	<u>44,600</u>	<u>-</u>	<u>-</u>
	<u>1,012,935</u>	<u>1,077,161</u>	<u>655,808</u>	<u>585,057</u>

The number of directors of the Company whose total remuneration during the financial year fall within the following bands are:

	Number of Directors	
	2002	2001
Executive directors:		
RM100,001 - RM150,000	2	2
RM150,001 - RM200,000	-	1
RM200,001 - RM250,000	1	-
	<u>3</u>	<u>3</u>
Non-executive directors:		
Below RM50,000	9	9
	<u>12</u>	<u>12</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**6. TAXATION**

	<b>Group</b>		<b>Company</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Tax expense for the year:				
Malaysian income tax	3,056,055	1,536,788	3,179,583	1,876,627
Foreign tax	20,483	141,729	-	8,032
	<u>3,076,538</u>	<u>1,678,517</u>	<u>3,179,583</u>	<u>1,884,659</u>
Transfer from deferred taxation (Note 20)	-	(657,000)	-	-
	<u>3,076,538</u>	<u>1,021,517</u>	<u>3,179,583</u>	<u>1,884,659</u>
(Over)/under provision in prior year	(273,826)	(133,278)	(273,826)	21,227
Share of associated companies' taxation	2,227	100,946	-	-
	<u>2,804,939</u>	<u>989,185</u>	<u>2,905,757</u>	<u>1,905,886</u>

The effective rate of taxation for the Group for the year is lower than the statutory rate of taxation due mainly to certain income which are not assessable for tax purposes and the utilisation of unabsorbed capital allowances brought forward of a subsidiary. In the prior financial year, the effective rate of taxation was lower than the statutory rate of taxation due mainly to the gain on sale of investments which is not assessable for tax purposes.

The effective rate of taxation for the Company for the year is lower than the statutory rate of taxation due mainly to tax exempt dividends received from a subsidiary. The effective rate of taxation for the Company in the prior financial year is higher than the statutory rate of taxation due mainly to certain expenses which are not allowed as deductions for tax purposes.

As at 31 December 2002, the Company has tax exempt profits available for distribution of approximately RM3,767,000 (2001 : RM9,712,000) subject to agreement with the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and balance in the tax exempt account to declare its entire distributable reserves as dividends without incurring additional tax liabilities.

**7. EARNINGS PER STOCK UNIT**

**(a) Basic**

Basic earnings per stock unit is calculated by dividing the net profit for the year by the weighted average number of stock units in issue during the financial year.

	<b>Group</b>	
	<b>2002</b>	<b>2001</b>
Net profit for the year (RM)	<u>9,506,247</u>	<u>16,150,975</u>
Weighted average number of ordinary stock units in issue	<u>65,062,702</u>	<u>64,179,962</u>
Basic earnings per stock unit (sen)	<u>14.6</u>	<u>25.2</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**7. EARNINGS PER STOCK UNIT (CONTD.)**

**(b) Diluted**

For the purpose of calculating diluted earnings per stock unit, the net profit for the year and the weighted average number of ordinary stock units in issue during the financial year have been adjusted for the dilutive potential ordinary shares from the conversion of the ESOS. The adjusted weighted average number of stock units is the weighted average number of ordinary stock units in issue during the financial year plus the weighted average number of stock units which would be issued on the conversion of the outstanding options under the ESOS into ordinary stock units.

	<b>Group 2002</b>
Net profit for the year (RM)	<u>9,506,247</u>
Weighted average number of ordinary stock units in issue	65,062,702
Adjustment for assumed conversion	<u>867,007</u>
Adjusted weighted average number of ordinary stock units in issue and issuable	<u>65,929,709</u>
Diluted earnings per stock unit (sen)	<u>14.4</u>

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**8. PROPERTY, PLANT AND EQUIPMENT**

GROUP	VALUATION <-----		COST ----->		
	* Freehold and leasehold estates RM	Buildings RM	Motor vehicles and estate equipment RM	Plant and machinery, office equipment, furniture and fittings RM	Total RM
<b>VALUATION/COST</b>					
At 1 January 2002	129,734,772	6,024,685	3,912,701	9,153,387	148,825,545
Additions	-	254	203,880	254,108	458,242
Disposal	(163,608)	-	(109,472)	-	(273,080)
Write offs	-	(14,558)	(10,849)	(750,234)	(775,641)
At 31 December 2002	129,571,164	6,010,381	3,996,260	8,657,261	148,235,066
<b>ACCUMULATED DEPRECIATION</b>					
At 1 January 2002	312,718	3,997,944	3,332,485	7,773,268	15,416,415
Charge for the year	849,911	170,074	217,141	332,132	1,569,258
Disposal	(930)	-	(109,472)	-	(110,402)
Write offs	-	(14,558)	(10,849)	(749,694)	(775,101)
At 31 December 2002	1,161,699	4,153,460	3,429,305	7,355,706	16,100,170
<b>NET BOOK VALUE</b>					
At 31 December 2002	128,409,465	1,856,921	566,955	1,301,555	132,134,896
At 31 December 2001	129,422,054	2,026,741	580,216	1,380,119	133,409,130
<b>Depreciation charge for 2001</b>	312,718	170,430	218,389	341,490	1,043,027

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)**

\* Freehold and leasehold estates

	<b>Freehold estates RM</b>	<b>Long term leasehold estates RM</b>	<b>Total RM</b>
<b>VALUATION</b>			
At 1 January 2002	52,315,000	77,419,772	129,734,772
Disposal	-	(163,608)	(163,608)
At 31 December 2002	<u>52,315,000</u>	<u>77,256,164</u>	<u>129,571,164</u>
<b>ACCUMULATED DEPRECIATION</b>			
At 1 January 2002	-	312,718	312,718
Charge for the year	-	849,911	849,911
Disposal	-	(930)	(930)
At 31 December 2002	<u>-</u>	<u>1,161,699</u>	<u>1,161,699</u>
<b>NET BOOK VALUE</b>			
At 31 December 2002	<u>52,315,000</u>	<u>76,094,465</u>	<u>128,409,465</u>
At 31 December 2001	<u>52,315,000</u>	<u>77,107,054</u>	<u>129,422,054</u>
<b>Depreciation Charge for 2001</b>	<u>-</u>	<u>312,718</u>	<u>312,718</u>

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)**

COMPANY	VALUATION <-----		COST ----->		
	* Freehold and leasehold estates RM	Buildings RM	Motor vehicles and estate equipment RM	Plant and machinery, office equipment, furniture and fittings RM	Total RM
<b>VALUATION/COST</b>					
At 1 January 2002	64,591,000	2,240,222	1,004,995	1,230,062	69,066,279
Additions	-	-	78,951	217,278	296,229
At 31 December 2002	64,591,000	2,240,222	1,083,946	1,447,340	69,362,508
<b>ACCUMULATED DEPRECIATION</b>					
At 1 January 2002	148,459	1,064,588	998,172	1,014,812	3,226,031
Charge for the year	438,490	62,957	8,519	53,517	563,483
At 31 December 2002	586,949	1,127,545	1,006,691	1,068,329	3,789,514
<b>NET BOOK VALUE</b>					
At 31 December 2002	64,004,051	1,112,677	77,255	379,011	65,572,994
At 31 December 2001	64,442,541	1,175,634	6,823	215,250	65,840,248
<b>Depreciation charge for 2001</b>	148,459	62,957	8,287	47,956	267,659

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)**

\* Freehold and leasehold estates

	<b>Freehold estate RM</b>	<b>Long term leasehold estates RM</b>	<b>Total RM</b>
<b>VALUATION</b>			
At 1 January/31 December 2002	16,082,000	48,509,000	64,591,000
<b>ACCUMULATED DEPRECIATION</b>			
At 1 January 2002	-	148,459	148,459
Charge for the year	-	438,490	438,490
At 31 December 2002	-	586,949	586,949
<b>NET BOOK VALUE</b>			
At 31 December 2002	16,082,000	47,922,051	64,004,051
At 31 December 2001	16,082,000	48,360,541	64,442,541
<b>Depreciation Charge for 2001</b>	-	148,459	148,459

(a) Details of the independent professional valuation of freehold and leasehold estates carried out by Cheah Teow Keat (a Member of the Institution of Surveyors, Malaysia) of United Pacific Property Consultants Sdn. Bhd., a registered valuer, on 18 December 2000 are as stated below. The revaluation surplus was incorporated in the financial statements of the Group and the Company during the last financial year in conjunction with the Company's bonus issue.

<b>Year of Valuation</b>	<b>Description of Property</b>	<b>Group RM</b>	<b>Company RM</b>	<b>Basis of valuation</b>
	Freehold estates:			
2001	Ladang Senama, Mukim of Jelei, Daerah Kuala Pilah, Negeri Sembilan	16,082,000	16,082,000	Investment and comparison method
2001	Ladang Gula, Mukim of Kuala Kurau and Bagan Serai, Daerah Kerian, Perak	34,990,000	-	Investment and comparison method
2001	Agricultural land in Taiping, Mukim of Sungai Tinggi and Batu Kurau, Daerah Larut & Matang, Perak	1,243,000	-	Comparison method
		<u>52,315,000</u>	<u>16,082,000</u>	

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)**

Year of Valuation	Description of Property	Group RM	Company RM	Basis of valuation
	Leasehold estates:			
2001	Ladang Ibam, Mukim of Bebar Daerah Pekan, Pahang	48,509,000	48,509,000	Investment and comparison method
2001	Ladang Maran, Mukim of Luit, Daerah Maran, Pahang	28,747,164	-	Investment and comparison method
		77,256,164	48,509,000	
	Total	129,571,164	64,591,000	

Had Ibam Estate been carried at historical cost, its net book value that would have been included in the financial statements of the Group and the Company as at 31 December 2002 would be RM15,180,707 (2001 : RM15,232,489) and RM15,509,492 (2001 : RM15,561,274) respectively.

The net book value of the other properties had these revalued properties been carried at historical cost has not been disclosed as such information and records relating to the periods prior to the last revaluation in 1978 are no longer available for review.

- (b) Included in the above property, plant and equipment are fully depreciated assets of the Group and the Company costing RM10,990,710 (2001 : RM11,594,260) and RM2,515,437 (2001 : RM2,464,191) respectively, which are still in use.

**9. SUBSIDIARIES - COMPANY**

	2002 RM	2001 RM
Unquoted shares:		
At 1 January, at valuation/cost	76,284,232	21,837,480
Revaluation surplus	-	55,925,820
Set off of dividend income against investment (Note 18)	(1,698,320)	(1,479,068)
At 31 December, at valuation	74,585,912	76,284,232

The subsidiaries which are incorporated in Malaysia are:

Name of Company	Paid-up Capital RM	Effective Interest		Principal Activities
		2002 %	2001 %	
Eng Thye Plantations Berhad	18,900,000	83.3	83.3	) To cultivate oil palms, ) process and sell crude
Timor Oil Palm Plantation Berhad	10,500,000	58.0	58.0	) palm oil and palm kernel

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**10. ASSOCIATED COMPANIES**

	<b>Group</b>		<b>Company</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	1,817,173	1,817,173	1,795,325	1,795,325
Share of post acquisition profits	809,573	932,713	-	-
Currency translation differences	1,275,168	1,045,463	-	-
	<u>3,901,914</u>	<u>3,795,349</u>	<u>1,795,325</u>	<u>1,795,325</u>
Represented by:				
Share of net tangible assets	<u>3,901,914</u>	<u>3,795,349</u>		

The associated companies are:

<b>Name of Company</b>	<b>Financial Year End</b>	<b>Effective Interest</b>		<b>Principal Activities</b>
		<b>2002</b>	<b>2001</b>	
		<b>%</b>	<b>%</b>	
Sin Thye Oil Mills Sdn. Bhd. #	31 December	50.0	50.0	To process and sell crude palm oil and palm kernel. The company has not commenced operations.
Sin Thye Management Sdn. Bhd. #	31 December	30.0	30.0	Provision of management and advisory services and acting as an insurance agent.
Huay Guan Investment Pte. Ltd.**	31 December	37.5*	37.5*	Trading in stocks and shares.

# Incorporated in Malaysia

\* Includes interest held by a subsidiary, Eng Thye Plantations Berhad

\*\* Associated company not audited by Hanafiah Raslan & Mohamad.  
Incorporated in the Republic of Singapore

**11. OTHER INVESTMENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Quoted shares, at cost:				
In Malaysia	1,713,874	748,326	1,713,779	748,231
Outside Malaysia	7,335,049	1,515,557	-	-
	<u>9,048,923</u>	<u>2,263,883</u>	<u>1,713,779</u>	<u>748,231</u>
Provision for diminution in value	<u>(760,181)</u>	<u>(265,434)</u>	<u>-</u>	<u>-</u>
	<u>8,288,742</u>	<u>1,998,449</u>	<u>1,713,779</u>	<u>748,231</u>
Unquoted shares, at cost:				
Outside Malaysia	-	6,670	-	6,670
Total other investments	<u>8,288,742</u>	<u>2,005,119</u>	<u>1,713,779</u>	<u>754,901</u>
Market value of quoted shares:				
In Malaysia	1,873,099	756,587	1,847,736	756,150
Outside Malaysia	6,574,868	1,250,123	-	-
	<u>8,447,967</u>	<u>2,006,710</u>	<u>1,847,736</u>	<u>756,150</u>

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**12. INVENTORIES**

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
At cost:				
Oil palm produce	455,947	287,451	-	-
Estate stores	706,243	597,287	134,345	28,369
	<u>1,162,190</u>	<u>884,738</u>	<u>134,345</u>	<u>28,369</u>

**13. TRADE RECEIVABLES**

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Due from Seong Thye Plantations Sdn. Bhd., a related corporation in which several directors and substantial shareholders have interests (as referred to in Note 24)	1,127,655	806,928	1,127,655	806,928
Due from Timor Oil Palm Plantation Berhad, a subsidiary in which several directors and substantial shareholders have interests (as referred to in Note 24)	-	-	102,739	65,167
Due from Chin Teck Plantations Berhad, a company in which several directors and substantial shareholders have interests (as referred to in Note 24)	173,516	153,538	173,516	153,538
Other trade receivables	955,087	1,085,854	-	-
	<u>2,256,258</u>	<u>2,046,320</u>	<u>1,403,910</u>	<u>1,025,633</u>

The Group's normal trade credit term is 30 days. Other credit terms are assessed and approved on a case-by-case basis.

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

**14. OTHER RECEIVABLES**

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Other receivables, deposits and prepayments	2,273,901	4,105,107	483,295	487,586
Less: Provision for doubtful debts	(317,281)	(317,281)	(317,281)	(317,281)
	<u>1,956,620</u>	<u>3,787,826</u>	<u>166,014</u>	<u>170,305</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
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**14. OTHER RECEIVABLES (CONTD.)**

As reported in the financial year ended 31 December 1998, the Company entered into a Conditional Agreement with a third party for the sale of shares in Soctek Sdn. Bhd., a company incorporated in Malaysia, wherein the Company disposed 1,147,500 ordinary shares of RM1 each in Soctek Sdn. Bhd., at a consideration of approximately RM5,223,000. Although approvals from the relevant authorities had been obtained and the ownership of the said shares had been transferred to the purchaser, the final determination of the consideration will be on the basis of the net assets value of Soctek Sdn. Bhd. at completion date. Accordingly, the net carrying amount of the investment (after setting off against the downpayment received) was reclassified to other receivables in the financial year ended 31 December 2000. On grounds of prudence, full provision has been made for the outstanding amount of RM317,281.

**15. CASH AND CASH EQUIVALENTS**

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Cash on hand and at bank	5,221,053	6,004,126	1,503,514	1,560,146
Deposits with:				
Licensed banks	47,156,807	40,085,035	39,810,739	32,193,840
Licensed finance companies	12,650,000	11,700,000	6,750,000	4,500,000
Other financial institutions	30,916,600	33,412,500	-	-
Cash and cash equivalents	95,944,460	91,201,661	48,064,253	38,253,986
Less: Deposits pledged for bank guarantee	(233,885)	(230,250)	(149,347)	(146,713)
	<u>95,710,575</u>	<u>90,971,411</u>	<u>47,914,906</u>	<u>38,107,273</u>

The weighted average interest rates during the financial year and the average maturities of deposits as at 31 December 2002 were as follows:

	Weighted Average Interest Rates %	Average Maturities Days
Licensed banks	2.94	90
Licensed finance companies	2.99	91
Other financial institutions	0.78	11

The Group's and Company's fixed deposits with licensed banks amounting to RM233,885 (2001 : RM230,250) and RM149,347 (2001 : RM146,713) respectively have been pledged to the banks for guarantee facilities provided to the Group and the Company. The Group's deposits with other financial institutions relate to placements with foreign banks.

**16. TRADE PAYABLES**

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Due to Kai Lee Company, the sole proprietor, who is connected to several directors (as referred to in Note 24)	375,056	111,555	319,756	111,555
Other trade payables	692,520	990,494	7,701	5,638
	<u>1,067,576</u>	<u>1,102,049</u>	<u>327,457</u>	<u>117,193</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
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**17. SHARE CAPITAL**

(a) Authorised

	Number of Shares of RM1 each		Amount	
	2002	2001	2002 RM	2001 RM
At 1 January	150,000,000	50,000,000	150,000,000	50,000,000
Created during the year	-	100,000,000	-	100,000,000
At 31 December	<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>

(b) Issued and fully paid:

	Number of Ordinary Stock Units of RM1 each		Amount	
	2002	2001	2002 RM	2001 RM
At 1 January	64,179,962	29,172,710	64,179,962	29,172,710
Issued and fully paid up during the year at par:				
- bonus issue	-	35,007,252	-	35,007,252
- issued pursuant to ESOS	1,995,000	-	1,995,000	-
At 31 December	<u>66,174,962</u>	<u>64,179,962</u>	<u>66,174,962</u>	<u>64,179,962</u>

The Negri Sembilan Oil Palms Berhad Employee Share Option Scheme (“ESOS”) was approved by the shareholders at the Extraordinary General Meeting held on 24 August 2001 and became effective on 23 October 2001. The new shares to be issued pursuant to the ESOS will be immediately converted into new ordinary stock units of RM1.00 each in the Company upon allotment and issue.

The main features of the ESOS are as follows:

- (a) Eligible employees (including executive directors) of the Group must have been confirmed and served at least twelve months in the employment of the Group on or prior to the date of the offer. The Option Committee appointed by the Board of Directors may at its discretion at any time and from time to time as it shall deem fit make an offer, to any eligible employee (including executive directors) whom the Option Committee may at its discretion select, to subscribe for new shares in the Company in accordance with the terms of the ESOS.
- (b) The maximum number of ordinary shares to be issued under the ESOS shall not be more than 10% of the issued and paid-up share capital of the Company at any point of time during the existence of the ESOS, which shall be in force for a period of five years from 23 October 2001 to 22 October 2006.
- (c) The subscription price at which eligible employees (including executive directors) are entitled to exercise the option shall be the weighted average market price of the ordinary stock units as shown in the daily official list issued by the Kuala Lumpur Stock Exchange for the five preceding market days immediately prior to the date of offer provided that:
  - (i) a discount, if any, of not more than 10% from the weighted average market price of the ordinary stock units for the five market days immediately preceding the date of offer is allowed; and
  - (ii) the price so determined shall not be less than the par value of the ordinary stock units of RM1.00 each.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**17. SHARE CAPITAL (CONTD.)**

- (d) No offer shall be made for less than 1,000 shares nor more than 400,000 shares to any eligible employee (including executive directors).
- (e) The number of shares under the ESOS or the subscription price or both, so far as the options remain unexercised, may be adjusted following any alteration in the capital structure of the Company by way of a capitalisation of profits or reserves, rights issue, reduction of capital, subdivision and/or consolidation of the Company's ordinary stock units.
- (f) The shares under the ESOS shall remain unissued until the option is exercised and shall upon allotment and issue rank pari passu in all respects with the existing ordinary stock units of the Company provided always that the shares so issued shall not be entitled to any dividends, rights, allotments and/or distributions, the entitlement date of which precedes the relevant dates of the allotment of the aforesaid shares.

The persons to whom the options have been granted have no right to participate by virtue of the option in any share issue of any other company.

The movement in the options to take up unissued shares of RM1.00 each during the financial year and the subscription price are as follows:

<----- Number of Share Options ----->

<b>1 January 2002</b>	<b>Granted on 7 March 2002</b>	<b>Exercised</b>	<b>Cancelled</b>	<b>31 December 2002</b>	<b>Subscription Price (RM)</b>	<b>Date of Expiry</b>
-	6,159,000	(1,995,000)	(90,000)	4,074,000	1.72	22 October 2006

**18. RESERVES**

	<b>Group</b>		<b>Company</b>	
	<b>2002 RM</b>	<b>2001 RM</b>	<b>2002 RM</b>	<b>2001 RM</b>
Non-distributable	38,963,245	37,412,043	61,213,524	61,475,444
Distributable	103,371,989	99,734,051	64,453,682	61,203,361
	<u>142,335,234</u>	<u>137,146,094</u>	<u>125,667,206</u>	<u>122,678,805</u>

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

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**18. RESERVES (CONTD.)**

The movement in each category of non-distributable reserves is as follows:

	Share premium RM	Revaluation surplus RM	Exchange fluctuation reserve RM	Negative goodwill RM	Total RM
<b>Group</b>					
At 1 January 2001	75,528	1,028,316	1,676,308	780,142	3,560,294
Increase arising from revaluation of estate land	-	68,977,029	-	-	68,977,029
Bonus issue (Note 17)	-	(35,007,252)	-	-	(35,007,252)
Losses not recognised in income statement	(75,528)	-	(42,500)	-	(118,028)
Currency translation difference	-	-	(42,500)	-	(42,500)
Expenses in connection with issue of shares	(75,528)	-	-	-	(75,528)
At 31 December 2001	-	34,998,093	1,633,808	780,142	37,412,043
At 1 January 2002	-	34,998,093	1,633,808	780,142	37,412,043
Transfer to retained profits relating to disposal of estate land	-	(75,588)	-	-	(75,588)
Issue of shares pursuant to ESOS	1,436,400	-	-	-	1,436,400
Currency translation difference, representing gain not recognised in income statement	-	-	191,390	-	191,390
At 31 December 2002	1,436,400	34,921,505	1,825,198	780,142	38,963,245
		<b>Share premium RM</b>	<b>Revaluation surplus RM</b>	<b>Investment revaluation surplus RM</b>	<b>Total RM</b>
<b>Company</b>					
At 1 January 2001		75,528	-	-	75,528
Increase arising from revaluation of estate land and subsidiaries		-	42,035,944	55,925,820	97,961,764
Bonus issue (Note 17)		-	(20,992,081)	(14,015,171)	(35,007,252)
Expenses in connection with issue of shares, representing loss not recognised in income statement		(75,528)	-	-	(75,528)
Reversal of revaluation surplus on investment (Note 9)		-	-	(1,479,068)	(1,479,068)
At 31 December 2001		-	21,043,863	40,431,581	61,475,444

**NOTES TO THE FINANCIAL STATEMENTS**  
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**18. RESERVES (CONTD.)**

The movement in each category of non-distributable reserves is as follows: (Contd.)

	<b>Share premium RM</b>	<b>Revaluation surplus RM</b>	<b>Investment revaluation surplus RM</b>	<b>Total RM</b>
<b>Company</b>				
At 1 January 2002				
As previously stated	-	21,043,863	41,910,649	62,954,512
Prior year adjustment (Note 25)	-	-	(1,479,068)	(1,479,068)
At 1 January 2002 (restated)	-	21,043,863	40,431,581	61,475,444
Reversal of revaluation surplus on investment (Note 9)	-	-	(1,698,320)	(1,698,320)
Issue of shares pursuant to ESOS	1,436,400	-	-	1,436,400
At 31 December 2002	1,436,400	21,043,863	38,733,261	61,213,524

The movement in each category of distributable reserves is as follows:

	<b>Capital reserve ** RM</b>	<b>Revaluation surplus RM</b>	<b>Retained profits RM</b>	<b>Total RM</b>
<b>Group</b>				
At 1 January 2001	11,319,946	4,687	75,934,205	87,258,838
Net profit for the year	-	-	16,150,975	16,150,975
Transfer to capital reserve relating to gain on sale of investments	-	-	(15,206,779)	(15,206,779)
Dividends (Note 21)	-	-	(3,675,762)	(3,675,762)
Transfer from income statement	15,206,779	-	-	15,206,779
Transfer from retained profits*	-	(4,687)	-	(4,687)
Transfer from revaluation surplus*	-	-	4,687	4,687
At 31 December 2001	26,526,725	-	73,207,326	99,734,051
At 1 January 2002	26,526,725	-	73,207,326	99,734,051
Net profit for the year	-	-	9,506,247	9,506,247
Transfer from revaluation surplus relating to disposal of estate land	-	-	76,588	76,588
Dividends (Note 21)	-	-	(5,944,897)	(5,944,897)
At 31 December 2002	26,526,725	-	76,845,264	103,371,989
		<b>Capital reserve ** RM</b>	<b>Retained profits RM</b>	<b>Total RM</b>
<b>Company</b>				
At 1 January 2001		2,574,582	58,045,763	60,620,345
Net profit for the year		-	4,258,778	4,258,778
Dividends (Note 21)		-	(3,675,762)	(3,675,762)
At 31 December 2001		2,574,582	58,628,779	61,203,361

**NOTES TO THE FINANCIAL STATEMENTS**  
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**18. RESERVES (CONTD.)**

The movement in each category of distributable reserves is as follows: (Contd.)

	<b>Capital reserve ** RM</b>	<b>Retained profits RM</b>	<b>Total RM</b>
<b>Company</b>			
At 1 January 2002			
As previously stated	2,574,582	57,149,711	59,724,293
Prior year adjustment	-	1,479,068	1,479,068
As at 1 January 2002 (restated)	<u>2,574,582</u>	<u>58,628,779</u>	<u>61,203,361</u>
Net profit for the year	-	9,195,218	9,195,218
Dividends (Note 21)	-	(5,944,897)	(5,944,897)
At 31 December 2002	<u>2,574,582</u>	<u>61,879,100</u>	<u>64,453,682</u>

\* This represents revaluation surplus on a portion of the estate of a subsidiary that had been sold in prior years and is now transferred to retained profits accordingly.

\*\* This represents capital reserve relating to gain on sale of investments.

**19. PROVISION FOR RETIREMENT BENEFITS**

	<b>Group</b>		<b>Company</b>	
	<b>2002 RM</b>	<b>2001 RM</b>	<b>2002 RM</b>	<b>2001 RM</b>
At 1 January	753,530	713,272	199,768	184,285
Charged to income statement (Note 4)	49,633	41,781	16,715	15,483
Paid during the year	<u>(80,168)</u>	<u>(1,523)</u>	<u>(3,993)</u>	<u>-</u>
At 31 December	<u>722,995</u>	<u>753,530</u>	<u>212,490</u>	<u>199,768</u>
Non-current portion	<u>722,995</u>	<u>753,530</u>	<u>212,490</u>	<u>199,768</u>

**20. DEFERRED TAXATION**

	<b>Group</b>		<b>Company</b>	
	<b>2002 RM</b>	<b>2001 RM</b>	<b>2002 RM</b>	<b>2001 RM</b>
(a) At 1 January	1,108,000	1,765,000	947,000	947,000
Transfer to income statement (Note 6)	-	(657,000)	-	-
At 31 December	<u>1,108,000</u>	<u>1,108,000</u>	<u>947,000</u>	<u>947,000</u>
(b) Deferred taxation is provided in respect of:				
Timing differences between depreciation and corresponding capital allowances	4,680,000	4,710,000	3,594,000	3,582,000
Timing differences on provisions	<u>(723,000)</u>	<u>(753,000)</u>	<u>(212,000)</u>	<u>(200,000)</u>
	<u>3,957,000</u>	<u>3,957,000</u>	<u>3,382,000</u>	<u>3,382,000</u>

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**20. DEFERRED TAXATION (CONTD.)**

Deferred taxation of the Group and of the Company amounting to RM4,155,000 (2001 : RM4,161,000) and RM2,102,000 (2001 : RM2,102,000) respectively is not provided on the surplus arising from the revaluation of freehold and long term leasehold estates of the Group of RM83,097,000 (2001 : RM83,229,000) and the Company of RM42,036,000 (2001 : RM42,036,000) respectively as it is not the intention of the directors to dispose these properties.

**21. DIVIDENDS**

	Amount		Dividend per stock unit	
	2002 RM	2001 RM	2002 sen	2001 sen
First interim dividend of 4% tax exempt (2001 : 6% tax exempt)	2,636,799	1,750,363	4.00	6.00
Second interim dividend of 5% tax exempt (2001 : 3% tax exempt)	3,308,098	1,925,399	5.00	3.00
	<u>5,944,897</u>	<u>3,675,762</u>	<u>9.00</u>	<u>9.00</u>

**22. SIGNIFICANT AND SUBSEQUENT EVENTS**

**(a) Significant Event**

During the financial year, a total of 1,995,000 new shares of RM1.00 each were issued pursuant to the Employee Share Option Scheme ("ESOS") of the Company.

**(b) Subsequent Event**

Subsequent to the financial year, a total of 19,000 new shares of RM1.00 each were issued pursuant to the ESOS of the Company.

**23. SEGMENT INFORMATION**

No segment information has been prepared as the Group's principal activities involve predominantly the cultivation, processing and sale of fresh fruit bunches, crude palm oil and palm kernel and is wholly carried out in Malaysia.

**24. SIGNIFICANT RELATED PARTY TRANSACTIONS**

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Transactions with Seong Thye Plantations Sdn. Bhd., a related corporation in which several substantial shareholders and directors (namely, Goh Eng Chew, Goh Pock Ai, Goh Han Teng, Gho Lian Chin, Goh Yeok Beng, Goh Seh Kiat, Goh Wei Lei, Goh Lei Eng and Gho Bun Tjin) have interests:				
Sale of oil palm produce	11,908,492	7,112,699	11,791,755	7,112,699
Purchase of oil palm produce	<u>369,631</u>	<u>-</u>	<u>-</u>	<u>-</u>

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**24. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)**

	<b>Group</b>		<b>Company</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Transactions with Chin Teck Plantations Berhad, a company in which several substantial shareholders and directors (namely, Goh Eng Chew, Wong Aun Phui, Goh Beng Hwa, Sio Sit Po, Goh Pock Ai, Goh Han Teng, Gho Lian Chin, Goh Yeok Beng, Goh Seh Kiat, Goh Wei Lei, Goh Lei Eng and Gho Bun Tjin) have interests:				
Sale of oil palm produce	3,422,776	2,520,793	3,422,776	2,520,793
Purchase of oil palm produce	-	257,218	-	-
Sale of oil palm produce to Timor Oil Palm Plantation Berhad, a subsidiary in which several substantial shareholders and directors (namely, Goh Eng Chew, Wong Aun Phui, Goh Pock Ai, Goh Han Teng, Gho Lian Chin, Goh Yeok Beng, Goh Seh Kiat, Goh Wei Lei, Goh Lei Eng and Gho Bun Tjin) have interests	-	-	1,602,216	906,808
Agency fee paid to Tat Lee Commodities Pte. Ltd., a company incorporated in the Republic of Singapore in which several substantial shareholders and directors (namely, Goh Eng Chew, Goh Pock Ai, Goh Han Teng, Gho Lian Chin, Goh Yeok Beng, Goh Seh Kiat, Goh Wei Lei, Goh Lei Eng and Gho Bun Tjin) have interests	42,000	42,000	12,000	12,000
Management fees paid to Sin Thye Management Sdn. Bhd., an associated company in which several substantial shareholders and directors (namely, Goh Eng Chew, Wong Aun Phui, Goh Pock Ai, Goh Han Teng, Gho Lian Chin, Goh Yeok Beng, Goh Seh Kiat, Goh Wei Lei, Goh Lei Eng, Gho Bun Tjin and Dato' Ong Bok Lim) have interests	68,729	103,092	28,190	42,284

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**24. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)**

	<b>Group</b>		<b>Company</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Purchase of fertilisers from Kai Lee Company, the sole proprietor of whom, Ng Yong Seng, is a person connected to several directors (namely, Goh Eng Chew, Goh Pock Ai and Goh Han Teng)	<u>2,356,255</u>	<u>2,879,422</u>	<u>1,277,880</u>	<u>1,410,925</u>

The substantial shareholders referred to above are Tiong Thye Company Berhad, Goh Eng Chew, Gho Lian Chin and Goh Seh Kiat.

Goh Eng Chew, Goh Pock Ai, Goh Han Teng, Gho Lian Chin, Goh Yeok Beng, Goh Seh Kiat, Goh Wei Lei, Goh Lei Eng and Gho Bun Tjin are deemed interested by virtue of their interests and/or directorships in Tiong Thye Company Berhad and/or the respective companies.

Wong Aun Phui, Goh Beng Hwa, Sio Sit Po and Dato' Ong Bok Lim are deemed interested by virtue of their interests and/or directorships in the respective companies.

The directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable from unrelated parties.

**25. PRIOR YEAR ADJUSTMENT - COMPANY**

The prior year adjustment relates to the recognition of dividend income from investment in subsidiaries, as described in Note 2(c) and the corresponding decrease in the investment revaluation surplus which was not accounted for in the prior year. The prior year adjustment results in an increase in the Company's net profit for the year ended 31 December 2001 by RM1,479,068. The other effects of the change in the financial statements of the Company are as follows:

	<b>As previously stated RM</b>	<b>Adjustments RM</b>	<b>As restated RM</b>
For the year ended 31 December 2001:			
Other operating income	1,853,776	1,564,333	3,418,109
Gross dividends received from subsidiaries (Note 4)	909,192	1,564,333	2,473,525
Operating profit	4,600,331	1,564,333	6,164,664
Taxation	(1,820,621)	(85,265)	(1,905,886)
Net profit for the year	2,779,710	1,479,068	4,258,778
Retained profits (distributable reserves)	57,149,711	1,479,068	58,628,779
Investment revaluation surplus (non-distributable reserves)	<u>41,910,649</u>	<u>(1,479,068)</u>	<u>40,431,581</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
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**26. FINANCIAL INSTRUMENTS**

**(a) Financial Risk Management Objectives and 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, foreign exchange exposure, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

**(b) Foreign Exchange Risks**

The Group's businesses are predominantly located in Malaysia. The functional currency in a foreign associated company and other investments quoted outside Malaysia is predominantly denominated in Singapore Dollars which give rise to conversion exposures. The foreign exchange exposures are not hedged.

The unhedged financial assets of the Group as at 31 December 2002 that are not denominated in Ringgit Malaysia are as follows:

	<b>Cash and bank balances RM</b>	<b>Non-current investments RM</b>	<b>Total RM</b>
Singapore Dollars	30,930,703	6,574,868	37,505,571

**(c) Liquidity Risks**

The Group maintains sufficient levels of cash or fixed deposits to meet its working capital requirements.

**(d) Credit Risks**

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's association to business partners with high creditworthiness. Trade receivables are usually collected within 30 days credit period and are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration or credit risk related to any financial instruments.

**(e) Fair Values**

The carrying amounts and estimated fair values of the Group's and the Company's financial instruments as at 31 December 2002 are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>Carrying amounts RM</b>	<b>Fair values RM</b>	<b>Carrying amounts RM</b>	<b>Fair values RM</b>
Trade receivables	2,256,258	2,256,258	1,403,910	1,403,910
Other receivables	1,956,620	1,956,620	166,014	166,014
Tax recoverable	1,862,846	1,862,846	661,094	661,094
Cash and bank balances	95,944,460	95,944,460	48,064,253	48,064,253
Trade payables	1,067,576	1,067,576	327,457	327,457
Other payables	2,207,891	2,207,891	768,511	768,511
Non-current investments	8,288,742	8,447,967	1,713,779	1,847,736

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**

**(e) Fair Values (Contd.)**

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

- (i) Trade receivables, Other receivables, Tax recoverable, Cash and bank balances, Trade payables and Other payables

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

- (ii) Non-current investments

The fair value of the non-current investments is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

**27. COMPARATIVES**

The following comparatives have been restated to conform with the current year's presentation, other than that stated in Note 25:

	<b>As restated</b>	<b>Group</b>	<b>As restated</b>	<b>Company</b>
	<b>RM</b>	<b>2001</b>	<b>RM</b>	<b>2001</b>
		<b>RM</b>		<b>RM</b>
<b>Balance Sheet:</b>				
Other receivables	3,787,826	9,174,135	170,305	4,828,040
Tax recoverable	5,386,309	-	4,657,735	-
Deposits with financial institutions	-	85,197,535	-	36,693,840
Cash and bank balances	<u>91,201,661</u>	<u>6,004,126</u>	<u>38,253,986</u>	<u>1,560,146</u>
<b>Cash Flow Statement:</b>				
<b>Cash and Cash Equivalents:</b>				
Cash on hand and at bank	6,004,126	6,004,126	1,560,146	1,560,146
<b>Deposits with:</b>				
Licensed banks	40,085,035	50,210,035	32,193,840	32,193,840
Licensed finance companies	11,700,000	11,700,000	4,500,000	4,500,000
Other financial institutions	<u>33,412,500</u>	<u>23,287,500</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents	91,201,661	91,201,661	38,253,986	38,253,986
Less : Deposits pledged for bank guarantee	<u>(230,250)</u>	<u>-</u>	<u>(146,713)</u>	<u>-</u>
	<u>90,971,411</u>	<u>91,201,661</u>	<u>38,107,273</u>	<u>38,253,986</u>

As this is the first year of implementation of disclosure relating to financial instrument of the Group and of the Company, the information for the previous corresponding year are not presented as permitted by MASB 24 – Financial Instruments : Disclosures and Presentation.

Information for the previous corresponding year is not presented for the Group's Diluted Earnings per Stock Unit as referred to in Note 7 as the options under the ESOS were only granted during the current financial year.

**SHAREHOLDING STATISTICS AS AT 31 MARCH 2003**

**Share capital**

Authorised	: RM150,000,000
Issued and fully paid	: RM66,198,962
Class of stock units	: Ordinary stock units of RM1 each
Voting rights	: One vote per stock unit
No. of shareholders	: 3,106

Distribution schedule of issued and paid-up share capital.

No. of Holders	%	Holdings	Total Holdings	%
72	2.32	Less than 1,000	20,950	0.03
2,573	82.84	1,000 to 10,000	8,497,463	12.84
435	14.01	10,001 to 100,000	9,552,216	14.43
25	0.80	100,001 to less than 5% of the issued shares	9,427,324	14.24
1	0.03	5% and above of the issued shares	38,701,009	58.46
<b>3,106</b>	<b>100.00</b>		<b>66,198,962</b>	<b>100.00</b>

**Substantial shareholders (excluding bare trustees) as shown in the register of substantial shareholders.**

Name of Substantial Shareholders	<-----Direct Interest----->		<-----Deemed Interest----->	
	No. of Stock Units	%	No. of Stock Units	%
Tiong Thye Company Berhad	38,701,009	58.46	-	-
Goh Eng Chew	80,000	0.12	38,701,009	58.46
Gho Lian Chin	-	-	38,852,673	58.69
Goh Seh Kiat	-	-	38,737,100	58.52

**(A) Interests of directors in the stock units of the Company.**

Name of Directors	<-----Direct Interest----->		<-----Deemed Interest----->	
	No. of Stock Units	%	No. of Stock Units	%
Goh Eng Chew	80,000	0.12	38,701,009	58.46
Wong Aun Phui	325,850	0.49	-	-
Goh Pock Ai	1,100	*	-	-
Goh Beng Hwa @ Gho Bin Hoa	1,010,513	1.53	1,991,689	3.01
Dr Goh Han Teng	7,400	0.01	30,000	0.05
Gho Lian Chin	2,200	*	38,852,673	58.69
Sio Sit Po	253,414	0.38	-	-
Goh Yeok Beng	80,000	0.12	-	-
Dato' Ong Bok Lim	-	-	-	-
Keong Choon Keat	-	-	-	-
Goh Wei Lei	-	-	-	-
Gho Bun Tjin	2,200	*	-	-

\* Less than 0.01%

**SHAREHOLDING STATISTICS AS AT 31 MARCH 2003**

**(B) Interests of directors in the options under the Negri Sembilan Oil Palms Berhad Employee Share Option Scheme**

Name of Directors	No. of options	%
Goh Eng Chew	320,000	7.90
Wong Aun Phui	320,000	7.90
Goh Pock Ai	400,000	9.88
Goh Beng Hwa @ Gho Bin Hoa	-	-
Dr Goh Han Teng	-	-
Gho Lian Chin	-	-
Sio Sit Po	-	-
Goh Yeok Beng	320,000	7.90
Dato' Ong Bok Lim	-	-
Keong Choon Keat	-	-
Goh Wei Lei	-	-
Gho Bun Tjin	-	-

**(C) Interests of directors in the shares of the related corporations.**

**(i) Eng Thye Plantations Behrad**

Name of Directors	<-----Direct Interest----->		<-----Deemed Interest----->	
	No. of Ordinary Shares of RM1 Each	%	No. of Ordinary Shares of RM1 Each	%
Goh Eng Chew	-	-	15,783,250	83.51
Wong Aun Phui	3,500	0.02	-	-
Goh Pock Ai	-	-	-	-
Goh Beng Hwa @ Gho Bin Hoa	3,500	0.02	-	-
Dr Goh Han Teng	-	-	-	-
Gho Lian Chin	-	-	15,783,250	83.51
Sio Sit Po	-	-	-	-
Goh Yeok Beng	-	-	-	-
Dato' Ong Bok Lim	35,000	0.19	-	-
Keong Choon Keat	-	-	-	-
Goh Wei Lei	-	-	-	-
Gho Bun Tjin	-	-	-	-

**SHAREHOLDING STATISTICS AS AT 31 MARCH 2003**

**(ii) Timor Oil Palm Plantation Behrad**

Name of Directors	<-----Direct Interest----->		<-----Deemed Interest----->	
	No. of Ordinary Shares of RM1 Each	%	No. of Ordinary Shares of RM1 Each	%
Goh Eng Chew	10,000	0.10	6,112,300	58.21
Wong Aun Phui	1,000	0.01	-	-
Goh Pock Ai	10,000	0.10	-	-
Goh Beng Hwa @ Gho Bin Hoa	-	-	-	-
Dr Goh Han Teng	10,000	0.10	-	-
Gho Lian Chin	10,000	0.10	6,112,300	58.21
Sio Sit Po	-	-	-	-
Goh Yeok Beng	10,000	0.10	-	-
Dato' Ong Bok Lim	-	-	-	-
Keong Choon Keat	-	-	-	-
Goh Wei Lei	-	-	-	-
Gho Bun Tjin	-	-	-	-

**(iii) Tiong Thye Company Behrad**

Name of Directors	<-----Direct Interest----->		<-----Deemed Interest----->	
	No. of Ordinary Shares of RM1 Each	%	No. of Ordinary Shares of RM1 Each	%
Goh Eng Chew	105,000	0.50	10,038,000	47.80
Wong Aun Phui	-	-	-	-
Goh Pock Ai	1,000	*	-	-
Goh Beng Hwa @ Gho Bin Hoa	-	-	-	-
Dr Goh Han Teng	1,000	*	-	-
Gho Lian Chin	1,000	*	5,670,000	27.00
Sio Sit Po	-	-	-	-
Goh Yeok Beng	-	-	-	-
Dato' Ong Bok Lim	-	-	-	-
Keong Choon Keat	-	-	-	-
Goh Wei Lei	-	-	-	-
Gho Bun Tjin	1,000	*	-	-

\* Less than 0.01%

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**SHAREHOLDING STATISTICS AS AT 31 MARCH 2003**

**(iv) Seong Thye Development & Oil Mills Sdn Bhd**

Name of Directors	<-----Direct Interest----->		<-----Deemed Interest----->	
	No. of Ordinary Shares of RM1 Each	%	No. of Ordinary Shares of RM1 Each	%
Goh Eng Chew	-	-	5,999,999	99.99
Wong Aun Phui	-	-	-	-
Goh Pock Ai	-	-	-	-
Goh Beng Hwa @ Gho Bin Hoa	-	-	-	-
Dr Goh Han Teng	-	-	-	-
Gho Lian Chin	-	-	5,999,999	99.99
Sio Sit Po	-	-	-	-
Goh Yeok Beng	-	-	-	-
Dato' Ong Bok Lim	-	-	-	-
Keong Choon Keat	-	-	-	-
Goh Wei Lei	-	-	-	-
Gho Bun Tjin	-	-	-	-

**SHAREHOLDING STATISTICS AS AT 31 MARCH 2003**

**List of 30 largest securities account holders according to the Record of Depositors (without aggregating the securities from different securities accounts belonging to the same person)**

	Name	No. of Stock Units	%
1.	Tiong Thye Company Berhad	38,701,009	58.46
2.	Ong Swee Heoh	1,991,689	3.01
3.	Goh Beng Hwa @ Gho Bin Hoa	1,010,513	1.53
4.	Affin-UOB Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Sio Sioe Soen	945,214	1.43
5.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK-UOB Small Cap Opportunity Unit Trust	799,000	1.21
6.	Nam Heng Oil Mill Company Sdn. Berhad	612,000	0.92
7.	Mayban Securities Nominees (Asing ) Sdn Bhd OCBC Securities Pte Ltd for Chew Eng Chong	433,741	0.66
8.	Wong Aun Phui	325,850	0.49
9.	Asia Life (M) Berhad As beneficial owner (Malaysia Life Fund)	277,200	0.42
10.	HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Lee Beng Wah	263,351	0.40
11.	HDM Nominees (Asing) Sdn Bhd Kim Eng Ong Asia Securities Pte Ltd for Sio Sit Po	253,414	0.38
12.	Hup Lee Bakery Sdn Bhd	247,500	0.37
13.	Affin-UOB Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Oen Loe Ien	242,066	0.37
14.	Thye Heng (How Kee) Company Sdn Bhd	242,000	0.37
15.	Mayban Securities Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Sio Leh Koen	213,261	0.32
16.	Mayban Securities Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Sio Sit Min	213,261	0.32
17.	Chew Huaipin Sdn Bhd	173,000	0.26
18.	Yeo Khee Huat	165,000	0.25
19.	Lim Kee Chiok Sendirian Berhad	155,100	0.23
20.	Ong Choon Tee	155,100	0.23
21.	Lee San Ming @ Lee Lay Eng	132,000	0.20
22.	Thiam Loy Sdn Bhd	129,800	0.20
23.	Thye Heng (How Kee) Company Sdn Bhd	124,000	0.19
24.	Mayban Securities Nominees (Asing ) Sdn Bhd OCBC Securities Pte Ltd for Gho Tie Teng & Company Pte Ltd	114,264	0.17
25.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged securities account for Chin Kiam Hsung	108,000	0.16
26.	Eng Hup Seng Co. Sdn Bhd	101,000	0.15
27.	Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Sian Yew & Sons Sdn Bhd	99,000	0.15
28.	Chin Loy Realty Sdn Berhad	90,200	0.14
29.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged securities account for Chau Poh Yee	90,000	0.14
30.	Chang Nee Cherng	85,000	0.12
		48,492,533	73.25

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**LIST OF PROPERTIES AS AT 31 DECEMBER 2002**

Location	Tenure	Size	Description	Net book value as at 31 December 2002
		Hectares		RM'000
Ladang Senama Lot 594, 607, 947 Mukim of Jelei, Daerah Kuala Pilah Negeri Sembilan (Date of acquisition: 8.1.1950, 14.4.1930 & 5.4.1930)	Freehold	942	Oil palm estate	16,119 <sup>*a</sup>
Ladang Ibam PT 5419 Mukim of Bebar, Daerah Pekan Pahang Darul Makmur (Date of acquisition: 10.3.1988)	Leasehold (Expires on 9.3.2087)	2,180	Oil palm estate	48,998 <sup>*a</sup>
Ladang Gula Lot 2852, 2151, 2831, 2794, 2795, 2124, 2126, 2127, 2150, 4376, 4351 & 4352, 8950 Mukim of Kuala Kurau and Bagan Serai, Daerah Kerian Perak Darul Ridzuan (Date of acquisition: 10.9.1959)	Freehold	2,574	Oil palm estate with mill (Approximate age of mill: 36 years)	35,603 <sup>*a</sup>
Lot 1009-1012, Lot 1237 and Lot 1374 Mukim of Sungai Tinggi Daerah Larut & Matang Perak Darul Ridzuan (Date of acquisition: 11.4.1988)	) ) ) ) ) ) Freehold	13.81	Agricultural land	1,243 <sup>*a</sup>
Lot 2670 & 2671 Mukim of Batu Kurau Daerah Larut & Matang Perak Darul Ridzuan (Date of acquisition: 1.10.1988)	) ) ) ) )			
Ladang Maran Lot PT 2/2273 Mukim of Luit Daerah Maran Pahang Darul Makmur (Date of acquisition: 25.1.1967)	Leasehold (Expires on 24.1.2066)	1,964	Oil palm estate with mill (Approximate age of mill: 29 years)	28,303 <sup>*a</sup>

(a) Net book value as at 31 December 2002 are as follows: -

	Valuation Estates RM'000	Cost Building RM'000	Total RM'000
Ladang Senama	16,082	37	16,119
Ladang Ibam	47,922	1,076	48,998
Ladang Gula	34,990	613	35,603
Freehold agricultural land	1,243	-	1,243
Ladang Maran	28,172	131	28,303
	<u>128,409</u>	<u>1,857</u>	<u>130,266</u>

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**LIST OF PROPERTIES AS AT 31 DECEMBER 2002**

An independent firm of professional registered valuers, Messrs. United Pacific Property Consultants Sdn Bhd had carried out valuations of the Group's freehold and leasehold estates on 18 December 2000. The revaluation surplus was incorporated in the financial statements of the Group and of the Company during the financial year ended 31 December 2001 in conjunction with the Company's bonus issue of 6 for 5.

Subsequent revaluations will be made at least once every five years by an independent firm of professional registered valuers.

## OTHER INFORMATION

### (a) Material Contracts

Other than the recurrent related party transactions of a revenue or trading nature with related parties, there were no material contracts entered into by the Company and its subsidiaries, namely Timor Oil Palm Plantation Berhad and Eng Thye Plantations Berhad, which involved the directors' and major shareholders' interest, either still subsisting at the end of the financial year ended 31 December 2002 or entered into since the end of the previous financial year.

Recurrent related party transactions entered into by the Company and its subsidiaries during the financial year ended 31 December 2002: -

	RM
Sale of oil palm produce by the Company to Seong Thye Plantations Sdn. Bhd., a related corporation in which several substantial shareholders and directors (namely, Goh Eng Chew, Goh Pock Ai, Goh Han Teng, Gho Lian Chin, Goh Yeok Beng, Goh Seh Kiat, Goh Wei Lei, Goh Lei Eng and Gho Bun Tjin) have interests.	<u>11,791,755</u>
Sale of oil palm produce by Timor Oil Palm Plantation Berhad to Seong Thye Plantations Sdn. Bhd., a related corporation in which several substantial shareholders and directors (namely, Goh Eng Chew, Goh Pock Ai, Goh Han Teng, Gho Lian Chin, Goh Yeok Beng, Goh Seh Kiat, Goh Wei Lei, Goh Lei Eng and Gho Bun Tjin) have interests.	<u>116,737</u>
Purchase of oil palm produce by Timor Oil Palm Plantation Berhad from Seong Thye Plantations Sdn. Bhd., a related corporation in which several substantial shareholders and directors (namely, Goh Eng Chew, Goh Pock Ai, Goh Han Teng, Gho Lian Chin, Goh Yeok Beng, Goh Seh Kiat, Goh Wei Lei, Goh Lei Eng and Gho Bun Tjin) have interests.	<u>71,321</u>
Purchase of oil palm produce by Eng Thye Plantations Berhad from Seong Thye Plantations Sdn. Bhd., a related corporation in which several substantial shareholders and directors (namely, Goh Eng Chew, Goh Pock Ai, Goh Han Teng, Gho Lian Chin, Goh Yeok Beng, Goh Seh Kiat, Goh Wei Lei, Goh Lei Eng and Gho Bun Tjin) have interests.	<u>298,310</u>
Sale of oil palm produce by the Company to Chin Teck Plantations Berhad, a company in which several substantial shareholders and directors (namely, Goh Eng Chew, Wong Aun Phui, Goh Beng Hwa, Sio Sit Po, Goh Pock Ai, Goh Han Teng, Gho Lian Chin, Goh Yeok Beng, Goh Seh Kiat, Goh Wei Lei, Goh Lei Eng and Gho Bun Tjin) have interests.	<u>3,422,776</u>
Sale of oil palm produce by the Company to Timor Oil Palm Plantation Berhad, a subsidiary in which several substantial shareholders and directors (namely, Goh Eng Chew, Wong Aun Phui, Goh Pock Ai, Goh Han Teng, Gho Lian Chin, Goh Yeok Beng, Goh Seh Kiat, Goh Wei Lei, Goh Lei Eng and Gho Bun Tjin) have interests.	<u>1,602,216</u>
Agency fee paid to Tat Lee Commodities Pte. Ltd., a company incorporated in the Republic of Singapore, in which several substantial shareholders and directors (namely, Goh Eng Chew, Goh Pock Ai, Goh Han Teng, Gho Lian Chin, Goh Yeok Beng, Goh Seh Kiat, Goh Wei Lei, Goh Lei Eng and Gho Bun Tjin) have interests.	
By the Company	12,000
By Timor Oil Palm Plantation Berhad	12,000
By Eng Thye Plantations Berhad	<u>18,000</u>
Management fees paid to Sin Thye Management Sdn. Bhd., an associated company in which several substantial shareholders and directors (namely, Goh Eng Chew, Wong Aun Phui, Goh Pock Ai, Goh Han Teng, Gho Lian Chin, Goh Yeok Beng, Goh Seh Kiat, Goh Wei Lei, Goh Lei Eng, Gho Bun Tjin and Dato' Ong Bok Lim) have interests.	
By the Company	28,190
By Timor Oil Palm Plantation Berhad	17,670
By Eng Thye Plantations Berhad	<u>22,869</u>

## **OTHER INFORMATION**

	RM
Purchase of fertilisers from Kai Lee Company, the sole proprietor of whom, Ng Yong Seng, is a person connected to several directors (namely, Goh Eng Chew, Goh Pock Ai and Goh Han Teng)	
By the Company	1,277,880
By Timor Oil Palm Plantation Berhad	661,555
By Eng Thye Plantations Berhad	<u>416,820</u>
Sale of oil palm produce by Eng Thye Plantations Berhad to Timor Oil Palm Plantation Berhad, a subsidiary in which several substantial shareholders and directors (namely, Goh Eng Chew, Wong Aun Phui, Goh Pock Ai, Goh Han Teng, Gho Lian Chin, Goh Yeok Beng, Goh Seh Kiat, Goh Wei Lei, Goh Lei Eng and Gho Bun Tjin) have interests.	<u>354,513</u>

The substantial shareholders referred to above are Tiong Thye Company Berhad, Goh Eng Chew, Gho Lian Chin and Goh Seh Kiat.

Goh Eng Chew, Goh Pock Ai, Goh Han Teng, Gho Lian Chin, Goh Yeok Beng, Goh Seh Kiat, Goh Wei Lei, Goh Lei Eng and Gho Bun Tjin are deemed interested by virtue of their interests and/or directorships in Tiong Thye Company Berhad and/or the respective companies.

Wong Aun Phui, Goh Beng Hwa, Sio Sit Po and Dato' Ong Bok Lim are deemed interested by virtue of their interests and/or directorships in the respective companies.

(b) Options under the Negri Sembilan Oil Palms Berhad Employee Share Option Scheme ('ESOS') exercised during the financial year ended 31 December 2002

During the financial year ended 31 December 2002, 1,995,000 options under the ESOS were exercised at the subscription price of RM1.72 per share.

(c) Sanctions and /or penalties

No sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

(d) Non-audit fees paid to external auditors for the financial year ended 31 December 2002

During the financial year ended 31 December 2002, non-audit fees paid or payable to the external auditors amounted to RM20,000.

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**NOTICE OF NOMINATION PURSUANT TO SECTION 172(11) OF THE COMPANIES  
ACT, 1965**

19 February 2003

Gan Kok Tiong  
c/o 107-1 Changkat Tambi Dollah  
55100 Kuala Lumpur

The Board of Directors  
NEGRI SEMBILAN OIL PALMS BERHAD  
107-1 Changkat Tambi Dollah  
55100 Kuala Lumpur

Dear Sirs

**NOTICE OF NOMINATION OF MESSRS ERNST & YOUNG AS STATUTORY AUDITORS OF  
NEGRI SEMBILAN OIL PALMS BERHAD (“Company”) FOR FINANCIAL YEAR ENDING 31  
DECEMBER 2003**

Pursuant to Section 172(11) of the Companies Act, 1965, I, being a shareholder of the Company, hereby give notice of my intention to nominate Messrs Ernst & Young for appointment as auditors of the Company in place of retiring auditors, Messrs Hanafiah Raslan & Mohamad and of my intention to propose the following as an ordinary resolution at the forthcoming Annual General Meeting of the Company:-

“ That Messrs. Ernst & Young be and are hereby appointed Auditors of the Company in place of retiring Auditors, Messrs. Hanafiah Raslan & Mohamad at a remuneration to be fixed by the Directors and to hold office until the conclusion of the next Annual General Meeting.”

Yours faithfully

Gan Kok Tiong

**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**FORM OF PROXY**

I / We .....  
of .....  
being a member of NEGRI SEMBILAN OIL PALMS BERHAD hereby appoint .....  
.....  
of .....  
or failing him / her .....  
of .....

as my / our proxy to attend and vote on my / our behalf at the Seventy First Annual General Meeting of the Company to be held at Ballroom 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Friday, 30 May 2003 at 12.00 noon and at any adjournment thereof.

No.	Resolutions	For	Against
1.	To receive and adopt the Directors' Report and the Financial Statements for the financial year ended 31 December 2002 and the Auditors' Report thereon.		
2.	To approve the directors' fees for the financial year ended 31 December 2002 and to authorise the directors to divide such fees in the proportions and manner to be determined by them.		
3.	To re-elect the following directors retiring under Article 94 of the Articles of Association of the Company: - (i) Mr Goh Pock Ai (ii) Dr Goh Han Teng (iii) Mr Sio Sit Po		
4.			
5.			
6.	To re-appoint Mr Goh Eng Chew as director pursuant to Section 129(6) of the Companies Act, 1965		
7.	To re-appoint Mr Wong Aun Phui as director pursuant to Section 129(6) of the Companies Act, 1965		
8.	To re-appoint Mr Goh Beng Hwa @ Gho Bin Hoa as director pursuant to Section 129(6) of the Companies Act, 1965		
9.	Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed on page 86 of the Annual Report has been received by the Company for the nomination of Messrs. Ernst & Young who have given their consent to act, for appointment as Auditors and of the intention to propose the following ordinary resolution: -  " That Messrs. Ernst & Young be and are hereby appointed Auditors of the Company in place of retiring Auditors, Messrs. Hanafiah Raslan & Mohamad at a remuneration to be fixed by the Directors and to hold office until the conclusion of the next Annual General Meeting."		
10.	Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature: - Chin Teck Plantations Berhad Seong Thye Plantations Sdn Bhd Sin Thye Management Sdn Bhd Timor Oil Palm Plantation Berhad Tat Lee Commodities Private Limited Kai Lee Company		
11.			
12.			
13.			
14.			
15.			

(Please indicate with "X" or "√" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion)

Signature(s) \_\_\_\_\_  
Date:

No. of stock units held	
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**NEGRI SEMBILAN OIL PALMS BERHAD (592D)**  
(Incorporated in Malaysia)

**FORM OF PROXY**

**NOTES:**

1. A member entitled to attend and vote at this Meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. If the member is a corporation, the Form of Proxy must be executed under its common seal or under the hand of a person duly authorised in writing.
3. The Form of Proxy must be deposited at the Registered Office, No. 107-1 Changkat Tambi Dollah, 55100 Kuala Lumpur not less than 48 hours before the time fixed for the Meeting or any adjournment thereof.