

2003 ANNUAL REPORT

NEGRI SEMBILAN OIL PALMS BERHAD 592-D

(Incorporated In Malaysia)

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

CONTENTS

	Page
FINANCIAL HIGHLIGHT AND FINANCIAL CALENDAR	1
NOTICE OF ANNUAL GENERAL MEETING	2 - 3
STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING	4 - 8
CORPORATE INFORMATION	9
PROFILE OF DIRECTORS	10 - 12
CHAIRMAN'S STATEMENT	13 - 14
STATEMENT ON THE APPLICATION OF THE PRINCIPLES AND COMPLIANCE WITH THE BEST PRACTICES OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE	15 - 20
STATEMENT ON INTERNAL CONTROL	21 - 22
REPORT ON AUDIT COMMITTEE	23 - 26
STATEMENT ON DIRECTORS' RESPONSIBILITY FOR THE PREPARATION OF ANNUAL AUDITED ACCOUNTS	27
GROUP FINANCIAL PROFILE	28 - 29
PLANTATIONS STATISTICS	30
DIRECTORS' REPORT	31 - 37
STATEMENT BY DIRECTORS	38
STATUTORY DECLARATION	38
REPORT OF AUDITORS	39
INCOME STATEMENTS	40
BALANCE SHEETS	41
STATEMENTS OF CHANGES IN EQUITY	42 - 43
CASH FLOW STATEMENTS	44 - 45
NOTES TO THE FINANCIAL STATEMENTS	46 - 74
SHAREHOLDING STATISTICS	75 - 79
LIST OF PROPERTIES	80 - 81
OTHER INFORMATION	82 - 83
FORM OF PROXY	Enclosed

FINANCIAL HIGHLIGHT AND FINANCIAL CALENDAR

FINANCIAL HIGHLIGHT - GROUP

	2003	2002
	RM'000	RM'000
Revenue	47,940	43,364
Operating profit	18,938	13,409
Share of results of associates	260	(121)
Profit before taxation	19,198	13,288
Taxation	(4,185)	(2,629)
Profit after taxation	15,013	10,659
Minority interests	(2,145)	(1,015)
Net profit for the year	12,868	9,644
Dividends	8,199	5,945
Issued and paid-up share capital	67,566	66,175
Shareholders' funds	201,628	194,511
Earnings per stock unit		
- Basic	19.3 sen	14.8 sen
- Diluted	19.1 sen	14.6 sen
Net dividends (sen per stock unit)		
- First interim dividend	5.0	4.0
- Second interim dividend	7.2	5.0
Dividend cover (times)	1.6	1.6
Net tangible assets per stock unit	RM2.98	RM2.94

FINANCIAL CALENDAR

Financial year	1 January 2003 to 31 December 2003
Announcement of results	
First financial quarter ended 31 March 2003	30 May 2003
Second financial quarter ended 30 June 2003	22 August 2003
Third financial quarter ended 30 September 2003	28 November 2003
Fourth financial quarter ended 31 December 2003	25 February 2004
Dividends payment	
First interim	30 June 2003
Second interim	31 December 2003
Despatch of 2003 Annual Report	6 May 2004
Seventy Second Annual General Meeting	28 May 2004

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventy Second Annual General Meeting of the Company will be held at Corus 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Friday, 28 May 2004 at 2.30 pm for the following purposes: -

1. To receive and adopt the Directors' Report and the Financial Statements for the financial year ended 31 December 2003 and the Auditors' Report thereon. (Resolution 1)
2. To approve the directors' fees for the financial year ended 31 December 2003 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 Yeok Beng (Resolution 3)
 - (ii) Dato' Ong Bok Lim (Resolution 4)
 - (iii) Mr Gho Lian Chin (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. To re-appoint auditors and authorise the directors to fix their remuneration. (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 6 May 2004.
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
6 May 2004

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 6 May 2004 which is despatched together with the 2003 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

- (a) Goh Yeok Beng - Retiring pursuant to Article 94 of the Articles of Association
- (b) Dato' Ong Bok Lim - Retiring pursuant to Article 94 of the Articles of Association
- (c) Gho Lian Chin - 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 Meetings held during the financial year ended 31 December 2003

A total of four (4) Board Meetings were held during the financial year ended 31 December 2003.

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	3
Goh Pock Ai	4
Goh Beng Hwa @ Gho Bin Hoa	4
Sio Sit Po	2
Dato' Ong Bok Lim	4
Keong Choon Keat	3
Goh Yeok Beng	4
Dr Goh Han Teng	4
Gho Lian Chin	4
Goh Wei Lei	4

3. Seventy Second Annual General Meeting

Venue : Corus 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur
Date : 28 May 2004 (Friday)
Time : 2.30 p.m.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

- (a) Goh Yeok Beng, 55 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. His shareholdings in the Company and the subsidiaries, Eng Thye Plantations Berhad and Timor Oil Palm Plantation Berhad, as at 16 April 2004, are as follows: -

- (i) The Company: -

Ordinary Stock Units of RM1 each

<-----Direct----->		<-----Indirect----->	
No.	%	No.	%
160,000	0.24	-	-

- (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 82 to 83 of the Annual Report. He has had no convictions for any offences within the past ten years.

- (b) Dato' Ong Bok Lim, 66 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. His shareholdings in the Company and the subsidiaries, Eng Thye Plantations Berhad and Timor Oil Palm Plantation Berhad, as at 16 April 2004, are as follows: -

- (i) The Company: -

Ordinary Stock Units of RM1 each

<-----Direct----->		<-----Indirect----->	
No.	%	No.	%
-	-	-	-

- (ii) The subsidiaries: -

Ordinary Shares of RM1 each

	<-----Direct----->		<-----Indirect----->	
	No.	%	No.	%
Eng Thye Plantations Berhad	35,000	0.19	-	-
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 82 to 83 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

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

(c) Gho Lian Chin 56 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. His shareholdings in the Company and the subsidiaries, Eng Thye Plantations Berhad and Timor Oil Palm Plantation Berhad, as at 16 April 2004, are as follows: -

(i) The Company: -

Ordinary Stock Units of RM1 each

<-----Direct----->		<-----Indirect----->	
No.	%	No.	%
2,200	+	38,852,673	57.27

+ Less than 0.01%

(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 82 to 83 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.

(d) Goh Eng Chew. Executive Chairman. 72-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.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

His shareholdings in the Company and the subsidiaries, Eng Thye Plantations Berhad and Timor Oil Palm Plantation Berhad as at 16 April 2004, are as follows: -

(i) The Company: -

Ordinary Stock Units of RM1 each

<-----Direct----->		<-----Indirect----->	
No.	%	No.	%
160,000	0.24	38,701,009	57.04

(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 82 to 83 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, 82 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, Timor Oil Palm Plantation Berhad and Pan Malaysia Corporation 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 16 April 2004, are as follows: -

(i) The Company: -

Ordinary Stock Units of RM1 each

<-----Direct----->		<-----Indirect----->	
No.	%	No.	%
405,850	0.60	-	-

(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 82 to 83 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

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

(f) Goh Beng Hwa @ Gho Bin Hoa, 72 years of age, Singaporean. Independent Non-Executive Director. Appointed to the Board on 1 November 1969. 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 16 April 2004, are as follows: -

(i) The Company: -

Ordinary Stock Units of RM1 each

<-----Direct----->		<-----Indirect----->	
No.	%	No.	%
1,010,513	1.49	1,991,689	2.94

(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 82 to 83 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.

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

NOMINATION COMMITTEE & REMUNERATION COMMITTEE

Chairman	Gho Lian Chin
Members	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

Ernst & Young
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 Malaysia Securities Exchange Berhad

PROFILE OF DIRECTORS

Goh Eng Chew

Executive Chairman. 72-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 82 to 83 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 2003: 4 out of 4

Wong Aun Phui

82 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, Timor Oil Palm Plantation Berhad and Pan Malaysia Corporation 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 82 to 83 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 2003: 3 out of 4

Goh Pock Ai

63 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 82 to 83 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 2003: 4 out of 4

Goh Beng Hwa @ Gho Bin Hoa

72 years of age, Singaporean. Independent Non-Executive Director. Appointed to the Board on 1 November 1969. 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 82 to 83 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 2003: 4 out of 4

PROFILE OF DIRECTORS

Sio Sit Po

55 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 82 to 83 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 2003: 2 out of 4

Dato' Ong Bok Lim

66 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 82 to 83 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 2003: 4 out of 4

Keong Choon Keat

59 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 2003: 3 out of 4

Goh Yeok Beng

55 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 82 to 83 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 2003: 4 out of 4

PROFILE OF DIRECTORS

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.

64 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 82 to 83 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 2003: 4 out of 4

Gho Lian Chin

56 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 82 to 83 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 2003: 4 out of 4

Goh Wei Lei

35 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 82 to 83 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 2003: 4 out of 4

Gho Bun Tjin (alternate to Gho Lian Chin)

54 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 82 to 83 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 2003.

As a result of tight supply of major vegetable oils and higher demand from major importer countries like India, China and Pakistan, crude palm oil and palm kernel prices continued to increase sharply in 2003. Adverse weather conditions have affected the soyabean harvests and this has further supported the rally in palm oil prices.

Financial Performance and Operation Review

During the financial year under review, revenue of the Group increased by 10.55% to RM47,939,585. The average selling prices of fresh fruit bunches, crude palm oil and palm kernel were higher.

Operating expenses decreased by 3.48% to RM34,141,488 due mainly to the reduction in the purchase of fresh fruit bunches.

Other operating income decreased by 5.11% to RM5,139,656 due mainly to lower unrealised gain on foreign exchange which was mitigated by the gain on sale of quoted investments and the write back of provision for diminution in value of investments.

Overall, net profit for the year increased by 33.43% to RM12,867,656.

Shareholders' funds increased by 3.66% to RM201,627,937.

At Company level, revenue increased by 17.25% to RM19,717,731 and net profit for the year increased by 18.60% to RM11,005,162.

Production of ffb increased by 7.60% to 129,924 m/t. However, purchase of ffb decreased by 35.88% to 31,742 m/t. Production of crude palm oil decreased by 7.33% to 16,907 m/t and production of palm kernel decreased by 14.39% to 5,011 m/t.

Dividends

Total gross dividend of 15% in respect of the financial year ended 31 December 2003 were paid during the financial year, i.e. a first interim dividend of 5%, tax exempt, was paid on 30 June 2003 and a second interim dividend of 10% less 28% taxation was paid on 31 December 2003. 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 2003.

Issue of Shares

During the financial year, the issued and paid-up share capital of the Company increased from RM66,174,962 to RM67,565,962 and subsequent to the financial year, it further increased to RM67,843,962, following the issuance of new ordinary shares of RM1.00 each, for cash, pursuant to the exercise of options under the Employee Share Option Scheme in both instances.

CHAIRMAN'S STATEMENT

Recurrent Related Party Transactions

On 25 February 2004, 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 of a revenue or trading nature at the forthcoming Annual General Meeting. A separate Circular to Shareholders, the purpose of which is to provide information on the proposed renewal of shareholders' mandate and to seek the approval for the ordinary resolutions pertaining to the proposed renewal of shareholders' mandate is enclosed together with the Annual Report.

Outlook for Year 2004

The selling prices of fresh fruit bunches, crude palm oil and palm kernel are expected to remain strong and these would have a positive impact on the financial performance for the financial year ending 31 December 2004.

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

16 April 2004

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.

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. Except for matters specifically identified, the Board considers that it has generally applied the Principles of the Code and 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 12 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 Malaysia Securities Exchange Berhad. 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

1. Directors (Contd.)

Composition of the Board (Contd.)

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 57.04% of the issued and paid-up share capital of the Company as at 16 April 2004.

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 Malaysia Securities Exchange Berhad 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 2003 is set out on pages 23 to 26 of the Annual Report.

Details of the Nomination Committee and Remuneration Committee are set out on pages 17 to 18 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 2003 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	3
Goh Pock Ai	4
Goh Beng Hwa @ Gho Bin Hoa	4
Sio Sit Po	2
Dato' Ong Bok Lim	4
Keong Choon Keat	3
Goh Yeok Beng	4
Dr Goh Han Teng	4
Gho Lian Chin	4
Goh Wei Lei	4

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

1. Directors (Contd.)

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 Committees
- 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 Malaysia Securities Exchange Berhad and other regulatory requirements.

One meeting of Nomination Committee was held during the financial year ended 31 December 2003.

Except for Keong Choon Keat, the other members of the Nomination Committee attended the meeting.

Directors' Training

All Directors are required to attend the training programmes that are prescribed by Malaysia Securities Exchange Berhad from time to time.

All the present Directors have successfully attended the Mandatory Accreditation Programme ("MAP") and they are required to attend the Continuing Education Programme ("CEP").

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.

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

1. Directors (Contd.)

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 and other directors. However, 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 2003.

Except for Keong Choon Keat, the other members of the Nomination 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

2. Directors' Remuneration (Contd.)

The details of the total remuneration of the Executive Directors and Non-Executive Directors of the Company for the financial year ended 31 December 2003 are as follows:-

	No. of Directors	Fees RM	Salaries RM	Commission RM	Other RM	Total RM
Executive Directors						
	1	48,000	168,000	81,567	-	297,567
	1	33,000	120,000	55,163	2,000	210,163
	1	35,000	120,000	33,098	3,000	191,098
	3	116,000	408,000	169,828	5,000	698,828
Non-Executive Directors						
	1	23,000	72,000	31,356	-	126,356
	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	23,000	-	-	2,000	25,000
	1	21,000	-	-	4,000	25,000
	1	21,000	-	-	-	21,000
	8	202,000	72,000	31,356	18,000	323,356
		318,000	480,000	201,184	23,000	1,022,184

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 website of Malaysia Securities Exchange Berhad.

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 38 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 Malaysia Securities Exchange Berhad is set out on page 27 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 Ernst & Young with the primary objective to carry out reviews of the business processes as well as the internal control systems 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 23 to 26 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 Malaysia Securities Exchange Berhad. For the purposes of this statement, the Group refers to the Company and its subsidiaries, excluding the associates.

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 Process

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 Element 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 reviews of the business processes as well as the internal control systems 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 Malaysia Securities Exchange Berhad. 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 2003.

Members of the Audit Committee

The members of the Audit Committee during the financial year ended 31 December 2003 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

Terms of Reference (Contd.)

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 believe 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

Terms of Reference (Contd.)

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 Malaysia Securities Exchange Berhad.

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 Malaysia Securities Exchange Berhad, the Audit Committee must promptly report such matter to Malaysia Securities Exchange Berhad.

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 2003 and Attendance of Each Audit Committee Member

During the financial year ended 31 December 2003, 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	3
Goh Pock Ai	2

Summary of the Activities of the Audit Committee During the Financial Year Ended 31 December 2003

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 2003: -

- (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 and internal auditors.
- (d) Consider and recommend to the Board of Directors the re-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 Ernst & Young with the primary objective to carry out reviews of the business processes as well as the internal control systems 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 2003 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 40 to 74 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 39.

This statement is made in accordance with a resolution of the Board of Directors dated 25 February 2004.

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

GROUP FINANCIAL PROFILE

	1999	2000	2001	2002	2003
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	59,712	38,663	35,087	43,364	47,940
Operating profit	18,070	5,720	21,050	13,409	18,938
Share of results of associates	(15)	(115)	1,028	(121)	260
Profit before taxation	18,055	5,605	22,078	13,288	19,198
Taxation	(121)	(1,939)	(931)	(2,629)	(4,185)
Profit after taxation	17,934	3,666	21,147	10,659	15,013
Minority interests	(782)	186	(4,953)	(1,015)	(2,145)
Net profit for the year	17,152	3,852	16,194	9,644	12,868
Dividends	3,360	3,360	3,676	5,945	8,199
Earnings per stock unit (sen)					
Basic	26.7*	6.0*	25.2	14.8	19.3
Diluted	-	-	-	14.6	19.1
Net dividend (sen per stock unit)					
First interim	3.60	5.76	6.00	4.00	5.00
Second interim	3.60	5.76	3.00	5.00	7.20
Third	4.32	-	-	-	-
	11.52	11.52	9.00	9.00	12.20
Dividend cover (times)	5.1	1.1	4.4	1.6	1.6

* Adjusted for the Bonus Issue of 6 for 5.

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

GROUP FINANCIAL PROFILE

	1999	2000	2001	2002	2003
	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	53,618	53,458	133,409	132,135	130,587
Investments	23,062	20,248	5,800	12,191	14,242
	<u>76,680</u>	<u>73,706</u>	<u>139,209</u>	<u>144,326</u>	<u>144,829</u>
CURRENT ASSETS					
Inventories	1,417	1,327	885	1,163	1,071
Trade receivables	2,337	1,191	2,046	2,256	3,121
Other receivables	1,614	7,123	9,174	3,819	3,381
Deposits with financial institutions	60,081	54,033	85,198	90,723	96,940
Cash and bank balances	4,272	8,176	6,004	5,221	6,787
	<u>69,721</u>	<u>71,850</u>	<u>103,307</u>	<u>103,182</u>	<u>111,300</u>
CURRENT LIABILITIES					
Trade payables	1,730	1,082	1,102	1,068	676
Other payables	3,446	3,061	4,780	2,208	2,620
Provision for retirement benefits	20	2	80	7	26
Taxation	-	33	-	-	294
Dividend	1,260	1,680	-	-	-
	<u>6,456</u>	<u>5,858</u>	<u>5,962</u>	<u>3,283</u>	<u>3,616</u>
NET CURRENT ASSETS					
	<u>63,265</u>	<u>65,992</u>	<u>97,345</u>	<u>99,899</u>	<u>107,684</u>
	<u>139,945</u>	<u>139,698</u>	<u>236,554</u>	<u>244,225</u>	<u>252,513</u>
REPRESENTED BY:					
Share capital	29,173	29,173	64,180	66,175	67,566
Reserves	90,467	90,819	123,010	128,336	134,062
Shareholders' equity	<u>119,640</u>	<u>119,992</u>	<u>187,190</u>	<u>194,511</u>	<u>201,628</u>
Minority interests	17,869	17,230	33,461	31,069	32,445
	<u>137,509</u>	<u>137,222</u>	<u>220,651</u>	<u>225,580</u>	<u>234,073</u>
Retirement benefits	671	711	674	716	726
Deferred taxation	1,765	1,765	15,229	17,929	17,714
Non-current liabilities	<u>2,436</u>	<u>2,476</u>	<u>15,903</u>	<u>18,645</u>	<u>18,440</u>
	<u>139,945</u>	<u>139,698</u>	<u>236,554</u>	<u>244,225</u>	<u>252,513</u>
Net tangible assets per stock unit (RM)**	<u>4.10</u>	<u>4.11</u>	<u>2.92</u>	<u>2.94</u>	<u>2.98</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

	1999	2000	2001	2002	2003
Planted Area (Hectares)					
As at 31 December					
Mature	6,152	6,801	6,896	6,558	6,558
Immature	1,423	761	666	992	992
	<u>7,575</u>	<u>7,562</u>	<u>7,562</u>	<u>7,550</u>	<u>7,550</u>
Production (m/t)					
ffb					
- own estates	117,944	113,621	134,168	120,748	129,924
- purchase	80,693	75,413	74,443	49,501	31,742
	<u>198,637</u>	<u>189,034</u>	<u>208,611</u>	<u>170,249</u>	<u>161,666</u>
Crude palm oil	<u>21,790</u>	<u>21,643</u>	<u>24,060</u>	<u>18,245</u>	<u>16,907</u>
Palm kernel	<u>7,256</u>	<u>7,017</u>	<u>7,848</u>	<u>5,853</u>	<u>5,011</u>
Extraction Rate (%)					
Crude palm oil	17.49	17.93	17.57	18.09	18.59
Palm kernel	<u>5.83</u>	<u>5.81</u>	<u>5.73</u>	<u>5.81</u>	<u>5.51</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 2003.

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 the cultivation of oil palms, processing and sale of crude palm oil and palm kernel.

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

RESULTS

	Group RM	Company RM
Profit after taxation	15,012,920	11,005,162
Minority interests	<u>(2,145,264)</u>	<u>-</u>
Net profit for the year	<u>12,867,656</u>	<u>11,005,162</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.

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 change in accounting policy as disclosed in Note 25 to the financial statements.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2002 were as follows:

	RM
In respect of financial year ended 31 December 2003:	
First interim tax exempt dividend of 5%, paid on 30 June 2003	3,334,398
Second interim of 10% less 28% taxation, paid on 31 December 2003	<u>4,864,749</u>
	<u>8,199,147</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)

In accordance with the Company's Articles of Association, Goh Yeok Beng, Dato' Ong Bok Lim and Gho Lian Chin 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 5 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 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:

	Number of Ordinary Stock Units of RM1.00 Each			
	1 January 2003	Bought	Sold	31 December 2003
The Company				
Direct Interests:				
Goh Eng Chew	80,000	80,000	-	160,000
Wong Aun Phui	325,850	80,000	-	405,850
Goh Pock Ai	1,100	-	-	1,100
Goh Han Teng	7,400	-	-	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	-	160,000

Indirect Interests:

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 Han Teng	30,000	-	-	30,000

	Number of Ordinary Shares of RM1.00 Each			
	1 January 2003	Bought	Sold	31 December 2003

Eng Thye Plantations Berhad - Subsidiary

Direct Interests:

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

Indirect Interests:

Goh Eng Chew	15,783,250	-	-	15,783,250
Gho Lian Chin	15,783,250	-	-	15,783,250

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONTD.)

	Number of Ordinary Shares of RM1.00 Each			31 December 2003
	1 January 2003	Bought	Sold	
Timor Oil Palm Plantation Berhad - Subsidiary				
Direct Interests:				
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
Indirect Interests:				
Goh Eng Chew	6,112,300	-	-	6,112,300
Gho Lian Chin	6,112,300	-	-	6,112,300
Tiong Thye Company Berhad - Holding Company				
Direct Interests:				
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
Indirect Interests:				
Goh Eng Chew	10,038,000	-	-	10,038,000
Gho Lian Chin	5,670,000	-	-	5,670,000

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:

	Options Over Unissued Shares of RM1.00 Each			At 31 December 2003
	At 1 January 2003	Granted	Exercised	
Granted in 2002 at the subscription price of RM1.72 per share				
Goh Eng Chew	320,000	-	(80,000)	240,000
Wong Aun Phui	320,000	-	(80,000)	240,000
Goh Pock Ai	400,000	-	-	400,000
Goh Yeok Beng	320,000	-	(80,000)	240,000

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONTD.)

Goh Eng Chew and Gho Lian Chin by virtue of their interests in the holding company, are also deemed interested in the stock units and shares of all its subsidiaries 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 RM66,174,962 to RM67,565,962 by way of the issuance of 1,391,000 new ordinary shares of RM1.00 each, for cash, pursuant to the Employee Share Option Scheme at the subscription price of RM1.72 per share. The share premium arising therefrom amounted to RM1,001,520, and this has been credited to the share premium account. The new ordinary shares which were immediately converted into new ordinary stock units of RM1.00 each rank pari passu in all respects with existing ordinary stock units.

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.
- (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 Malaysia Securities Exchange Berhad 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.

DIRECTORS' REPORT

EMPLOYEE SHARE OPTION SCHEME (CONTD.)

- (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:

Subscription price per share	At 1 January 2003	Granted	Cancelled	Exercised	At 31 December 2003
RM1.72	4,074,000	-	(62,000)	(1,391,000)	2,621,000

Subsequent to the financial year, 47,000 options were exercised.

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 185,000 units. The names of eligible employees (including executive directors) who have been granted options of more than 185,000 units are as follows:

Name	Options Over Unissued Shares of RM1.00 Each				
	Granted in 2002	At 1 January 2003	Granted	Exercised	At 31 December 2003
Goh Eng Chew	400,000	320,000	-	(80,000)	240,000
Wong Aun Phui	400,000	320,000	-	(80,000)	240,000
Goh Pock Ai	400,000	400,000	-	-	400,000
Goh Yeok Beng	400,000	320,000	-	(80,000)	240,000
Wong Aun Jin	280,000	260,000	-	(92,000)	168,000
Gan Kok Tiong	250,000	235,000	-	(25,000)	210,000
Ooi Aik Theam	185,000	148,000	-	(37,000)	111,000
Foo Hoe Kuang	185,000	185,000	-	-	185,000
Goh Kim Lian	185,000	165,000	-	(40,000)	125,000
Pua Yong King	185,000	165,000	-	(40,000)	125,000

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.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONTD.)

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of provision for doubtful debts inadequate to any substantial extent, and
 - (ii) 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 would 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.
- (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, Ernst & Young, have expressed their willingness to continue in office.

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

Goh Eng Chew

Wong Aun Phui

Kuala Lumpur, Malaysia
25 February 2004

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 40 to 74 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 2003 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
25 February 2004

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 40 to 74 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 the Federal Territory
on 25 February 2004

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 40 to 74. 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 2003 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.

Ernst & Young
AF: 0039
Chartered Accountants

Pushpanathan a/l S. A. Kanagarayar
No. 1056/03/05(J/PH)
Partner

Kuala Lumpur, Malaysia
25 February 2004

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

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	Group		Company	
		2003	2002	2003	2002
		RM	RM	RM	RM
Revenue	3	47,939,585	43,364,520	19,717,731	16,816,746
Cost of sales	3	(23,802,312)	(25,878,121)	(5,450,036)	(4,666,361)
Gross profit		24,137,273	17,486,399	14,267,695	12,150,385
Other operating income		5,139,656	5,416,557	4,544,823	3,101,631
Administrative expenses		(7,592,466)	(6,403,562)	(2,955,038)	(2,681,730)
Selling expenses		(1,013,987)	(1,058,921)	(488,051)	(469,311)
Replanting expenditure		(1,732,723)	(2,031,940)	-	-
Profit from operations	4	18,937,753	13,408,533	15,369,429	12,100,975
Share of results of associates		260,595	(120,913)	-	-
Profit before taxation		19,198,348	13,287,620	15,369,429	12,100,975
Taxation:	6	(4,185,428)	(2,628,339)	(4,364,267)	(2,822,037)
Company and subsidiaries		(4,152,174)	(2,626,112)	(4,364,267)	(2,822,037)
Associates		(33,254)	(2,227)	-	-
Profit after taxation		15,012,920	10,659,281	11,005,162	9,278,938
Minority interests		(2,145,264)	(1,015,434)	-	-
Net profit for the year		12,867,656	9,643,847	11,005,162	9,278,938
Earnings per stock unit (sen)					
Basic	7	19.3	14.8		
Diluted	7	19.1	14.6		
Net dividend per stock unit (sen)	8	12.2	9.0	12.2	9.0

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

BALANCE SHEETS AS AT 31 DECEMBER 2003

	Note	Group		Company	
		2003 RM	2002 RM	2003 RM	2002 RM
NON-CURRENT ASSETS					
Property, plant and equipment	9	130,587,191	132,134,896	64,991,411	65,572,994
Investments in subsidiaries	10	-	-	73,633,224	74,585,912
Investments in associates	11	5,334,945	3,901,914	2,021,629	1,795,325
Other investments	12	8,906,993	8,288,742	2,164,753	1,713,779
		<u>144,829,129</u>	<u>144,325,552</u>	<u>142,811,017</u>	<u>143,668,010</u>
CURRENT ASSETS					
Inventories	13	1,070,916	1,162,190	46,563	134,345
Trade receivables	14	3,121,488	2,256,258	2,234,970	1,403,910
Other receivables	15	2,560,635	1,956,620	346,452	166,014
Tax recoverable		819,491	1,862,846	-	661,094
Cash and bank balances	16	103,727,799	95,944,460	52,940,546	48,064,253
		<u>111,300,329</u>	<u>103,182,374</u>	<u>55,568,531</u>	<u>50,429,616</u>
CURRENT LIABILITIES					
Trade payables	17	676,348	1,067,576	7,839	327,457
Other payables		2,620,139	2,207,891	945,570	768,511
Provision for retirement benefits	20	26,000	7,117	15,000	6,913
Taxation		293,634	-	293,634	-
		<u>3,616,121</u>	<u>3,282,584</u>	<u>1,262,043</u>	<u>1,102,881</u>
NET CURRENT ASSETS		<u>107,684,208</u>	<u>99,899,790</u>	<u>54,306,488</u>	<u>49,326,735</u>
		<u>252,513,337</u>	<u>244,225,342</u>	<u>197,117,505</u>	<u>192,994,745</u>
FINANCED BY:					
Share capital	18	67,565,962	66,174,962	67,565,962	66,174,962
Reserves	19	134,061,975	128,336,534	118,959,053	116,104,206
Shareholders' equity		<u>201,627,937</u>	<u>194,511,496</u>	<u>186,525,015</u>	<u>182,279,168</u>
Minority interests		32,444,972	31,068,968	-	-
		<u>234,072,909</u>	<u>225,580,464</u>	<u>186,525,015</u>	<u>182,279,168</u>
Provision for retirement benefits	20	726,428	715,878	197,490	205,577
Deferred taxation	21	17,714,000	17,929,000	10,395,000	10,510,000
Non-current liabilities		<u>18,440,428</u>	<u>18,644,878</u>	<u>10,592,490</u>	<u>10,715,577</u>
		<u>252,513,337</u>	<u>244,225,342</u>	<u>197,117,505</u>	<u>192,994,745</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 2003

GROUP	Share Capital (Note 18) RM	Non- distributable Reserves (Note 19) RM	Distributable Reserves (Note 19) RM	Total RM
At 1 January 2002				
As previously stated	64,179,962	37,412,043	99,734,051	201,326,056
Prior year adjustments (Note 25)	-	(14,179,100)	42,800	(14,136,300)
At 1 January 2002, as restated	64,179,962	23,232,943	99,776,851	187,189,756
Transfer from revaluation surplus to retained profits relating to disposal of estate land	-	(76,588)	76,588	-
Currency translation difference, representing gain not recognised in the income statement	-	191,390	-	191,390
Net profit for the year	-	-	9,643,847	9,643,847
Dividends (Note 8)	-	-	(5,944,897)	(5,944,897)
Issue of shares pursuant to Employee Share Option Scheme	1,995,000	1,436,400	-	3,431,400
At 31 December 2002	66,174,962	24,784,145	103,552,389	194,511,496
At 1 January 2003				
As previously stated	66,174,962	38,963,245	103,371,989	208,510,196
Prior year adjustments (Note 25)	-	(14,179,100)	180,400	(13,998,700)
At 1 January 2003, as restated	66,174,962	24,784,145	103,552,389	194,511,496
Transfer from revaluation surplus to retained profits relating to disposal of estate land	-	(32,247)	32,247	-
Transfer to capital reserve relating to gain on sale of other investments	-	-	(412,177)	(412,177)
Transfer from income statement	-	-	412,177	412,177
Currency translation difference, representing gain not recognised in the income statement	-	55,412	-	55,412
Net profit for the year	-	-	12,867,656	12,867,656
Dividends (Note 8)	-	-	(8,199,147)	(8,199,147)
Issue of shares pursuant to Employee Share Option Scheme	1,391,000	1,001,520	-	2,392,520
At 31 December 2003	67,565,962	25,808,830	108,253,145	201,627,937

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 2003

COMPANY	Share Capital (Note 18) RM	Non- distributable Reserves (Note 19) RM	Distributable Reserves (Note 19) RM	Total RM
At 1 January 2002				
As previously stated	64,179,962	61,475,444	61,203,361	186,858,767
Prior year adjustments (Note 25)	-	(9,668,000)	21,280	(9,646,720)
At 1 January 2002, as restated	64,179,962	51,807,444	61,224,641	177,212,047
Reversal of investment revaluation surplus	-	(1,698,320)	-	(1,698,320)
Net profit for the year	-	-	9,278,938	9,278,938
Dividends (Note 8)	-	-	(5,944,897)	(5,944,897)
Issue of shares pursuant to Employee Share Option Scheme	1,995,000	1,436,400	-	3,431,400
At 31 December 2002	66,174,962	51,545,524	64,558,682	182,279,168
At 1 January 2003				
As previously stated	66,174,962	61,213,524	64,453,682	191,842,168
Prior year adjustments (Note 25)	-	(9,668,000)	105,000	(9,563,000)
At 1 January 2003, as restated	66,174,962	51,545,524	64,558,682	182,279,168
Reversal of investment revaluation surplus	-	(952,688)	-	(952,688)
Net profit for the year	-	-	11,005,162	11,005,162
Dividends (Note 8)	-	-	(8,199,147)	(8,199,147)
Issue of shares pursuant to Employee Share Option Scheme	1,391,000	1,001,520	-	2,392,520
At 31 December 2003	67,565,962	51,594,356	67,364,697	186,525,015

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

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

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	19,198,348	13,287,620	15,369,429	12,100,975
Adjustment for:				
Depreciation	1,541,638	1,569,258	587,143	563,483
Property, plant and equipment written off	-	540	-	-
Gain on disposal of property, plant and equipment	-	(30,500)	-	-
(Gain) / loss on sale of other investments	(582,163)	47,811	-	6,668
Provision for retirement benefits	36,550	49,633	6,913	16,715
Surplus arising from compulsory acquisition of estate land	(444,897)	(614,411)	-	-
(Write back of) / provision for diminution in value of other investments	(760,181)	494,747	-	-
Unrealised (gain) / loss on foreign exchange	(660,869)	(2,243,199)	3,232	(2,394)
Interest income	(2,012,683)	(1,872,094)	(1,407,670)	(1,189,005)
Gross dividend income	(595,794)	(160,907)	(3,127,132)	(1,925,365)
Share of results retained in associates	(54,956)	120,913	-	-
Operating profit before working capital changes	15,664,993	10,649,411	11,431,915	9,571,077
Decrease / (increase) in inventories	91,274	1,616,594	87,782	(105,976)
Increase in receivables	(1,432,501)	(277,452)	(983,407)	(370,127)
Increase / (decrease) in payables	21,020	(2,607,204)	(142,559)	290,769
Cash generated from operations	14,344,786	9,381,349	10,393,731	9,385,743
Retirement benefits paid	(7,117)	(80,168)	(6,913)	(3,993)
Taxes (paid) / refunded	(2,905,041)	754,670	(2,662,776)	1,274,848
Net cash generated from operating activities	11,432,628	10,055,851	7,724,042	10,656,598

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

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(74,186)	(458,242)	(5,560)	(296,229)
Proceeds from disposal of property, plant and equipment	-	30,500	-	-
Compensation received from compulsory acquisition of estate land	525,150	777,089	-	-
Investments in associates	(1,344,824)	-	(226,304)	-
Purchase of other investments	(9,578,629)	(11,797,089)	(450,974)	(965,548)
Proceeds from sale of other investments	10,302,722	4,970,908	-	2
Placement of fixed deposits	-	(3,635)	-	(2,634)
Interest received	1,975,940	1,876,772	1,379,579	1,185,146
Net dividend received	470,650	126,988	2,265,369	1,741,401
Net cash generated from / (used in) investing activities	<u>2,276,823</u>	<u>(4,476,709)</u>	<u>2,962,110</u>	<u>1,662,138</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares pursuant to Employee Share Option Scheme	2,392,520	3,431,400	2,392,520	3,431,400
Dividends paid to shareholders of the Company	(8,199,147)	(5,944,897)	(8,199,147)	(5,944,897)
Dividends paid to minority interests	(780,354)	(569,680)	-	-
Net cash used in financing activities	<u>(6,586,981)</u>	<u>(3,083,177)</u>	<u>(5,806,627)</u>	<u>(2,513,497)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,122,470	2,495,965	4,879,525	9,805,239
EFFECTS OF EXCHANGE RATE CHANGES	660,869	2,234,199	(3,232)	2,394
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>95,710,575</u>	<u>90,971,411</u>	<u>47,914,906</u>	<u>38,107,273</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (NOTE 16)	<u>103,493,914</u>	<u>95,710,575</u>	<u>52,791,199</u>	<u>47,914,906</u>

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

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 the cultivation of oil palms, processing and sale of crude palm oil and palm kernel. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Malaysia Securities Exchange Berhad. 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 261 (2002: 307) and 56 (2002: 66) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 February 2004.

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.

During the financial year ended 31 December 2003, the Group and the Company adopted the following MASB Standards for the first time:

MASB 25 Income Taxes
MASB 27 Borrowing Costs
MASB 28 Discontinuing Operations
MASB 29 Employees Benefits

The effects of adopting MASB 25 are summarised in the Statement of Changes in Equity and further information is disclosed in Note 25 to the financial statements. The adoption of MASB 27, MASB 28 and MASB 29 have not given rise to any adjustments to the opening balances of retained profits of the prior and current year or to changes in comparatives.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(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 on 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 goodwill and negative goodwill and any exchange differences which were not previously recognised in the consolidated income statement.

Minority interest is measured at the minorities' share of fair values of the identifiable assets and liabilities of the subsidiaries at acquisition and the movements in equity since the date of acquisition.

(ii) Associates

Associates 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 associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the year is included in the consolidated income statement. The Group's interest in associates 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 associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated unless cost cannot be recovered.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(c) Investments in Subsidiaries and Associates

Investments in subsidiaries and associates 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

(i) Revenue – Sale of Goods

Revenue relating to sale of goods is recognised when delivery has taken place and the transfer of risks and rewards has been completed.

(ii) Other Operating Income

(a) Interest Income

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

(b) Dividend Income

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(e) Property, Plant and Equipment and Depreciation

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 to its residual value over the estimated useful life at the following annual rates:

Buildings	4% - 20%
Motor vehicles	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 2003

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(i) Foreign Currencies

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at the rates of exchange ruling at the dates of the transactions. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date. Non-monetary items initially denominated in foreign currencies, 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 rates 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 associate 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 closing rates used in translation of foreign currency amounts are as follows:

	2003	2002
	RM	RM
Singapore Dollar	2.20	2.19

(j) Employee Benefits

(i) Short Term Benefits

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

(ii) Employee Share Option Scheme

The Negri Sembilan Oil Palms Berhad Employee Share Option Scheme allows the Group's employees to subscribe for shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

(iii) Retirement Benefits

The Group does not have 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.

(iv) Defined Contribution Plan

As required by law, companies in Malaysia make contribution to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(k) Income Tax

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

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

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

Prior to the adoption of MASB 25 Income Taxes on 1 January 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was a reasonable expectation of their realisation. This change in accounting policy has been accounted for retrospectively and the effects of this change are disclosed in Note 25.

(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.

The cash flow statements are prepared using the indirect method.

(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. 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(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 either 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 associates 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 an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement. The gain arising from disposal of investments are thereafter transferred to capital reserve.

(ii) Trade and Other Receivables

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

(iii) Trade and Other 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 equity in the period in which they are declared.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

4. PROFIT FROM OPERATIONS

Profit from operations is stated:

after charging:

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Auditors' remuneration				
statutory audit	72,000	72,000	26,000	26,000
other services	66,000	20,000	34,000	9,000
Depreciation	1,541,638	1,569,258	587,143	563,483
Property, plant and equipment written off	-	540	-	-
Provision for diminution in value of other investments	-	494,747	-	-
Staff costs *	9,055,315	8,037,348	3,102,570	2,940,182
Provision for retirement benefits (Note 20)	36,550	49,633	6,913	16,715
Loss on foreign exchange unrealised	3,232	-	3,232	-
realised	435	-	147	325
Loss on sale of other investments	-	47,811	-	6,668

and crediting:

Gross dividends received from:				
Subsidiaries	-	-	2,864,175	1,868,848
Associates	-	-	175,760	-
Quoted investments				
in Malaysia	89,847	56,517	87,197	56,517
outside Malaysia	505,947	104,390	-	-
Interest income	2,012,683	1,872,094	1,407,670	1,189,005
Rental income	840	840	-	-
Unrealised gain on foreign exchange	664,101	2,243,199	-	2,394
Gain on disposal of property, plant and equipment	-	30,500	-	-
Gain on sale of other investments	582,163	-	-	-
Write back of provision for diminution in value of other investments	760,181	-	-	-
Surplus arising from compulsory acquisition of estate land	444,897	614,411	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

4. PROFIT FROM OPERATIONS (CONTD.)

* Included in staff costs of the Group and of the Company are:

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
- Directors' remuneration (Note 5)	1,084,575	1,012,935	665,955	655,808
- Pension costs – Defined Contribution Plan	347,837	282,147	116,918	67,361
	<u>1,432,412</u>	<u>1,295,082</u>	<u>782,873</u>	<u>723,169</u>

5. DIRECTORS' REMUNERATION

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Directors of the Company				
Executive directors:				
Salaries	408,000	408,000	336,000	336,000
Commission	169,828	119,730	122,955	96,808
Other emoluments	5,000	6,000	5,000	6,000
Fees	116,000	116,000	48,000	48,000
	<u>698,828</u>	<u>649,730</u>	<u>511,955</u>	<u>486,808</u>
Non-executive directors:				
Salaries	72,000	72,000	-	-
Commission	31,356	3,245	-	-
Other emoluments	18,000	20,000	18,000	20,000
Fees	202,000	223,000	136,000	149,000
	<u>323,356</u>	<u>318,245</u>	<u>154,000</u>	<u>169,000</u>
	<u>1,022,184</u>	<u>967,975</u>	<u>665,955</u>	<u>655,808</u>
Directors of subsidiaries				
Non-executive directors:				
Salaries	13,320	12,960	-	-
Fees	40,000	32,000	-	-
Commission	9,071	-	-	-
	<u>62,391</u>	<u>44,960</u>	<u>-</u>	<u>-</u>
	<u>1,084,575</u>	<u>1,012,935</u>	<u>665,955</u>	<u>655,808</u>

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

	Number of Directors	
	2003	2002
Executive directors:		
RM100,001 - RM150,000	1	2
RM150,001 - RM200,000	1	-
RM200,001 - RM250,000	1	1
	<u>3</u>	<u>3</u>
Non-executive directors:		
Below RM50,000	8	9
	<u>11</u>	<u>12</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

6. TAXATION

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Tax expense for the year:				
Malaysian income tax	4,092,557	3,056,055	4,416,730	3,179,583
Foreign tax	161,276	20,483	38,667	-
	<u>4,253,833</u>	<u>3,076,538</u>	<u>4,455,397</u>	<u>3,179,583</u>
Deferred tax:				
Relating to origination and reversal of temporary differences (Note 21)	(215,000)	(176,600)	(115,000)	(83,720)
	<u>4,038,833</u>	<u>2,899,938</u>	<u>4,340,397</u>	<u>3,095,863</u>
Under / (over) provision in prior years:				
Malaysian income tax	113,341	(273,826)	23,870	(273,826)
Share of taxation of associates	33,254	2,227	-	-
	<u>4,185,428</u>	<u>2,628,339</u>	<u>4,364,267</u>	<u>2,822,037</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2002 : 28%) of the estimated assessable profit for the year. Taxation for other jurisdiction is calculated at the rate prevailing in that jurisdiction.

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

	2003	2002
	RM	RM
Group		
Profit before taxation	<u>19,198,348</u>	<u>13,287,620</u>
Taxation at Malaysian statutory tax rate of 28% (2002 : 28%)	5,375,537	3,720,534
Effect of different tax rate in other country	(54,210)	(4,483)
Income not subject to tax	(1,336,464)	(1,089,791)
Expenses not deductible for tax purposes	963,728	539,652
Utilisation of previously unrecognised tax losses	(628,310)	(311,092)
Utilisation of previously unrecognised capital allowances	(57,138)	-
Deferred tax assets not recognised during the year	-	47,345
Over provision of deferred tax expense in prior year	(191,056)	-
Under / (over) provision of income tax expenses in prior years	<u>113,341</u>	<u>(273,826)</u>
Tax expense for the year	<u>4,185,428</u>	<u>2,628,339</u>
Company		
Profit before taxation	<u>15,369,429</u>	<u>12,100,975</u>
Taxation at Malaysian statutory tax rate of 28% (2002 : 28%)	4,303,440	3,388,273
Effect of different tax rate in other country	(10,546)	-
Income not subject to tax	(3,752)	(355,873)
Expenses not deductible for tax purposes	51,255	63,463
Under / (over) provision of income tax expenses in prior years	<u>23,870</u>	<u>(273,826)</u>
Tax expense for the year	<u>4,364,267</u>	<u>2,822,037</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

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.

	Group	
	2003	2002
Net profit for the year (RM)	12,867,656	9,643,847
Weighted average number of ordinary stock units in issue	66,724,115	65,062,702
Basic earnings per stock unit (sen)	<u>19.3</u>	<u>14.8</u>

(b) Diluted

Diluted earnings per stock unit is calculated by dividing the net profit for the year by the adjusted weighted average number of ordinary stock units in issue and issuable during the financial year. For the purpose of calculating the diluted earnings per stock unit, the weighted average number of ordinary stock units have been adjusted for the effect of dilutive potential ordinary stock units from the exercise of options under the Employee Share Option Scheme. 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 exercise of the outstanding options under the Employee Share Option Scheme into ordinary stock units.

	Group	
	2003	2002
Net profit for the year (RM)	<u>12,867,656</u>	<u>9,643,847</u>
Weighted average number of ordinary stock units in issue	66,724,115	65,062,702
Adjustment for assumed exercise of options under the Employee Share Option Scheme	<u>502,423</u>	<u>867,007</u>
Adjusted weighted average number of ordinary stock units in issue and issuable	<u>67,226,538</u>	<u>65,929,709</u>
Diluted earnings per stock unit (sen)	<u>19.1</u>	<u>14.6</u>

The comparative basic and diluted earnings per stock unit have been restated to take into account the effect of the change in accounting policy (Note 2(a) and Note 25) on net profit for the year.

8. DIVIDENDS

	Amount		Net Dividend Per Stock Unit	
	2003	2002	2003	2002
	RM	RM	sen	sen
First interim tax exempt dividend of 5%, paid on 30 June 2003 (2002 : 4%, tax exempt, paid on 30 September 2002)	3,334,398	2,636,799	5.0	4.0
Second interim dividend of 10% less 28% taxation paid on 31 December 2003 (2002 : 5%, tax exempt, paid on 31 December 2002)	4,864,749	3,308,098	7.2	5.0
	<u>8,199,147</u>	<u>5,944,897</u>	<u>12.2</u>	<u>9.0</u>

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

9. PROPERTY, PLANT AND EQUIPMENT

Group	<-----VALUATION ----->		<-----COST ----->					Total RM
	Freehold Estates RM	Long Term Leasehold Estates RM	Buildings RM	Motor Vehicles RM	Office Equipment and Furniture and Fittings RM	Plant and Machinery RM		
Valuation / Cost								
At 1 January 2003	52,315,000	77,256,164	6,010,381	3,142,142	369,289	9,142,090	148,235,066	
Additions	-	-	33,530	7,900	17,146	15,610	74,186	
Disposal	(80,253)	-	-	-	-	-	(80,253)	
At 31 December 2003	52,234,747	77,256,164	6,043,911	3,150,042	386,435	9,157,700	148,228,999	
Accumulated Depreciation								
At 1 January 2003	-	1,161,699	4,153,460	2,897,387	230,044	7,657,580	16,100,170	
Charge for the year (Note 4)	-	849,911	160,862	70,686	34,780	425,399	1,541,638	
At 31 December 2003	-	2,011,610	4,314,322	2,968,073	264,824	8,082,979	17,641,808	
Net Book Value								
At 31 December 2003	52,234,747	75,244,554	1,729,589	181,969	121,611	1,074,721	130,587,191	
At 31 December 2002	52,315,000	76,094,465	1,856,921	244,755	139,245	1,484,510	132,134,896	
Depreciation charge for 2002	-	849,911	170,074	76,090	32,586	440,597	1,569,258	

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

9. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Company	<-----VALUATION ----->		<-----COST ----->					Total RM
	Freehold Estate RM	Long Term Leasehold Estate RM	Buildings RM	Motor Vehicles RM	Office Equipment and Furniture and Fittings RM	Plant and Machinery RM		
Valuation / Cost								
At 1 January 2003	16,082,000	48,509,000	2,240,222	1,083,946	149,620	1,297,720	69,362,508	
Additions	-	-	-	-	5,560	-	5,560	
At 31 December 2003	16,082,000	48,509,000	2,240,222	1,083,946	155,180	1,297,720	69,368,068	
Accumulated Depreciation								
At 1 January 2003	-	586,949	1,127,545	1,006,691	84,792	983,537	3,789,514	
Charge for the year (Note 4)	-	438,490	62,783	18,248	13,196	54,426	587,143	
At 31 December 2003	-	1,025,439	1,190,328	1,024,939	97,988	1,037,963	4,376,657	
Net Book Value								
At 31 December 2003	16,082,000	47,483,561	1,049,894	59,007	57,192	259,757	64,991,411	
At 31 December 2002	16,082,000	47,922,051	1,112,677	77,255	64,828	314,183	65,572,994	
Depreciation charge for 2002	-	438,490	62,957	8,519	12,890	40,627	563,483	

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

9. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

- (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 of the Company during the financial year ended 31 December 2001 in conjunction with the Company's bonus issue.

Year of Valuation	Description of Property	Group RM	Company RM	Basis of Valuation
	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	34,909,747 *	-	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
		52,234,747	16,082,000	
	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	129,490,911	64,591,000	

* The amount is stated net of the estate land disposed amounting to RM80,253 during the financial year.

** The amount is stated net of the estate land disposed amounting to RM244,836 during the previous financial years.

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 of the Company as at 31 December 2003 would be RM15,128,925 (2002 : RM15,180,707) and RM15,457,710 (2002 : RM15,509,482) 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

9. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

(b) Included in the above property, plant and equipment are fully depreciated assets of the Group and of the Company costing RM11,829,560 (2002 : RM10,990,710) and RM2,585,606 (2002 : RM2,515,437) respectively, which are still in use.

10. INVESTMENTS IN SUBSIDIARIES - COMPANY

	2003	2002
	RM	RM
Unquoted shares, at valuation		
At 1 January	74,585,912	76,284,232
Set off of dividend income against investment (Note 19)	(952,688)	(1,698,320)
At 31 December	<u>73,633,224</u>	<u>74,585,912</u>

The subsidiaries which are incorporated in Malaysia are:

Name of Company	Effective Interest Held (%)		Principal Activities
	2003	2002	
Eng Thye Plantations Berhad	83.3	83.3) To cultivate oil palms,) process and sell crude
Timor Oil Palm Plantation Berhad	58.0	58.0) palm oil and palm kernel

11. INVESTMENT IN ASSOCIATES

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Unquoted shares, at cost				
At 1 January	1,817,173	1,817,173	1,795,325	1,795,325
Increase during the year	1,344,824	-	226,304	-
At 31 December	<u>3,161,997</u>	<u>1,817,173</u>	<u>2,021,629</u>	<u>1,795,325</u>
Share of post acquisition reserves	831,275	809,573	-	-
Currency translation differences	1,341,673	1,275,168	-	-
	<u>5,334,945</u>	<u>3,901,914</u>	<u>2,021,629</u>	<u>1,795,325</u>
Represented by:				
Share of net tangible assets	<u>5,334,945</u>	<u>3,901,914</u>		

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

11. INVESTMENT IN ASSOCIATES (CONTD.)

The associates are:

Name of Company	Effective Interest Held (%)		Principal Activities
	2003	2002	
Sin Thye Oil Mills Sdn. Bhd. #	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. #	30.0	30.0	Provision of management and advisory services and acting as an insurance agent.
Huay Guan Investment Pte. Ltd.**	37.5*	37.5*	Trading in stocks and shares.

Incorporated in Malaysia

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

** Incorporated in the Republic of Singapore
Audited by firms other than Ernst & Young

12. OTHER INVESTMENTS

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Quoted shares, at cost:				
In Malaysia	2,643,337	1,713,874	2,164,753	1,713,779
Outside Malaysia	6,263,656	7,335,049	-	-
	<u>8,906,993</u>	<u>9,048,923</u>	<u>2,164,753</u>	<u>1,713,779</u>
Provision for diminution in value	-	(760,181)	-	-
	<u>8,906,993</u>	<u>8,288,742</u>	<u>2,164,753</u>	<u>1,713,779</u>
Market value of quoted shares:				
In Malaysia	3,300,685	1,873,099	2,728,118	1,847,736
Outside Malaysia	6,608,781	6,574,868	-	-
	<u>9,909,466</u>	<u>8,447,967</u>	<u>2,728,118</u>	<u>1,847,736</u>

13. INVENTORIES

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
At cost:				
Oil palm produce	461,001	455,947	-	-
Estate stores	609,915	706,243	46,563	134,345
	<u>1,070,916</u>	<u>1,162,190</u>	<u>46,563</u>	<u>134,345</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

14. TRADE RECEIVABLES

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	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)	1,788,323	1,127,655	1,788,323	1,127,655
Due from Timor Oil Palm Plantation Berhad, a subsidiary in which several directors and substantial shareholders have interests (as referred to in Note 24)	-	-	160,799	102,739
Due from Chin Teck Plantations Berhad, a company in which several directors and substantial shareholders have interests (as referred to in Note 24)	285,848	173,516	285,848	173,516
Other trade receivables	1,047,317	955,087	-	-
	<u>3,121,488</u>	<u>2,256,258</u>	<u>2,234,970</u>	<u>1,403,910</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 and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors other than with Seong Thye Plantations Sdn. Bhd. and Chin Teck Plantations Berhad.

15. OTHER RECEIVABLES

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Other receivables, deposits and prepayments	2,877,916	2,273,901	663,733	483,295
Less: Provision for doubtful debts	(317,281)	(317,281)	(317,281)	(317,281)
	<u>2,560,635</u>	<u>1,956,620</u>	<u>346,452</u>	<u>166,014</u>

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

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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Cash on hand and at bank	6,787,387	5,221,053	2,451,372	1,503,514
Deposits with:				
Licensed banks	53,973,712	47,156,807	43,739,174	39,810,739
Licensed finance companies	11,050,000	12,650,000	6,750,000	6,750,000
Other financial institutions	31,916,700	30,916,600	-	-
Cash and bank balances	103,727,799	95,944,460	52,940,546	48,064,253
Less: Deposits pledged for bank guarantee facilities	(233,885)	(233,885)	(149,347)	(149,347)
Cash and cash equivalents	103,493,914	95,710,575	52,791,199	47,914,906

(a) The weighted average effective interest rates on deposits during the financial year were as follows:

	Group		Company	
	2003	2002	2003	2002
	%	%	%	%
Licensed banks	2.75	2.94	2.76	2.87
Licensed finance companies	2.82	2.99	2.75	2.99
Other financial institutions	0.57	0.78	-	-

(b) The average maturities of deposits at balance sheet date were as follows:

	Group		Company	
	2003	2002	2003	2002
	Days	Days	Days	Days
Licensed banks	76	90	79	70
Licensed finance companies	92	91	91	92
Other financial institutions	17	11	-	-

(c) The Group's and Company's fixed deposits with licensed banks amounting to RM233,885 (2002 : RM233,885) and RM149,347 (2002 : RM149,347) 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 bank.

17. TRADE PAYABLES

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Due to Kai Lee Company, a sole proprietor, who is a person connected to several directors (as referred to in Note 24)	45,440	375,056	-	319,756
Other trade payables	630,908	692,520	7,839	7,701
	676,348	1,067,576	7,839	327,457

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

18. SHARE CAPITAL

	Number of Shares of RM1.00 each		Amount	
	2003	2002	2003	2002
			RM	RM
Authorised	150,000,000	150,000,000	150,000,000	150,000,000
	Number of Ordinary		Amount	
	Stock Units of RM1.00 each		2003	
	2003	2002	RM	RM
Issued and fully paid:				
At 1 January	66,174,962	64,179,962	66,174,962	64,179,962
Issued and fully paid up during the year				
Options exercised pursuant to Employee Share Option Scheme	1,391,000	1,995,000	1,391,000	1,995,000
At 31 December	67,565,962	66,174,962	67,565,962	66,174,962

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 Malaysia Securities Exchange Berhad 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

18. SHARE CAPITAL (CONTD.)

- (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 options 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:

Subscription price per share	At 1 January 2003	Granted	Cancelled	Exercised	At 31 December 2003
RM1.72	4,074,000	-	(62,000)	(1,391,000)	2,621,000

The consideration is payable in full on exercise of options.

19. RESERVES

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Non-distributable Reserves				
Share premium	2,437,920	1,436,400	2,437,920	1,436,400
Revaluation surplus	20,710,158	20,742,405	11,375,863	11,375,863
Exchange fluctuation reserve	1,880,610	1,825,198	-	-
Negative goodwill	780,142	780,142	-	-
Investment revaluation surplus	-	-	37,780,573	38,733,261
	<u>25,808,830</u>	<u>24,784,145</u>	<u>51,594,356</u>	<u>51,545,524</u>
Distributable Reserves				
Capital reserve relating to gain on sale of investments transferred from income statement	26,938,902	26,526,725	2,574,582	2,574,582
Retained profits	81,314,243	77,025,664	64,790,115	61,984,100
	<u>108,253,145</u>	<u>103,552,389</u>	<u>67,364,697</u>	<u>64,558,682</u>
Total Reserves	<u>134,061,975</u>	<u>128,336,534</u>	<u>118,959,053</u>	<u>116,104,206</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

19. RESERVES (CONTD.)

The movement in each category of reserves are as follows:

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Non-distributable Reserves				
Share Premium				
At 1 January	1,436,400	-	1,436,400	-
Issue of shares pursuant to Employee Share Option Scheme	1,001,520	1,436,400	1,001,520	1,436,400
At 31 December	<u>2,437,920</u>	<u>1,436,400</u>	<u>2,437,920</u>	<u>1,436,400</u>
Revaluation Surplus				
At 1 January, as previously stated	34,921,505	34,998,093	21,043,863	21,043,863
Prior year adjustment (Note 25)	(14,179,100)	(14,179,100)	(9,668,000)	(9,668,000)
At 1 January, restated	<u>20,742,405</u>	<u>20,818,993</u>	<u>11,375,863</u>	<u>11,375,863</u>
Transfer to retained profits relating to disposal of estate land	(32,247)	(76,588)	-	-
At 31 December	<u>20,710,158</u>	<u>20,742,405</u>	<u>11,375,863</u>	<u>11,375,863</u>
Exchange Fluctuation Reserve				
At 1 January	1,825,198	1,633,808	-	-
Currency translation difference, representing gain not recognised in the income statement	55,412	191,390	-	-
At 31 December	<u>1,880,610</u>	<u>1,825,198</u>	<u>-</u>	<u>-</u>
Negative Goodwill				
At 1 January / 31 December	<u>780,142</u>	<u>780,142</u>	<u>-</u>	<u>-</u>
Investment Revaluation Surplus				
At 1 January	-	-	38,733,261	40,431,581
Reversal of revaluation surplus (Note 10)	-	-	(952,688)	(1,698,320)
At 31 December	<u>-</u>	<u>-</u>	<u>37,780,573</u>	<u>38,733,261</u>
Distributable Reserves				
Capital Reserve				
- Gain on Sale of Investments Transferred from Income Statement				
At 1 January	26,526,725	26,526,725	2,574,582	2,574,582
Transfer from income statement	412,177	-	-	-
At 31 December	<u>26,938,902</u>	<u>26,526,725</u>	<u>2,574,582</u>	<u>2,574,582</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

19. RESERVES (CONTD.)

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Retained Profits				
At 1 January, as previously stated	76,845,264	73,207,326	61,879,100	58,628,779
Prior year adjustment (Note 25)	180,400	42,800	105,000	21,280
At 1 January, restated	77,025,664	73,250,126	61,984,100	58,650,059
Transfer from revaluation reserve	32,247	76,588	-	-
Net profit for the year	12,867,656	9,643,847	11,005,162	9,278,938
Gain on sale of other investments transferred to capital reserve	(412,177)	-	-	-
Dividends (Note 8)	(8,199,147)	(5,944,897)	(8,199,147)	(5,944,897)
At 31 December	81,314,243	77,025,664	64,790,115	61,984,100

As at 31 December 2003, the Company has tax exempt profits available for distribution of approximately RM2,964,000 (2002 : RM6,298,000) 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 frank the payment of dividends amounting to RM63,532,000 out of its entire distributable reserves as at 31 December 2003 without incurring additional tax liability. If the balance of the distributable reserves were to be distributed as dividends, the Company would have a Section 108 shortfall of approximately RM243,000.

In the previous year, 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 liability.

20. PROVISION FOR RETIREMENT BENEFITS

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
At 1 January	722,995	753,530	212,490	199,768
Charged to income statement (Note 4)	36,550	49,633	6,913	16,715
Paid during the year	(7,117)	(80,168)	(6,913)	(3,993)
At 31 December	752,428	722,995	212,490	212,490
Current portion	26,000	7,117	15,000	6,913
Non-current portion	726,428	715,878	197,490	205,577
	752,428	722,995	212,490	212,490

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

21. DEFERRED TAXATION

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
At 1 January	17,929,000	18,105,600	10,510,000	10,593,720
Recognised in income statement (Note 6)	(215,000)	(176,600)	(115,000)	(83,720)
At 31 December	<u>17,714,000</u>	<u>17,929,000</u>	<u>10,395,000</u>	<u>10,510,000</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	(199,000)	(191,000)	(59,000)	(59,000)
Deferred tax liabilities	17,913,000	18,120,000	10,454,000	10,569,000
	<u>17,714,000</u>	<u>17,929,000</u>	<u>10,395,000</u>	<u>10,510,000</u>

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

Deferred Tax Liabilities of the Group:

	Accelerated Capital Allowances RM	Revaluation of Estates RM	Total RM
At 1 January 2003	1,298,880	16,821,120	18,120,000
Recognised in the income statement	6,000	(213,000)	(207,000)
At 31 December 2003	<u>1,304,880</u>	<u>16,608,120</u>	<u>17,913,000</u>
At 1 January 2002	1,295,880	16,997,720	18,293,600
Recognised in the income statement	3,000	(176,600)	(173,600)
At 31 December 2002	<u>1,298,880</u>	<u>16,821,120</u>	<u>18,120,000</u>

Deferred Tax Liabilities of the Company:

	Accelerated Capital Allowances RM	Revaluation of Estates RM	Total RM
At 1 January 2003	1,006,000	9,563,000	10,569,000
Recognised in the income statement	(32,000)	(83,000)	(115,000)
At 31 December 2003	<u>974,000</u>	<u>9,480,000</u>	<u>10,454,000</u>
At 1 January 2002	1,003,000	9,646,720	10,649,720
Recognised in the income statement	3,000	(83,720)	(80,720)
At 31 December 2002	<u>1,006,000</u>	<u>9,563,000</u>	<u>10,569,000</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

21. DEFERRED TAXATION (CONTD.)

	Provision for Liabilities RM
Deferred Tax Assets of the Group:	
At 1 January 2003	(191,000)
Recognised in the income statement	<u>(8,000)</u>
At 31 December 2003	<u>(199,000)</u>
At 1 January 2002	(188,000)
Recognised in the income statement	<u>(3,000)</u>
At 31 December 2002	<u>(191,000)</u>
Deferred Tax Assets of the Company:	
At 1 January / 31 December 2003	<u>(59,000)</u>
At 1 January 2002	(56,000)
Recognised in the income statement	<u>(3,000)</u>
At 31 December 2002	<u>(59,000)</u>

Deferred tax assets have not been recognised in respect of the following items in the previous year, as they have been fully utilised in the current financial year:

	Group 2002 RM
Unused tax losses	(2,243,965)
Unabsorbed capital allowances	<u>(204,064)</u>
	<u>(2,448,029)</u>

22. SIGNIFICANT AND SUBSEQUENT EVENTS

(a) Significant Event

During the financial year, a total of 1,391,000 new shares of RM1.00 each were issued pursuant to the ESOS of the Company.

(b) Subsequent Event

Subsequent to the financial year, a total of 47,000 new shares of RM1.00 each were issued pursuant to the ESOS of the Company.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

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	
	2003	2002	2003	2002
	RM	RM	RM	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 Wei Lei and Gho Bun Tjin) have interests:				
Sale of oil palm produce	13,630,245	11,908,492	13,630,245	11,791,755
Purchase of oil palm produce	346,952	369,631	-	-
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 Wei Lei and Gho Bun Tjin) have interests:				
Sale of oil palm produce	4,612,718	3,422,776	4,612,718	3,422,776
Purchase of oil palm produce	160,307	-	-	-
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 Wei Lei and Gho Bun Tjin) have interests	-	-	1,474,767	1,602,216

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

24. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
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 Wei Lei and Gho Bun Tjin) have interests	42,000	42,000	12,000	12,000
Management fees paid to Sin Thye Management Sdn. Bhd., an associate 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 Wei Lei, Gho Bun Tjin and Dato' Ong Bok Lim) have interests	60,252	68,729	22,295	28,190
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)	2,480,184	2,356,255	1,501,245	1,277,880

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 Wei Lei 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

25. CHANGE IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

(a) Change in Accounting Policies

During the financial year, the Group and the Company applied MASB 25, which became effective to the Group and the Company during the current financial year, and accordingly modified the applicable accounting policy which resulted in prior year adjustments as discussed below:

MASB 25: Income Taxes

Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, the Group and the Company have commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

(b) Prior Year Adjustments

The change in accounting policy has been applied retrospectively and comparatives have been restated. The effects of change in accounting policy are as follows:

	Group		Company	
	2003	2002	2003	2002
	RM	RM	RM	RM
Effects on retained profits:				
At 1 January, as previously stated	76,845,264	73,207,326	61,879,100	58,628,779
Effects of adopting MASB 25	180,400	42,800	105,000	21,280
At 1 January, as restated	<u>77,025,664</u>	<u>73,250,126</u>	<u>61,984,100</u>	<u>58,650,059</u>
Effects on revaluation reserve:				
At 1 January, as previously stated	34,921,505	34,998,093	21,043,863	21,043,863
Effects of adopting MASB 25	(14,179,100)	(14,179,100)	(9,668,000)	(9,668,000)
At 1 January, as restated	<u>20,742,405</u>	<u>20,818,993</u>	<u>11,375,863</u>	<u>11,375,863</u>
Effects on net profit for the year:				
Net profit before changes in accounting policies	12,709,256	9,506,247	10,890,162	9,195,218
Effects of adopting MASB 25	158,400	137,600	115,000	83,720
Net profit for the year	<u>12,867,656</u>	<u>9,643,847</u>	<u>11,005,162</u>	<u>9,278,938</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

25. CHANGE IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS (CONTD.)

(b) Prior Year Adjustments (Contd.)

Comparative amounts as at 31 December 2002 have been restated as follows:

Group	Previously Stated RM	Adjustments RM	Restated RM
Deferred taxation	1,108,000	16,821,000	17,929,000
Revaluation reserve	34,921,505	(14,179,100)	20,742,405
Retained profits	76,845,264	180,400	77,025,664
Minority interests	33,891,268	(2,822,300)	31,068,968
<hr/>			
Company			
Deferred taxation	947,000	9,563,000	10,510,000
Revaluation reserve	21,043,863	(9,668,000)	11,375,863
Retained profits	61,879,100	105,000	61,984,100
<hr/>			

26. COMPARATIVES

The presentation and classification of items in the financial statements of the current financial year have been consistent with that of the previous financial year except that certain comparative amounts have been adjusted as a result of changes in accounting policies as disclosed in Note 2(a) and Note 25.

27. 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 associate and other investments quoted outside Malaysia is predominantly denominated in Singapore Dollar which give rise to conversion exposures. The foreign exchange exposures are not hedged.

The unhedged financial assets of the Group as at balance sheet date that are not denominated in Ringgit Malaysia are as follows:

	Cash and bank balances RM	Non-current investments RM	Total RM
2003			
Singapore Dollar	33,264,323	6,263,656	39,527,979
<hr/>			
2002			
Singapore Dollar	30,930,703	6,574,868	37,505,571
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NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2003

27. FINANCIAL INSTRUMENTS (CONTD.)

(c) Liquidity Risks

The Group has adequate cash including 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 other than as disclosed in Note 14 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 balance sheet date are as follows:

	Group		Company	
	Carrying amounts RM	Fair values RM	Carrying amounts RM	Fair values RM
2003				
Trade receivables	3,121,488	3,121,488	2,234,970	2,234,970
Other receivables	2,560,635	2,560,635	346,452	346,452
Cash and bank balances	103,727,799	103,727,799	52,940,546	52,940,546
Trade payables	676,348	676,348	7,839	7,839
Other payables	2,620,139	2,620,139	945,570	945,570
Non-current investments	8,906,993	9,909,466	2,164,753	2,728,118
2002				
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
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

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

(i) Trade receivables, other receivables, cash and bank balances, trade payables and other payables

The carrying values approximate 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.

SHAREHOLDING STATISTICS

Share Capital As At 31 March 2004

Authorised	: RM150,000,000
Issued and fully paid	: RM67,747,962
Class of stock units	: Ordinary stock units of RM1 each
Voting rights	: One vote per stock unit
No. of shareholders	: 3,025

Distribution schedule of issued and paid-up share capital as at 31 March 2004

No. of Holders	%	Holdings	Total Holdings	%
7	0.23	Less than 100	247	*
350	11.57	100 to 1,000	305,653	0.45
2,210	73.06	1,001 to 10,000	8,003,763	11.81
428	14.15	10,001 to 100,000	9,904,466	14.62
29	0.96	100,001 to less than 5% of the issued shares	10,832,824	15.99
1	0.03	5% and above of the issued shares	38,701,009	57.12
3,025	100.00		67,747,962	100.00

Substantial shareholders (excluding bare trustees) as shown in the register of substantial shareholders as at 16 April 2004.

Name of Substantial Shareholders	<-----Direct Interest----->		<-----Deemed Interest----->	
	No. of Stock Units	%	No. of Stock Units	%
Tiong Thye Company Berhad	38,701,009	57.04	-	-
Goh Eng Chew	160,000	0.24	38,701,009	57.04
Gho Lian Chin	-	-	38,852,673	57.27
Goh Seh Kiat	-	-	38,737,100	57.10

(A) Interests of directors in the stock units of the Company as at 16 April 2004.

Name of Directors	<-----Direct Interest----->		<-----Deemed Interest----->	
	No. of Stock Units	%	No. of Stock Units	%
Goh Eng Chew	160,000	0.24	38,701,009	57.04
Wong Aun Phui	405,850	0.60	-	-
Goh Pock Ai	21,100	0.03	-	-
Goh Beng Hwa @ Gho Bin Hoa	1,010,513	1.49	1,991,689	2.94
Dr Goh Han Teng	17,400	0.03	30,000	0.04
Gho Lian Chin	2,200	*	38,852,673	57.27
Sio Sit Po	253,414	0.37	-	-
Goh Yeok Beng	160,000	0.24	-	-
Dato' Ong Bok Lim	-	-	-	-
Keong Choon Keat	-	-	-	-
Goh Wei Lei	-	-	-	-
Gho Bun Tjin	2,200	*	-	-

* Less than 0.01%

SHAREHOLDING STATISTICS

(B) Interests of directors in the options under the Negri Sembilan Oil Palms Berhad Employee Share Option Scheme as at 16 April 2004

Name of Directors	No. of options	%
Goh Eng Chew	240,000	10.24
Wong Aun Phui	240,000	10.24
Goh Pock Ai	380,000	16.22
Goh Beng Hwa @ Gho Bin Hoa	-	-
Dr Goh Han Teng	-	-
Gho Lian Chin	-	-
Sio Sit Po	-	-
Goh Yeok Beng	240,000	10.24
Dato' Ong Bok Lim	-	-
Keong Choon Keat	-	-
Goh Wei Lei	-	-
Gho Bun Tjin	-	-

(C) Interests of directors in the shares of the related corporations as at 16 April 2004.

(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

(C) Interests of directors in the shares of the related corporations as at 16 April 2004. (Contd.)

(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%

SHAREHOLDING STATISTICS

(C) Interests of directors in the shares of the related corporations as at 16 April 2004. (Contd.)

(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

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) as at 31 March 2004

	Name	No. of Stock Units	%
1.	Tiong Thye Company Berhad	38,701,009	57.12
2.	Ong Swee Heoh	1,991,689	2.94
3.	Goh Beng Hwa @ Gho Bin Hoa	1,010,513	1.49
4.	Affin Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Sio Sioe Soen	935,214	1.38
5.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK-UOB Small Cap Opportunity Unit Trust	935,100	1.38
6.	Nam Heng Oil Mill Company Sdn. Berhad	906,000	1.34
7.	Mayban Securities Nominees (Asing) Sdn Bhd OCBC Securities Private Limited for Chew Eng Chong	433,741	0.64
8.	Wong Aun Phui	405,850	0.60
9.	Wong Taek Boon @ Guan Taek Boon	332,200	0.49
10.	Asia Life (M) Berhad As Beneficial Owner	277,200	0.41
11.	Employees Provident Fund Board	266,600	0.39
12.	HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Lee Beng Wah	263,351	0.39
13.	HDM Nominees (Asing) Sdn Bhd Kim Eng Securities Pte Ltd for Sio Sit Po	253,414	0.37
14.	Hup Lee Bakery Sdn Bhd	247,500	0.37
15.	Affin Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Oen Loe Ien	242,066	0.36
16.	Mayban Securities Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Sio Leh Koen	213,261	0.31
17.	Mayban Securities Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Sio Sit Min	213,261	0.31
18.	Chew Huaipin Sdn Bhd	173,000	0.26
19.	Citicorp Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Fund	167,600	0.25
20.	Yeo Khee Huat	165,000	0.24
21.	Goh Yeok Beng	160,000	0.24
22.	HDM Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Goh Eng Chew @ Gho Kim Tjin	160,000	0.24
23.	Ong Choon Tee	155,100	0.23
24.	Lim Kee Chiok Sendirian Berhad	155,100	0.23
25.	Lim Tean Kau	150,000	0.22
26.	Lee San Ming @ Lee Lay Eng	140,000	0.21
27.	Ke-Zan Nominees (Asing) Sdn Bhd Kim Eng Securities Pte Ltd for Ng Poh Cheng	133,000	0.19
28.	Thiam Loy Sdn Bhd	129,800	0.19
29.	Mayban Securities Nominees (Asing) Sdn Bhd OCBC Securities Pte Ltd for Gho Tie Teng & Company Pte Ltd	114,264	0.17
30.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged securities account for Chin Kiam Hsung	103,000	0.15
		49,533,833	73.11

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

LIST OF PROPERTIES AS AT 31 DECEMBER 2003

Location	Tenure	Size	Description	Net book value as at 31 December 2003
		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	16,114 ^{*a}
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	48,501 ^{*a}
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	2,568	Oil palm estate with mill (Approximate age of mill: 37 years)	35,444 ^{*a}
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 ^{*a}
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: 30 years)	27,907 ^{*a}

(a) Net book value as at 31 December 2003 are as follows: -

	Valuation Estates RM'000	Cost Building RM'000	Total RM'000
Ladang Senama	16,082	32	16,114
Ladang Ibam	47,483	1,018	48,501
Ladang Gula	34,910	534	35,444
Freehold agricultural land	1,243	-	1,243
Ladang Maran	27,762	145	27,907
	<u>127,480</u>	<u>1,729</u>	<u>129,209</u>

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

LIST OF PROPERTIES AS AT 31 DECEMBER 2003

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 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 2003 or entered into since the end of the previous financial year.

Related party transactions entered into by the Company and its subsidiaries during the financial year ended 31 December 2003: -

	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 Wei Lei and Gho Bun Tjin) have interests.	<u>13,630,245</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 Wei Lei and Gho Bun Tjin) have interests.	<u>165,710</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 Wei Lei and Gho Bun Tjin) have interests.	<u>181,242</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 Wei Lei and Gho Bun Tjin) have interests.	<u>4,612,718</u>
Purchase of oil palm produce by Timor Oil Palm Plantation Berhad from 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 Wei Lei and Gho Bun Tjin) have interests.	<u>160,307</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 Wei Lei and Gho Bun Tjin) have interests.	<u>1,474,767</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 Wei Lei 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 associate 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 Wei Lei, Gho Bun Tjin and Dato' Ong Bok Lim) have interests.	
By the Company	22,295
By Timor Oil Palm Plantation Berhad	13,975
By Eng Thye Plantations Berhad	<u>23,982</u>

OTHER INFORMATION

(a) Material Contracts (Contd.)

	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	1,501,245
By Timor Oil Palm Plantation Berhad	632,479
By Eng Thye Plantations Berhad	<u>346,460</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 Wei Lei 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 2003

During the financial year ended 31 December 2003, 1,391,000 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 2003

During the financial year ended 31 December 2003, non-audit fees paid or payable to the external auditors amounted to RM66,000.

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 Second Annual General Meeting of the Company to be held at Corus 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Friday, 28 May 2004 at 2.30 p.m. 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 2003 and the Auditors' Report thereon.		
2.	To approve the directors' fees for the financial year ended 31 December 2003 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 Yeok Beng (ii) Dato' Ong Bok Lim (iii) Mr Gho Lian Chin		
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.	To re-appoint auditors and authorise the directors to fix their remuneration.		
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.