

2004 Annual Report

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

FINANCIAL HIGHLIGHT AND FINANCIAL CALENDAR

FINANCIAL HIGHLIGHT - GROUP

	2004	2003
	RM'000	RM'000
Revenue	51,580	47,940
Operating profit	18,142	18,938
Share of results of associates	116	260
Profit before taxation	18,258	19,198
Taxation	(3,444)	(4,185)
Profit after taxation	14,814	15,013
Minority interests	(1,688)	(2,145)
Net profit for the year	13,126	12,868
Dividends	9,337	8,199
Issued and paid-up share capital	68,364	67,566
Shareholders' equity	207,311	201,628
Earnings per stock unit		
- Basic	19.3 sen	19.3 sen
- Diluted	19.2 sen	19.1 sen
Dividends		
- First interim dividend	10 % less 28% taxation	5% tax exempt
- Second interim dividend	9 % less 28% taxation	10 % less 28% taxation
Dividend cover (times)	1.4	1.6
Net tangible assets per stock unit	RM3.03	RM2.98

FINANCIAL CALENDAR

Financial year	1 January 2004 to 31 December 2004
Announcement of results	
First financial quarter ended 31 March 2004	28 May 2004
Second financial quarter ended 30 June 2004	16 August 2004
Third financial quarter ended 30 September 2004	30 November 2004
Fourth financial quarter ended 31 December 2004	25 February 2005
Dividends payment	
First interim	30 June 2004
Second interim	31 December 2004
Despatch of 2004 Annual Report	6 May 2005
Seventy Third Annual General Meeting	30 May 2005

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventy Third Annual General Meeting of the Company will be held at Ballroom 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Monday, 30 May 2005 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 2004 and the Auditors' Report thereon. (Resolution 1)
2. To increase the directors' fees for the financial year ended 31 December 2004 to RM227,000 and to authorise the directors to divide such fees in the proportions and manner to be determined by them. (Resolution 2)
3. To re-elect the following directors retiring under Article 94 of the Articles of Association of the Company: -
 - (i) Mr Goh Pock Ai (Resolution 3)
 - (ii) Mr Goh Wei Lei (Resolution 4)
 - (iii) Mr Keong Choon Keat (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 the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related parties ("Proposal")
(Resolutions 10 – 15)

The text of the above resolutions together with the details of the Proposal are set out in the Circular to Shareholders dated 6 May 2005.
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 2005

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 2005 which is despatched together with the 2004 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

- (a) Goh Pock Ai - Retiring pursuant to Article 94 of the Articles of Association
Refer to page 6 for further details and pages 71 to 73 for his shareholding in the Company and the subsidiaries.
- (b) Goh Wei Lei - Retiring pursuant to Article 94 of the Articles of Association
Refer to page 8 for further details and pages 71 to 73 for his shareholding in the Company and the subsidiaries.
- (c) Keong Choon Keat - Retiring pursuant to Article 94 of the Articles of Association
Refer to page 7 for further details and pages 71 to 73 for his shareholding in the Company and the subsidiaries.
- (d) Goh Eng Chew - Retiring pursuant to Section 129 of the Companies Act, 1965
Refer to page 6 for further details and pages 71 to 73 for his shareholding in the Company and the subsidiaries.
- (e) Wong Aun Phui - Retiring pursuant to Section 129 of the Companies Act, 1965
Refer to page 6 for further details and pages 71 to 73 for his shareholding in the Company and the subsidiaries.
- (f) Goh Beng Hwa @ Gho Bin Hoa - Retiring pursuant to Section 129 of the Companies Act, 1965
Refer to page 6 for further details and pages 71 to 73 for his shareholding in the Company and the subsidiaries.

2. Details of attendance of Directors at Board Meetings held during the financial year ended 31 December 2004

A total of four (4) Board Meetings were held during the financial year ended 31 December 2004.

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

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

3. Seventy Third Annual General Meeting

Venue : Ballroom 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur
Date : 30 May 2005 (Monday)
Time : 2.30 p.m.

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Chairman (Non-Independent)	Goh Eng Chew
Executive Directors (Non-Independent)	Wong Aun Phui Goh Pock Ai
Non-Executive Directors (Independent)	Goh Beng Hwa @ Gho Bin Hoa Sio Sit Po Dato' Ong Bok Lim Keong Choon Keat
Non-Executive Directors (Non-Independent)	Goh Yeok Beng Dr Goh Han Teng P.B.M., O.ST.J., F.I.M.G.T., D.DG., M.O.I.F., A.I.M.(P.C.), L.F.A.B.I. Gho Lian Chin Goh Wei Lei
Alternate Director	Gho Bun Tjin (alternate to Gho Lian Chin)

AUDIT COMMITTEE

Chairman	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 Bursa Malaysia Securities Berhad

PROFILE OF DIRECTORS

Goh Eng Chew

Executive Chairman. 73-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 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 78 to 79 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 2004: 4 out of 4

Wong Aun Phui

83 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, Eng Thye Plantations Berhad, Timor Oil Palm Plantation Berhad and Pan Malaysia Corporation 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 78 to 79 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 2004: 4 out of 4

Goh Pock Ai

64 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 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 78 to 79 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 2004: 4 out of 4

Goh Beng Hwa @ Gho Bin Hoa

73 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 78 to 79 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 2004: 4 out of 4

PROFILE OF DIRECTORS

Sio Sit Po

56 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 78 to 79 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 2004: 4 out of 4

Dato' Ong Bok Lim

67 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 also a director of 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 78 to 79 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 2004: 4 out of 4

Keong Choon Keat

60 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 2004: 4 out of 4

Goh Yeok Beng

56 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 78 to 79 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 2004: 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.

65 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 78 to 79 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 2004: 4 out of 4

Gho Lian Chin

57 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 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 78 to 79 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 2004: 4 out of 4

Goh Wei Lei

36 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, 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 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 78 to 79 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 2004: 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 78 to 79 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 2004.

During the financial year under review, the selling price of crude palm oil was at a high level due to strong demand. The overall global supply of oils and fats remained tight and palm oil market was generally operating in a favourable environment with satisfactory prices and demands.

Financial Performance and Operation Review

During the financial year under review, revenue of the Group increased by 7.59% to RM51,580,364. Operating expenses increased by 10.38% to RM37,686,083. Other operating income decreased by 17.35% to RM4,247,842.

The average selling prices of fresh fruit bunches, crude palm oil and palm kernel were higher than last year and this had resulted in an increase in revenue even though the production were lower.

Operating expenses were higher due mainly to higher maintenance and upkeep of matured fields and administrative costs.

Included in the previous year's other operating income was an amount relating to a reversal of impairment losses on other investments no longer required and a surplus arising from compulsory acquisition of estate land. These items did not recur in the financial year under review and this had resulted in a decrease in other operating income.

Tax expense in the financial year under review was lower due mainly to deferred tax assets recognised on unused tax losses and unabsorbed capital allowances.

Overall, net profit for the year increased by 2.01% to RM13,126,512.

Shareholders' equity increased by 2.82% to RM207,311,621.

At Company level, revenue increased by 8.17% to RM21,328,656 and net profit for the year increased by 13.25% to RM12,463,781.

Production of ffb decreased by 1.72% to 127,686 m/t. Purchase of ffb also decreased by 15.15% to 22,569 m/t. Correspondingly, production of crude palm oil decreased by 5.93% to 15,905 m/t and production of palm kernel decreased by 11.37% to 4,441 m/t.

Dividends

Total gross dividends of 19% in respect of the financial year ended 31 December 2004 were paid during the financial year, i.e. a first interim dividend of 10% less 28% taxation was paid on 30 June 2004 and a second interim dividend of 9% less 28% taxation was paid on 31 December 2004. 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 2004.

Issue of Shares

During the financial year, the Company increased its issued and paid-up share capital from RM67,565,962 to RM68,363,962 and subsequent to the financial year end, it was further increased to RM68,447,962 by way of the issuance of new ordinary shares of RM1.00 each, for cash, pursuant to the Employee Share Option Scheme.

CHAIRMAN'S STATEMENT

Recurrent Related Party Transactions

On 25 February 2005, 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 2005

The selling price of crude palm oil has declined since the previous financial year. Should this trend continue, the profit for the financial year ending 31 December 2005 would be lower.

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

19 April 2005

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. The Board considers that it has generally applied the Principles of the Code and complied with the Best Practices of the Code to the extent described in this statement.

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 6 to 8 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 Bursa Malaysia Securities 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 consideration and approval. 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 56.54% of the issued and paid-up share capital of the Company as at 19 April 2005.

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 Bursa Malaysia Securities 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 2004 is set out on pages 19 to 22 of the Annual Report.

Details of the Nomination Committee and Remuneration Committee are set out on pages 13 to 14 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 2004 and the attendance of the Directors are as follows: -

<u>Name</u>	<u>Number of Meetings Attended</u>
Goh Eng Chew	4
Wong Aun Phui	4
Goh Pock Ai	4
Goh Beng Hwa @ Gho Bin Hoa	4
Sio Sit Po	4
Dato' Ong Bok Lim	4
Keong Choon Keat	4
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 services 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 are: -

- 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 Bursa Malaysia Securities Berhad and other regulatory requirements.

One meeting of Nomination Committee was held during the financial year ended 31 December 2004.

All members of the Nomination Committee attended the meeting.

Directors' Training

All Directors are required to attend the training programmes that are prescribed by Bursa Malaysia Securities 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 Non-Executive 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 2004.

All members of the Remuneration Committee attended the meeting.

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

To commensurate with the experience and level of responsibilities undertaken by the Directors, the Directors have recommended that their total fees of the Company for the financial year ended 31 December 2004 be increased to RM227,000 from RM184,000 with authority to Directors to divide such fees in the proportions and manner to be determined by them.

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 Group's remuneration receivable by the Executive Directors and Non-Executive Directors of the Company for the financial year ended 31 December 2004 are as follows:-

	No. of Directors	Fees RM	Salaries RM	Commission RM	Other RM	Total RM
Executive Directors						
	1	54,000	168,000	107,590	-	329,590
	1	41,500	120,000	75,312	4,000	240,812
	1	39,500	120,000	75,312	4,000	238,812
	3	135,000	408,000	258,214	8,000	809,214
Non-Executive Directors						
	1	26,000	72,000	31,267	-	129,267
	1	43,000	-	-	2,000	45,000
	1	33,500	-	-	6,000	39,500
	1	29,000	-	-	6,000	35,000
	1	28,500	-	-	4,000	32,500
	1	29,000	-	-	2,000	31,000
	1	29,000	-	-	2,000	31,000
	1	24,000	-	-	-	24,000
	8	242,000	72,000	31,267	22,000	367,267
		377,000	480,000	289,481	30,000	1,176,481

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 Bursa Malaysia Securities 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 34 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 Bursa Malaysia Securities Berhad is set out on page 23 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 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 19 to 22 of the Annual Report.

STATEMENT ON INTERNAL CONTROL

The Board of Directors is pleased to present the 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 Bursa Malaysia Securities 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 two Executive Directors. The Executive Chairman and Executive Directors have many years of experience in managing the Group's core business i.e. plantations.

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

- **Audit Committee and Internal Audit**

The Audit Committee was established with a view to assist the Board in discharging its duties. The internal audit function has the primary objective to carry out a review of the internal control 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. Internal audit report was presented to the Audit Committee during the financial year. The internal audit report summarise 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 Group, 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 Bursa Malaysia Securities 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. It reviews annually with both the external and internal auditors, their evaluation of the system of internal control.

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 2004.

Members of the Audit Committee

The members of the Audit Committee during the financial year ended 31 December 2004 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 Bursa Malaysia Securities 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 Bursa Malaysia Securities Berhad, the Audit Committee must promptly report such matter to Bursa Malaysia Securities 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 2004 and Attendance of Each Audit Committee Member

During the financial year ended 31 December 2004, 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	4
Wong Aun Phui	4
Goh Pock Ai	4

Summary of the Activities of the Audit Committee During the Financial Year Ended 31 December 2004

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 2004: -

- (a) Review of the quarterly and annual financial statements prior to submission to the Board of Directors for consideration and approval.
- (b) Review of the audit results and the audit reports prepared by the external auditors and internal auditors respectively and the recommendations in respect of control weaknesses noted during the course of their audit.
- (c) Review of the audit plans for the financial year prepared by the external auditors.
- (d) Consider and recommend to the Board of Directors the 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 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 2004 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 36 to 70 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 35.

This statement is made in accordance with a resolution of the Board of Directors dated 25 February 2005.

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

GROUP FINANCIAL PROFILE

	2000	2001	2002	2003	2004
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	38,663	35,087	43,364	47,940	51,580
Operating profit	5,720	21,050	13,409	18,938	18,142
Share of results of associates	(115)	1,028	(121)	260	116
Profit before taxation	5,605	22,078	13,288	19,198	18,258
Taxation	(1,939)	(931)	(2,629)	(4,185)	(3,444)
Profit after taxation	3,666	21,147	10,659	15,013	14,814
Minority interests	186	(4,953)	(1,015)	(2,145)	(1,688)
Net profit for the year	3,852	16,194	9,644	12,868	13,126
Dividends	3,360	3,676	5,945	8,199	9,337
Earnings per stock unit (sen)					
Basic	6.0*	25.2	14.8	19.3	19.3
Diluted	-	-	14.6	19.1	19.2
Net dividend (sen per stock unit)					
First interim	5.76	6.00	4.00	5.00	7.20
Second interim	5.76	3.00	5.00	7.20	6.48
	11.52	9.00	9.00	12.20	13.68
Dividend cover (times)	1.1	4.4	1.6	1.6	1.4

* Adjusted for the Bonus Issue of 6 for 5.

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

GROUP FINANCIAL PROFILE

	2000	2001	2002	2003	2004
	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	53,458	133,409	132,135	130,587	130,113
Investments	20,248	5,800	12,191	14,242	15,784
	<u>73,706</u>	<u>139,209</u>	<u>144,326</u>	<u>144,829</u>	<u>145,897</u>
CURRENT ASSETS					
Inventories	1,327	885	1,163	1,071	900
Trade receivables	1,191	2,046	2,256	3,121	2,651
Other receivables	7,123	9,174	3,819	3,381	2,792
Deposits with financial institutions	54,033	85,198	90,723	96,940	103,678
Cash and bank balances	8,176	6,004	5,221	6,787	6,485
	<u>71,850</u>	<u>103,307</u>	<u>103,182</u>	<u>111,300</u>	<u>116,506</u>
CURRENT LIABILITIES					
Trade payables	1,082	1,102	1,068	676	637
Other payables	3,061	4,780	2,208	2,620	3,524
Provision for retirement benefits	2	80	7	11	49
Taxation	33	-	-	294	968
Dividend	1,680	-	-	-	-
	<u>5,858</u>	<u>5,962</u>	<u>3,283</u>	<u>3,601</u>	<u>5,178</u>
NET CURRENT ASSETS	<u>65,992</u>	<u>97,345</u>	<u>99,899</u>	<u>107,699</u>	<u>111,328</u>
	<u>139,698</u>	<u>236,554</u>	<u>244,225</u>	<u>252,528</u>	<u>257,225</u>
FINANCED BY:					
Share capital	29,173	64,180	66,175	67,566	68,364
Reserves	90,819	123,010	128,336	134,062	138,947
Shareholders' equity	<u>119,992</u>	<u>187,190</u>	<u>194,511</u>	<u>201,628</u>	<u>207,311</u>
Minority interests	17,230	33,461	31,069	32,445	33,349
	<u>137,222</u>	<u>220,651</u>	<u>225,580</u>	<u>234,073</u>	<u>240,660</u>
Retirement benefits	711	674	716	741	577
Deferred taxation	1,765	15,229	17,929	17,714	15,988
Non-current liabilities	<u>2,476</u>	<u>15,903</u>	<u>18,645</u>	<u>18,455</u>	<u>16,565</u>
	<u>139,698</u>	<u>236,554</u>	<u>244,225</u>	<u>252,528</u>	<u>257,225</u>
Net tangible assets per stock unit (RM)**	<u>4.11</u>	<u>2.92</u>	<u>2.94</u>	<u>2.98</u>	<u>3.03</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

	2000	2001	2002	2003	2004
Planted Area (Hectares)					
As at 31 December					
Mature	6,801	6,896	6,558	6,558	7,032
Immature	761	666	992	992	518
	<u>7,562</u>	<u>7,562</u>	<u>7,550</u>	<u>7,550</u>	<u>7,550</u>
Mature Area Age Profile					
Age in years					
Above 25	0.00%	0.00%	0.00%	0.00%	0.81%
21 - 25	4.84%	5.46%	9.24%	4.88%	7.32%
16 - 20	13.21%	14.27%	14.77%	17.20%	15.95%
11 - 15	36.30%	47.66%	42.12%	46.51%	44.83%
6 - 10	36.87%	23.40%	18.63%	21.16%	29.79%
Below 10	8.78%	9.21%	15.24%	10.25%	1.30%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Production (m/t)					
ffb					
- own estates	113,621	134,168	120,748	129,924	127,686
- purchase	75,413	74,443	49,501	26,600	22,569
	<u>189,034</u>	<u>208,611</u>	<u>170,249</u>	<u>156,524</u>	<u>150,255</u>
Crude palm oil	<u>21,643</u>	<u>24,060</u>	<u>18,245</u>	<u>16,907</u>	<u>15,905</u>
Palm kernel	<u>7,017</u>	<u>7,848</u>	<u>5,853</u>	<u>5,011</u>	<u>4,441</u>
Extraction Rate (%)					
Crude palm oil	17.93	17.57	18.09	18.59	18.92
Palm kernel	<u>5.81</u>	<u>5.73</u>	<u>5.81</u>	<u>5.51</u>	<u>5.28</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 2004.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the cultivation of oil palms 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	14,814,520	12,463,781
Minority interests	<u>(1,688,008)</u>	<u>-</u>
Net profit for the year	<u>13,126,512</u>	<u>12,463,781</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.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2003 were as follows:

	RM
In respect of the financial year ended 31 December 2004:	
First interim dividend of 10% less 28% taxation, on 68,159,962 ordinary stock units of RM1.00 each, declared on 28 May 2004 and paid on 30 June 2004.	4,907,517
Second interim dividend of 9% less 28% taxation, on 68,363,962 ordinary stock units of RM1.00 each, declared on 30 November 2004 and paid on 31 December 2004.	<u>4,429,985</u>
	<u>9,337,502</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 Pock Ai, Goh Wei Lei and Keong Choon Keat 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 those arising from the share options granted under 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 Note 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 25 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 stock units and options over shares in the Company and shares in its related corporations during the financial year were as follows:

	Number of Ordinary Stock Units of RM1.00 Each			
	1 January 2004	Bought	Sold	31 December 2004
The Company				
Direct Interest:				
Goh Eng Chew	160,000	80,000	-	240,000
Wong Aun Phui	405,850	80,000	-	485,850
Goh Pock Ai	1,100	50,000	-	51,100
Goh Han Teng	7,400	10,000	-	17,400
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	160,000	80,000	-	240,000

Indirect Interest:

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 2004	Bought	Sold	31 December 2004

Eng Thye Plantations Berhad - Subsidiary

Direct Interest:

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 Interest:

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 2004
	1 January 2004	Bought	Sold	
Timor Oil Palm Plantation Berhad - Subsidiary				
Direct Interest:				
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 Interest:				
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 Interest:				
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 Interest:				
Goh Eng Chew	10,038,000	-	-	10,038,000
Gho Lian Chin	5,670,000	-	-	5,670,000

The options to subscribe for ordinary shares in the Company pursuant to its 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 2004
	At 1 January 2004	Granted	Exercised	
Granted in 2002 at the subscription price of RM1.72 per share				
Goh Eng Chew	240,000	-	(80,000)	160,000
Wong Aun Phui	240,000	-	(80,000)	160,000
Goh Pock Ai	400,000	-	(50,000)	350,000
Goh Yeok Beng	240,000	-	(80,000)	160,000

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.

None of the other directors in office at the end of the financial year had any interest in stock units in the Company and shares of its related corporations during the financial year.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up share capital from RM67,565,962 to RM68,363,962 by way of issuance of 798,000 ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Option Scheme at the subscription price of RM1.72 per ordinary share. The share premium arising therefrom amounting to RM574,560 was 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 the existing ordinary stock units of the Company.

EMPLOYEE SHARE OPTION SCHEME

The Negri Sembilan Oil Palms Berhad Employee Share Option Scheme ("ESOS") is governed by the bye-laws approved by the shareholders at the Extraordinary General Meeting held on 24 August 2001 and became effective on 23 October 2001. The new shares 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 salient features and other terms of the ESOS are disclosed in Note 19 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of eligible employees who have been granted options for less than 185,000 ordinary shares. The list of employees (including executive directors) granted options to subscribe 185,000 or more ordinary shares of RM1.00 each are as follows:

	Number of Options Over Unissued Shares of RM1.00 Each at the Subscription Price of RM1.72 per Ordinary Share				
	Granted in 2002	At 1 January 2004	Granted	Exercised	At 31 December 2004
Goh Eng Chew	400,000	240,000	-	(80,000)	160,000
Wong Aun Phui	400,000	240,000	-	(80,000)	160,000
Goh Pock Ai	400,000	400,000	-	(50,000)	350,000
Goh Yeok Beng	400,000	240,000	-	(80,000)	160,000
Wong Aun Jin	280,000	168,000	-	(56,000)	112,000
Gan Kok Tiong	250,000	210,000	-	(80,000)	130,000
Ooi Aik Theam	185,000	111,000	-	(37,000)	74,000
Foo Hoe Kuang	185,000	185,000	-	(37,000)	148,000
Goh Kim Lian	185,000	125,000	-	(20,000)	105,000
Pua Yong King	185,000	125,000	-	(15,000)	110,000

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION

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

The significant event is disclosed in Note 23 to the financial statements.

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

DIRECTORS' REPORT

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 2005

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 36 to 70 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2004 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 2005

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 36 to 70 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 2005

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 financial statements set out on pages 36 to 70. These financial statements are the responsibility of the Company's directors.

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

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

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company at 31 December 2004 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 material to the consolidated financial statements 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 2005

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

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
Revenue	3	51,580,364	47,939,585	21,328,656	19,717,731
Cost of sales	3	(26,582,774)	(23,802,312)	(5,684,959)	(5,450,036)
Gross profit		24,997,590	24,137,273	15,643,697	14,267,695
Other operating income		4,247,842	5,139,656	4,442,504	4,544,823
Administrative expenses		(8,600,990)	(7,592,466)	(3,221,821)	(2,955,038)
Selling expenses		(897,166)	(1,013,987)	(389,136)	(488,051)
Replanting expenditure		(1,605,153)	(1,732,723)	-	-
Profit from operations	4	18,142,123	18,937,753	16,475,244	15,369,429
Share of results of associates		116,243	260,595	-	-
Profit before taxation		18,258,366	19,198,348	16,475,244	15,369,429
Taxation:	7	(3,443,846)	(4,185,428)	(4,011,463)	(4,364,267)
Company and subsidiaries		(3,429,663)	(4,152,174)	(4,011,463)	(4,364,267)
Associates		(14,183)	(33,254)	-	-
Profit after taxation		14,814,520	15,012,920	12,463,781	11,005,162
Minority interests		(1,688,008)	(2,145,264)	-	-
Net profit for the year		13,126,512	12,867,656	12,463,781	11,005,162
Earnings per stock unit (sen)					
Basic	8	19.3	19.3		
Diluted	8	19.2	19.1		
Net dividend per stock unit (sen)	9	13.7	12.2	13.7	12.2

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

BALANCE SHEETS AS AT 31 DECEMBER 2004

	Note	Group		Company	
		2004	2003	2004	2003
		RM	RM	RM	RM
NON-CURRENT ASSETS					
Property, plant and equipment	10	130,113,579	130,587,191	64,408,747	64,991,411
Investment in subsidiaries	11	-	-	72,825,772	73,633,224
Investment in associates	12	6,139,249	5,334,945	2,267,224	2,021,629
Other investments	13	9,644,865	8,906,993	2,122,042	2,164,753
		<u>145,897,693</u>	<u>144,829,129</u>	<u>141,623,785</u>	<u>142,811,017</u>
CURRENT ASSETS					
Inventories	14	899,582	1,070,916	43,014	46,563
Trade receivables	15	2,651,338	3,121,488	1,621,022	2,234,970
Other receivables	16	2,002,302	2,560,635	227,408	346,452
Tax recoverable		789,834	819,491	-	-
Cash and bank balances	17	110,162,963	103,727,799	58,137,608	52,940,546
		<u>116,506,019</u>	<u>111,300,329</u>	<u>60,029,052</u>	<u>55,568,531</u>
CURRENT LIABILITIES					
Trade payables	18	637,143	676,348	5,082	7,839
Other payables		3,524,087	2,620,139	1,109,245	945,570
Provision for retirement benefits	21	49,362	11,000	-	-
Taxation		967,914	293,634	476,209	293,634
		<u>5,178,506</u>	<u>3,601,121</u>	<u>1,590,536</u>	<u>1,247,043</u>
NET CURRENT ASSETS		<u>111,327,513</u>	<u>107,699,208</u>	<u>58,438,516</u>	<u>54,321,488</u>
		<u>257,225,206</u>	<u>252,528,337</u>	<u>200,062,301</u>	<u>197,132,505</u>
FINANCED BY:					
Share capital	19	68,363,962	67,565,962	68,363,962	67,565,962
Reserves	20	138,947,659	134,061,975	121,852,440	118,959,053
Shareholders' equity		<u>207,311,621</u>	<u>201,627,937</u>	<u>190,216,402</u>	<u>186,525,015</u>
Minority interests		33,349,380	32,444,972	-	-
		<u>240,661,001</u>	<u>234,072,909</u>	<u>190,216,402</u>	<u>186,525,015</u>
Provision for retirement benefits	21	576,350	741,428	212,490	212,490
Deferred taxation	22	15,987,855	17,714,000	9,633,409	10,395,000
Non-current liabilities		<u>16,564,205</u>	<u>18,455,428</u>	<u>9,845,899</u>	<u>10,607,490</u>
		<u>257,225,206</u>	<u>252,528,337</u>	<u>200,062,301</u>	<u>197,132,505</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 2004

Group	Share Capital (Note 19) RM	Non- distributable Reserves (Note 20) RM	Distributable Reserves (Note 20) RM	Total RM
At 1 January 2003	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 9)	-	-	(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
At 1 January 2004	67,565,962	25,808,830	108,253,145	201,627,937
Transfer to capital reserve relating to gain on sale of other investments	-	-	(30,617)	(30,617)
Transfer from income statement	-	-	30,617	30,617
Currency translation difference, representing gain not recognised in the income statement	-	522,114	-	522,114
Net profit for the year	-	-	13,126,512	13,126,512
Dividends (Note 9)	-	-	(9,337,502)	(9,337,502)
Issue of shares pursuant to Employee Share Option Scheme	798,000	574,560	-	1,372,560
At 31 December 2004	68,363,962	26,905,504	112,042,155	207,311,621

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 2004 (CONTD.)

Company	Share Capital (Note 19) RM	Non- distributable Reserves (Note 20) RM	Distributable Reserves (Note 20) RM	Total RM
At 1 January 2003	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 9)	-	-	(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
At 1 January 2004	67,565,962	51,594,356	67,364,697	186,525,015
Transfer to capital reserve relating to gain on sale of other investments	-	-	(16,858)	(16,858)
Transfer from income statement	-	-	16,858	16,858
Reversal of investment revaluation surplus	-	(807,452)	-	(807,452)
Net profit for the year	-	-	12,463,781	12,463,781
Dividends (Note 9)	-	-	(9,337,502)	(9,337,502)
Issue of shares pursuant to Employee Share Option Scheme	798,000	574,560	-	1,372,560
At 31 December 2004	68,363,962	51,361,464	70,490,976	190,216,402

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 2004

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	18,258,366	19,198,348	16,475,244	15,369,429
Adjustment for:				
Depreciation	1,530,783	1,541,638	581,986	587,143
Gain on sale of other investments	(33,372)	(582,163)	(16,858)	-
Gross dividend income	(627,637)	(595,794)	(2,888,036)	(3,127,132)
Interest income	(2,154,129)	(2,012,683)	(1,530,670)	(1,407,670)
Property, plant and equipment written off	6,858	-	6,858	-
Provision for retirement benefits	15,043	36,550	-	6,913
Share of results retained in associates	(35,917)	(54,956)	-	-
Surplus arising from compulsory acquisition of estate land	-	(444,897)	-	-
Unrealised (gain) / loss on foreign exchange	(1,379,424)	(660,869)	(3,801)	3,232
Write back of provision for retirement benefits	(122,841)	-	-	-
Write back of impairment losses on other investments	-	(760,181)	-	-
Operating profit before working capital changes	15,457,730	15,664,993	12,624,723	11,431,915
Decrease in inventories	171,334	91,274	3,549	87,782
Decrease / (increase) in receivables	1,036,144	(1,432,501)	749,463	(983,407)
Increase / (decrease) in payables	864,743	21,020	160,918	(142,559)
Cash generated from operations	17,529,951	14,344,786	13,538,653	10,393,731
Retirement benefits paid	(18,918)	(7,117)	-	(6,913)
Taxes paid	(4,329,998)	(2,905,041)	(3,791,916)	(2,662,776)
Net cash generated from operating activities	13,181,035	11,432,628	9,746,737	7,724,042

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTD.)

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Capital distribution from quoted investments	41,788	-	1,228	-
Compensation received from compulsory acquisition of estate land	-	525,150	-	-
Investments in associates	(245,595)	(1,344,824)	(245,595)	(226,304)
Interest received	2,146,468	1,975,940	1,514,199	1,379,579
Net dividends received	504,864	470,650	2,088,573	2,265,369
Purchase of property, plant and equipment	(1,064,029)	(74,186)	(6,180)	(5,560)
Purchase of other investments	(864,819)	(9,578,629)	(476)	(450,974)
Proceeds from sale of other investments	119,431	10,302,722	59,717	-
Placement of fixed deposits	(8,577)	-	(8,577)	-
Net cash generated from investing activities	<u>629,531</u>	<u>2,276,823</u>	<u>3,402,889</u>	<u>2,962,110</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to shareholders of the Company	(9,337,502)	(8,199,147)	(9,337,502)	(8,199,147)
Dividends paid to minority interests	(798,461)	(780,354)	-	-
Proceeds from issuance of shares pursuant to Employee Share Option Scheme	1,372,560	2,392,520	1,372,560	2,392,520
Net cash used in financing activities	<u>(8,763,403)</u>	<u>(6,586,981)</u>	<u>(7,964,942)</u>	<u>(5,806,627)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,047,163	7,122,470	5,184,684	4,879,525
EFFECTS OF EXCHANGE RATE CHANGES	1,379,424	660,869	3,801	(3,232)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>103,493,914</u>	<u>95,710,575</u>	<u>52,791,199</u>	<u>47,914,906</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 17)	<u>109,920,501</u>	<u>103,493,914</u>	<u>57,979,684</u>	<u>52,791,199</u>

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

1. CORPORATE INFORMATION

The principal activities of the Company are the cultivation of oil palms 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 Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 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 657 (2003: 600) and 234 (2003: 234) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 February 2005.

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

(b) Basis of Consolidation

(i) Subsidiaries

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

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 financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition.

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.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(b) Basis of Consolidation (Contd.)

(ii) Associates

Associates are those entities in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the entities.

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 financial 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.

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 costs cannot be recovered.

(c) Investments in Subsidiaries and Associates

The Company's 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(n).

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 revaluation decrease, if any, is first offset against the revaluation surplus of that subsidiary and the balance is thereafter recognised as an expense in the income statement. Upon disposal of a subsidiary, the attributable revaluation surplus relating to that subsidiary remaining in the revaluation reserve is 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 amounts is recognised in the income statement. The gains arising from disposal of investments are thereafter transferred to capital reserve.

(d) Goodwill

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

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(n). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associates and jointly controlled entities is included within the respective carrying amounts of these investments.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(d) Goodwill (Contd.)

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition over the cost of acquisition.

Goodwill and negative goodwill arising on consolidation is not amortised.

(e) Revenue Recognition

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

(i) 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.

(f) 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(n).

Freehold and long term leasehold estates are stated at valuation less accumulated depreciation and any identified impairment losses. Revaluations are made at least once every five years based on a valuation by an independent firm of professional registered valuers. 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 recognised in the income statement to the extent of the decrease previously recognised. A revaluation decrease is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised as an expense. Upon the disposal of 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%

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Property, Plant and Equipment and Depreciation (Contd.)

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

(g) 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.

(h) Replanting Expenditure

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

(i) 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 is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(j) Foreign Currencies

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at the rates of exchange ruling at the date 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 rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

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

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

	2004	2003
	RM	RM
Singapore Dollar	2.29	2.20

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(k) 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. Short term non-accumulating compensated absences are recognised when the absences occur.

(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

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

In addition to the statutory obligations, the Group voluntarily provides for retirement benefits covering eligible employees at rates determined by the directors.

(l) 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 recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(m) Cash and Cash Equivalents

For the purpose of the cash flow statements, cash and cash equivalents include cash on hand and at banks and deposits at call, net of deposits pledged to financial institutions.

The statements of cash flows are prepared using the indirect method.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(n) Impairment of Assets

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

An impairment loss is recognised as an expense in the income statement immediately, 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 unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(o) 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 and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income.

Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the 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) Other Non-Current Investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less impairment losses. Such provision for impairment losses 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 recognised in the income statement. The gains arising from disposal of investments are thereafter transferred to capital reserve.

(ii) Trade and Other Receivables

Trade and other 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

Trade and other 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.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

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

4. PROFIT FROM OPERATIONS

Profit from operations is stated:

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
after charging:				
Auditors' remuneration				
statutory audit	72,000	72,000	26,000	26,000
other services	66,000	66,000	34,000	34,000
Depreciation	1,530,783	1,541,638	581,986	587,143
Directors' remuneration (Note 5)	1,244,703	1,084,575	790,703	665,955
Loss on foreign exchange				
unrealised	-	3,232	-	3,232
realised	1,250	435	602	147
Property, plant and equipment written off	6,858	-	6,858	-
Provision for retirement benefits (Note 21)	15,043	36,550	-	6,913
Staff costs (Note 6)	8,317,229	7,970,740	2,419,006	2,436,615
and crediting:				
Gain on sale of other investments	33,372	582,163	16,858	-
Gross dividends received from:				
Subsidiaries	-	-	2,671,027	2,864,175
Associates	-	-	54,768	175,760
Quoted investments				
in Malaysia	217,299	89,847	162,241	87,197
outside Malaysia	410,338	505,947	-	-
Interest income	2,154,129	2,012,683	1,530,670	1,407,670
Rental income	840	840	-	-
Surplus arising from compulsory acquisition of estate land	-	444,897	-	-
Unrealised gain on foreign exchange	1,379,424	664,101	3,801	-
Write back of provision for retirement benefits (Note 21)	122,841	-	-	-
Write back of impairment losses on other investments	-	760,181	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

5. DIRECTORS' REMUNERATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
(a) Directors of the Company				
Executive directors:				
Fees	135,000	116,000	59,000	48,000
Salaries	408,000	408,000	336,000	336,000
Commission	258,214	169,828	197,703	122,955
Other emoluments	8,000	5,000	8,000	5,000
	<u>809,214</u>	<u>698,828</u>	<u>600,703</u>	<u>511,955</u>
Non-executive directors:				
Fees	242,000	202,000	168,000	136,000
Salaries	72,000	72,000	-	-
Commission	31,267	31,356	-	-
Other emoluments	22,000	18,000	22,000	18,000
	<u>367,267</u>	<u>323,356</u>	<u>190,000</u>	<u>154,000</u>
	<u>1,176,481</u>	<u>1,022,184</u>	<u>790,703</u>	<u>665,955</u>
(b) Directors of subsidiaries				
Non-executive directors:				
Fees	45,000	40,000	-	-
Salaries	13,620	13,320	-	-
Commission	9,602	9,071	-	-
	<u>68,222</u>	<u>62,391</u>	<u>-</u>	<u>-</u>
	<u>1,244,703</u>	<u>1,084,575</u>	<u>790,703</u>	<u>665,955</u>

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

	Number of Directors	
	2004	2003
Executive directors:		
RM100,001 - RM150,000	-	1
RM150,001 - RM200,000	2	1
RM200,001 - RM250,000	1	1
	<u>3</u>	<u>3</u>
Non-executive directors:		
Below RM50,000	8	8
	<u>11</u>	<u>11</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

6. STAFF COSTS

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Wages and salaries	7,075,746	6,626,470	1,963,519	1,957,195
Social security costs	38,702	37,060	7,591	7,356
Employees Provident Fund	379,203	347,837	138,901	116,918
Other staff related expenses	823,578	959,373	308,995	355,146
	<u>8,317,229</u>	<u>7,970,740</u>	<u>2,419,006</u>	<u>2,436,615</u>

7. TAXATION

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Tax expense for the year:				
Malaysian income tax	5,091,784	4,092,557	4,763,818	4,416,730
Foreign tax	90,121	161,276	10,954	38,667
	<u>5,181,905</u>	<u>4,253,833</u>	<u>4,774,772</u>	<u>4,455,397</u>
(Over)/under provision in prior years:				
Malaysian income tax	(26,097)	113,341	(1,718)	23,870
	<u>5,155,808</u>	<u>4,367,174</u>	<u>4,773,054</u>	<u>4,479,267</u>
Deferred tax (Note 22):				
Relating to origination and reversal of temporary differences	(1,083,821)	(23,944)	(107,960)	(115,000)
Overprovided in prior years	(642,324)	(191,056)	(653,631)	-
	<u>(1,726,145)</u>	<u>(215,000)</u>	<u>(761,591)</u>	<u>(115,000)</u>
	3,429,663	4,152,174	4,011,463	4,364,267
Share of taxation of associates	14,183	33,254	-	-
	<u>3,443,846</u>	<u>4,185,428</u>	<u>4,011,463</u>	<u>4,364,267</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2003 : 28%) of the estimated assessable profit for the year. Taxation for other jurisdictions are calculated at the rates prevailing in those jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

7. TAXATION (CONTD.)

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:

	2004	2003
	RM	RM
Group		
Profit before taxation	18,258,366	19,198,348
Taxation at Malaysian statutory tax rate of 28%	5,112,342	5,375,537
Effect of different tax rate in other countries	(52,888)	(54,210)
Income not subject to tax	(1,220,017)	(1,336,464)
Expenses not deductible for tax purposes	862,776	963,728
Utilisation of previously unrecognised tax losses	-	(628,310)
Utilisation of previously unrecognised capital allowances	-	(57,138)
Utilisation of current year's reinvestment allowances	(135,054)	-
Deferred tax assets recognised on unused tax losses and unabsorbed capital allowances	(454,892)	-
Overprovision of deferred tax in prior year	(642,324)	(191,056)
(Over)/under provision of income tax expenses in prior years	(26,097)	113,341
Tax expense for the year	<u>3,443,846</u>	<u>4,185,428</u>
Company		
Profit before taxation	16,475,244	15,369,429
Taxation at Malaysian statutory tax rate of 28%	4,613,068	4,303,440
Effect of different tax rate in other countries	(4,381)	(10,546)
Income not subject to tax	(3,864)	(3,752)
Expenses not deductible for tax purposes	61,989	51,255
Overprovision of deferred tax in prior year	(653,631)	-
(Over)/under provision of income tax expenses in prior years	(1,718)	23,870
Tax expense for the year	<u>4,011,463</u>	<u>4,364,267</u>

Tax savings during the year arise from:

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Utilisation of current year tax losses	46,775	-	-	-
Utilisation of previously unrecognised tax losses	-	628,310	-	-
	<u>-</u>	<u>628,310</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

8. 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	
	2004	2003
Net profit for the year (RM)	13,126,512	12,867,656
Weighted average number of ordinary stock units in issue	67,991,888	66,724,115
Basic earnings per stock unit (sen)	19.3	19.3

(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 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	
	2004	2003
Net profit for the year (RM)	13,126,512	12,867,656
Weighted average number of ordinary stock units in issue	67,991,888	66,724,115
Effect of dilution from share options	530,998	502,423
Adjusted weighted average number of ordinary stock units in issue and issuable	68,522,886	67,226,538
Diluted earnings per stock unit (sen)	19.2	19.1

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

9. DIVIDENDS

	Amount		Net Dividend Per Stock Unit	
	2004 RM	2003 RM	2004 sen	2003 sen
First interim dividend of 10% less 28% taxation, on 68,159,962 ordinary stock units of RM1.00 each declared on 28 May 2004 and paid on 30 June 2004 (2003: 5%, tax exempt, on 66,687,962 ordinary stock units of RM1.00 each declared on 30 May 2003 and paid on 30 June 2003)	4,907,517	3,334,398	7.2	5.0
Second interim dividend of 9% less 28% taxation, on 68,363,962 ordinary stock units of RM1.00 each declared on 30 November 2004 and paid on 31 December 2004 (2003: 10% less 28% taxation on 67,565,962 ordinary stock units of RM1.00 each declared on 28 November 2003 and paid on 31 December 2003)	4,429,985	4,864,749	6.5	7.2
	<u>9,337,502</u>	<u>8,199,147</u>	<u>13.7</u>	<u>12.2</u>

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

10. 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 2004	52,234,747	77,256,164	6,043,911	3,150,042	386,435	9,157,700	148,228,999	
Additions	-	-	41,907	162,600	30,867	828,655	1,064,029	
Write off	-	-	(8,020)	-	(6,579)	-	(14,599)	
At 31 December 2004	52,234,747	77,256,164	6,077,798	3,312,642	410,723	9,986,355	149,278,429	
Accumulated Depreciation								
At 1 January 2004	-	2,011,610	4,314,322	2,968,073	264,824	8,082,979	17,641,808	
Charge for the year (Note 4)	-	849,911	148,849	76,649	33,418	421,956	1,530,783	
Write off	-	-	(3,289)	-	(4,452)	-	(7,741)	
At 31 December 2004	-	2,861,521	4,459,882	3,044,722	293,790	8,504,935	19,164,850	
Net Book Value								
At 31 December 2004	52,234,747	74,394,643	1,617,916	267,920	116,933	1,481,420	130,113,579	
At 31 December 2003	52,234,747	75,244,554	1,729,589	181,969	121,611	1,074,721	130,587,191	
Details at 1 January 2003								
Valuation/Cost	52,315,000	77,256,164	6,010,381	3,142,142	369,289	9,142,090	148,235,066	
Accumulated Depreciation	-	1,161,699	4,153,460	2,897,387	230,044	7,657,580	16,100,170	
Depreciation charge for 2003	-	849,911	160,862	70,686	34,780	425,399	1,541,638	

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

10. 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 2004	16,082,000	48,509,000	2,240,222	1,083,946	155,180	1,297,720	69,368,068	
Additions	-	-	-	-	-	6,180	6,180	
Write off	-	-	(8,020)	-	(6,579)	-	(14,599)	
At 31 December 2004	16,082,000	48,509,000	2,232,202	1,083,946	148,601	1,303,900	69,359,649	
Accumulated Depreciation								
At 1 January 2004	-	1,025,439	1,190,328	1,024,939	97,988	1,037,963	4,376,657	
Charge for the year (Note 4)	-	438,490	61,452	16,897	12,538	52,609	581,986	
Write off	-	-	(3,289)	-	(4,452)	-	(7,741)	
At 31 December 2004	-	1,463,929	1,248,491	1,041,836	106,074	1,090,572	4,950,902	
Net Book Value								
At 31 December 2004	16,082,000	47,045,071	983,711	42,110	42,527	213,328	64,408,747	
At 31 December 2003	16,082,000	47,483,561	1,049,894	59,007	57,192	259,757	64,991,411	
Details at 1 January 2003								
Valuation/Cost	16,082,000	48,509,000	2,240,222	1,083,946	149,620	1,297,720	69,362,508	
Accumulated Depreciation	-	586,949	1,127,545	1,006,691	84,792	983,537	3,789,514	
Depreciation charge for 2003	-	438,490	62,783	18,248	13,196	54,426	587,143	

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

10. 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 during the previous financial year, amounting to RM80,253.

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

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 2004 would be RM15,077,143 (2003: RM15,128,925) and RM15,405,928 (2003: RM15,457,710) respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

10. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

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

- (b) Included in the above property, plant and equipment are fully depreciated assets of the Group and of the Company costing RM13,619,569 (2003: RM11,829,560) and RM3,495,164 (2003: RM2,585,606) respectively, which are still in use.

11. INVESTMENT IN SUBSIDIARIES

	2004	2003
	RM	RM
Unquoted shares, at valuation		
At 1 January	73,633,224	74,585,912
Set off of dividend income against investment (Note 20)	(807,452)	(952,688)
At 31 December	<u>72,825,772</u>	<u>73,633,224</u>

The subsidiaries which are incorporated in Malaysia are:

Name of Company	Effective Interest Held (%)		Principal Activities
	2004	2003	
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

12. INVESTMENT IN ASSOCIATES

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Unquoted shares, at cost				
At 1 January	3,161,997	1,817,173	2,021,629	1,795,325
Increase during the year	245,595	1,344,824	245,595	226,304
At 31 December	<u>3,407,592</u>	<u>3,161,997</u>	<u>2,267,224</u>	<u>2,021,629</u>
Share of post acquisition reserves	853,009	831,275	-	-
Currency translation differences	1,878,648	1,341,673	-	-
	<u>6,139,249</u>	<u>5,334,945</u>	<u>2,267,224</u>	<u>2,021,629</u>
Represented by:				
Share of net tangible assets	<u>6,139,249</u>	<u>5,334,945</u>		

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

12. INVESTMENT IN ASSOCIATES (CONTD.)

The associates are:

Name of Company	Effective Interest Held (%)		Principal Activities
	2004	2003	
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 firm other than Ernst & Young

13. OTHER INVESTMENTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Quoted shares, at cost:				
In Malaysia	3,375,521	2,643,337	2,121,142	2,164,753
Outside Malaysia	6,268,444	6,263,656	-	-
	<u>9,643,965</u>	<u>8,906,993</u>	<u>2,121,142</u>	<u>2,164,753</u>
Unquoted shares, at cost	900	-	900	-
Total other investments	<u>9,644,865</u>	<u>8,906,993</u>	<u>2,122,042</u>	<u>2,164,753</u>
Market value of quoted shares:				
In Malaysia	4,370,242	3,300,685	2,899,567	2,728,118
Outside Malaysia	7,687,179	6,608,781	-	-
	<u>12,057,421</u>	<u>9,909,466</u>	<u>2,899,567</u>	<u>2,728,118</u>

14. INVENTORIES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
At cost:				
Oil palm produce	421,051	461,001	-	-
Estate stores	478,531	609,915	43,014	46,563
	<u>899,582</u>	<u>1,070,916</u>	<u>43,014</u>	<u>46,563</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

15. TRADE RECEIVABLES

	Group		Company	
	2004	2003	2004	2003
	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 25)	1,357,407	1,788,323	1,357,407	1,788,323
Due from Timor Oil Palm Plantation Berhad, a subsidiary in which several directors and substantial shareholders have interests (as referred to in Note 25)	-	-	89,797	160,799
Due from Chin Teck Plantations Berhad, a company in which several directors and substantial shareholders have interests (as referred to in Note 25)	173,818	285,848	173,818	285,848
Other trade receivables	1,120,113	1,047,317	-	-
	<u>2,651,338</u>	<u>3,121,488</u>	<u>1,621,022</u>	<u>2,234,970</u>

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

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors other than with Seong Thye Plantations Sdn. Bhd. and Chin Teck Plantations Berhad.

The Company has 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., Timor Oil Palm Plantation Berhad and Chin Teck Plantations Berhad.

16. OTHER RECEIVABLES

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Other receivables, deposits and prepayments	2,002,302	2,877,916	227,408	663,733
Less: Provision for doubtful debts	-	(317,281)	-	(317,281)
	<u>2,002,302</u>	<u>2,560,635</u>	<u>227,408</u>	<u>346,452</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, the full provision for the outstanding amount thereon, of RM317,281, which was made in earlier years, has been written off during the year.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Cash on hand and at bank	6,485,388	6,787,387	2,109,571	2,451,372
Deposits with:				
Licensed banks	69,312,575	53,973,712	56,028,037	43,739,174
Licensed finance company	-	11,050,000	-	6,750,000
Other financial institution	34,365,000	31,916,700	-	-
Cash and bank balances	110,162,963	103,727,799	58,137,608	52,940,546
Less: Deposits pledged for bank guarantee facilities	(242,462)	(233,885)	(157,924)	(149,347)
Cash and cash equivalents	109,920,501	103,493,914	57,979,684	52,791,199

(a) The weighted average effective interest rates of deposits at the balance sheet date were as follows:

	Group		Company	
	2004	2003	2004	2003
	%	%	%	%
Licensed banks	2.67	2.74	2.68	2.75
Licensed finance company	-	2.74	-	2.74
Other financial institution	1.22	0.51	-	-

(b) The average maturities of deposits as at the end of the financial year were as follows:

	Group		Company	
	2004	2003	2004	2002
	Days	Days	Days	Days
Licensed banks	82	76	84	80
Licensed finance company	-	92	-	91
Other financial institution	14	18	-	-

(c) The Group's and Company's fixed deposits with licensed banks amounting to RM242,462 (2003: RM233,885) and RM157,924 (2003: 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 institution relate to placement with a foreign bank.

18. TRADE PAYABLES

	Group		Company	
	2004	2003	2004	2003
	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 25)	52,275	45,440	-	-
Other trade payables	584,868	630,908	5,082	7,839
	637,143	676,348	5,082	7,839

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

19. SHARE CAPITAL

	Number of Ordinary Shares of RM1.00 each		Amount	
	2004	2003	2004 RM	2003 RM
Authorised	150,000,000	150,000,000	150,000,000	150,000,000
	Number of Ordinary Stock Units of RM1.00 each		Amount	
	2004	2003	2004 RM	2003 RM
Issued and fully paid:				
At 1 January	67,565,962	66,174,962	67,565,962	66,174,962
Issued and fully paid up during the year				
Options exercised pursuant to Employee Share Option Scheme	798,000	1,391,000	798,000	1,391,000
At 31 December	68,363,962	67,565,962	68,363,962	67,565,962

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 Bursa Malaysia Securities 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 2004

19. 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 2004	Granted	Cancelled	Exercised	At 31 December 2004
RM1.72	2,621,000	-	-	(798,000)	1,823,000

The consideration is payable in full on exercise of options.

20. RESERVES

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Non-distributable Reserves				
Share premium	3,012,480	2,437,920	3,012,480	2,437,920
Revaluation surplus	20,710,158	20,710,158	11,375,863	11,375,863
Exchange fluctuation reserve	2,402,724	1,880,610	-	-
Negative goodwill	780,142	780,142	-	-
Investment revaluation surplus	-	-	36,973,121	37,780,573
	<u>26,905,504</u>	<u>25,808,830</u>	<u>51,361,464</u>	<u>51,594,356</u>
Distributable Reserves				
Capital reserve relating to gain on sale of investments transferred from income statement	26,969,519	26,938,902	2,591,440	2,574,582
Retained profits	85,072,636	81,314,243	67,899,536	64,790,115
	<u>112,042,155</u>	<u>108,253,145</u>	<u>70,490,976</u>	<u>67,364,697</u>
Total Reserves	<u>138,947,659</u>	<u>134,061,975</u>	<u>121,852,440</u>	<u>118,959,053</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

20. RESERVES (CONTD.)

The movement in each category of reserves are as follows:

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Non-distributable Reserves				
Share Premium				
At 1 January	2,437,920	1,436,400	2,437,920	1,436,400
Issue of shares pursuant to Employee Share Option Scheme	574,560	1,001,520	574,560	1,001,520
At 31 December	<u>3,012,480</u>	<u>2,437,920</u>	<u>3,012,480</u>	<u>2,437,920</u>
Revaluation Surplus				
At 1 January	20,710,158	20,742,405	11,375,863	11,375,863
Transfer to retained profits relating to disposal of estate land	-	(32,247)	-	-
At 31 December	<u>20,710,158</u>	<u>20,710,158</u>	<u>11,375,863</u>	<u>11,375,863</u>
Exchange Fluctuation Reserve				
At 1 January	1,880,610	1,825,198	-	-
Currency translation difference, representing gain not recognised in the income statement	522,114	55,412	-	-
At 31 December	<u>2,402,724</u>	<u>1,880,610</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	-	-	37,780,573	38,733,261
Reversal of revaluation surplus (Note 11)	-	-	(807,452)	(952,688)
At 31 December	<u>-</u>	<u>-</u>	<u>36,973,121</u>	<u>37,780,573</u>
Total Non-distributable Reserves	<u>26,905,504</u>	<u>25,808,830</u>	<u>51,361,464</u>	<u>51,594,356</u>
Distributable Reserves				
Capital Reserve				
- Gain on Sale of Investments Transferred from Income Statement				
At 1 January	26,938,902	26,526,725	2,574,582	2,574,582
Transfer from income statement	30,617	412,177	16,858	-
At 31 December	<u>26,969,519</u>	<u>26,938,902</u>	<u>2,591,440</u>	<u>2,574,582</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

20. RESERVES (CONTD.)

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Retained Profits				
At 1 January	81,314,243	77,025,664	64,790,115	61,984,100
Transfer from revaluation reserve	-	32,247	-	-
Net profit for the year	13,126,512	12,867,656	12,463,781	11,005,162
Gain on sale of other investments transferred to capital reserve	(30,617)	(412,177)	(16,858)	-
Dividends (Note 9)	(9,337,502)	(8,199,147)	(9,337,502)	(8,199,147)
At 31 December	<u>85,072,636</u>	<u>81,314,243</u>	<u>67,899,536</u>	<u>64,790,115</u>
Total Distributable Reserves	<u>112,042,155</u>	<u>108,253,145</u>	<u>70,490,976</u>	<u>67,364,697</u>

As at 31 December 2004, the Company has tax exempt profits available for distribution of approximately RM2,964,000 (2003: RM2,964,000) subject to agreement with the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 and the balance in the tax-exempt income account to declare dividends amounting to RM70,559,000 out of its entire distributable reserves as at 31 December 2004 without incurring additional tax liabilities. If the balance of the distributable reserves were to be distributed as dividends, the Company would have a Section 108 shortfall of approximately RM19,000.

21. PROVISION FOR RETIREMENT BENEFITS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
At 1 January	752,428	722,995	212,490	212,490
Charged to income statement (Note 4)	15,043	36,550	-	6,913
Paid during the year	(18,918)	(7,117)	-	(6,913)
Write back of provision for retirement benefits (Note 4)	(122,841)	-	-	-
At 31 December	<u>625,712</u>	<u>752,428</u>	<u>212,490</u>	<u>212,490</u>
Current portion	49,362	11,000	-	-
Non-current portion	576,350	741,428	212,490	212,490
	<u>625,712</u>	<u>752,428</u>	<u>212,490</u>	<u>212,490</u>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

22. DEFERRED TAXATION

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
At 1 January	17,714,000	17,929,000	10,395,000	10,510,000
Recognised in the income statement (Note 7)	(1,726,145)	(215,000)	(761,591)	(115,000)
At 31 December	<u>15,987,855</u>	<u>17,714,000</u>	<u>9,633,409</u>	<u>10,395,000</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	(1,099,514)	(199,000)	(59,497)	(59,000)
Deferred tax liabilities	17,087,369	17,913,000	9,692,906	10,454,000
	<u>15,987,855</u>	<u>17,714,000</u>	<u>9,633,409</u>	<u>10,395,000</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 2004	1,304,880	16,608,120	17,913,000
Recognised in the income statement	(686,758)	(138,873)	(825,631)
At 31 December 2004	<u>618,122</u>	<u>16,469,247</u>	<u>17,087,369</u>
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>

Deferred Tax Liabilities of the Company:

	Accelerated Capital Allowances RM	Revaluation of Estates RM	Total RM
At 1 January 2004	974,000	9,480,000	10,454,000
Recognised in the income statement	(678,094)	(83,000)	(761,094)
At 31 December 2004	<u>295,906</u>	<u>9,397,000</u>	<u>9,692,906</u>
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>

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

22. DEFERRED TAXATION (CONTD.)

Deferred Tax Assets of the Group:

	Provision for Retirement Benefits RM	Tax Losses and Unabsorbed Capital Allowances RM	Total RM
At 1 January 2004	(199,000)	-	(199,000)
Recognised in the income statement	34,605	(935,119)	(900,514)
At 31 December 2004	<u>(164,395)</u>	<u>(935,119)</u>	<u>(1,099,514)</u>
At 1 January 2003	(191,000)	-	(191,000)
Recognised in the income statement	(8,000)	-	(8,000)
At 31 December 2003	<u>(199,000)</u>	<u>-</u>	<u>(199,000)</u>

Deferred Tax Asset of the Company:

	Provision for Retirement Benefits RM
At 1 January 2004	(59,000)
Recognised in the income statement	(497)
At 31 December 2004	<u>(59,497)</u>
At 1 January and 31 December 2003	<u>(59,000)</u>

23. SIGNIFICANT EVENT

During the financial year, a total of 798,000 new ordinary shares of RM1.00 each were issued pursuant to the ESOS of the Company.

24. SEGMENT INFORMATION

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2004	2003	2004	2003
	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	15,904,799	13,630,245	15,904,799	13,630,245
Purchase of oil palm produce	850,484	346,952	-	-
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	4,482,871	4,612,718	3,978,318	4,612,718
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	-	-	1,445,184	1,474,767
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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

25. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
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	54,282	60,252	22,295	22,295
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)	2,705,299	2,480,184	1,558,134	1,501,245

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 2004

26. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

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

(b) Foreign Exchange Risks

The Group's businesses are predominantly located in Malaysia. The functional currency in a foreign 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
2004			
Singapore Dollar	35,237,400	6,268,444	41,505,844
2003			
Singapore Dollar	33,264,323	6,263,656	39,527,979

(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 15 nor does it have any major concentration or credit risk related to any financial instruments.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2004

26. FINANCIAL INSTRUMENTS (CONTD.)

(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
2004				
Trade receivables	2,651,338	2,651,338	1,621,022	1,621,022
Other receivables	2,002,302	2,002,302	227,408	227,408
Cash and bank balances	110,162,963	110,162,963	58,137,608	58,137,608
Trade payables	637,143	637,143	5,082	5,082
Other payables	3,524,087	3,524,087	1,109,245	1,109,245
Non-current investments				
Quoted investments	9,643,965	12,057,421	2,121,142	2,899,567
Unquoted investment	900	*	900	*
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				
Quoted investments	8,906,993	9,909,466	2,164,753	2,728,118

* It is not practicable to estimate the fair value of the unquoted investment because of the lack of quoted market price and the inability to estimate fair value without incurring excessive costs.

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 quoted 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 2005

Authorised	: RM150,000,000
Issued and fully paid	: RM68,425,962
Class of stock units	: Ordinary stock units of RM1.00 each
Voting rights	: One vote per stock unit
No. of shareholders	: 3,003

Distribution schedule of issued and paid-up share capital as at 31 March 2005

No. of Holders	%	Holdings	Total Holdings	%
10	0.33	Less than 100	295	*
371	12.35	100 to 1,000	317,712	0.46
2,154	71.73	1,001 to 10,000	7,916,906	11.57
438	14.59	10,001 to 100,000	10,549,016	15.42
29	0.97	100,001 to less than 5% of the issued shares	10,941,024	15.99
1	0.03	5% and above of the issued shares	38,701,009	56.56
3,003	100.00		68,425,962	100.00

Substantial shareholders (excluding bare trustees) as shown in the register of substantial shareholders as at 19 April 2005.

Name of Substantial Shareholders	<-----Direct Interest----->		<-----Deemed Interest----->	
	No. of Stock Units	%	No. of Stock Units	%
Tiong Thye Company Berhad	38,701,009	56.54	-	-
Goh Eng Chew	240,000	0.35	38,701,009	56.54
Gho Lian Chin	-	-	38,852,673	56.76
Goh Seh Kiat	-	-	38,737,100	56.59

(A) Interests of directors in the stock units of the Company as at 19 April 2005.

Name of Directors	<-----Direct Interest----->		<-----Deemed Interest----->	
	No. of Stock Units	%	No. of Stock Units	%
Goh Eng Chew	240,000	0.35	38,701,009	56.54
Wong Aun Phui	485,850	0.71	-	-
Goh Pock Ai	51,100	0.07	-	-
Goh Beng Hwa @ Gho Bin Hoa	1,010,513	1.48	1,991,689	2.91
Dr Goh Han Teng	34,400	0.05	30,000	0.04
Gho Lian Chin	2,200	*	38,852,673	56.76
Sio Sit Po	253,414	0.37	-	-
Goh Yeok Beng	240,000	0.35	-	-
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 19 April 2005

Name of Directors	No. of options	%
Goh Eng Chew	160,000	9.20
Wong Aun Phui	160,000	9.20
Goh Pock Ai	350,000	20.13
Goh Beng Hwa @ Gho Bin Hoa	-	-
Dr Goh Han Teng	-	-
Gho Lian Chin	-	-
Sio Sit Po	-	-
Goh Yeok Beng	160,000	9.20
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 19 April 2005.

(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 19 April 2005. (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 19 April 2005. (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 2005

	Name	No. of Stock Units	%
1.	Tiong Thye Company Berhad	38,701,009	56.56
2.	Ong Swee Heoh	1,991,689	2.91
3.	Nam Heng Oil Mill Company Sdn. Berhad	1,101,000	1.61
4.	Goh Beng Hwa @ Gho Bin Hoa	1,010,513	1.48
5.	HSBC Nominees (Tempatan) Sdn Bhd		
	HSBC (M) Trustee Bhd for OSK-UOB Small Cap Opportunity Unit Trust	935,100	1.37
6.	Affin Nominees (Asing) Sdn Bhd	916,214	1.34
	UOB Kay Hian Pte Ltd for Sio Sioe Soen		
7.	Wong Aun Phui	485,850	0.71
8.	Mayban Securities Nominees (Asing) Sdn Bhd	433,741	0.63
	OCBC Securities Private Limited for Chew Eng Chong		
9.	Asia Life (M) Berhad	277,200	0.41
	As Beneficial Owner		
10.	HDM Nominees (Asing) Sdn Bhd	263,351	0.38
	UOB Kay Hian Pte Ltd for Lee Beng Wah		
11.	HDM Nominees (Asing) Sdn Bhd	253,414	0.37
	Kim Eng Securities Pte Ltd for Sio Sit Po		
12.	Hup Lee Bakery Sdn Bhd	247,500	0.36
13.	Affin Nominees (Asing) Sdn Bhd	242,066	0.35
	UOB Kay Hian Pte Ltd for Oen Loe Ien		
14.	Goh Yeok Beng	240,000	0.35
15.	HDM Nominees (Asing) Sdn Bhd		
	UOB Kay Hian Pte Ltd for Goh Eng Chew @ Gho Kim Tjin	240,000	0.35
16.	Mayban Securities Nominees (Asing) Sdn Bhd	213,261	0.31
	UOB Kay Hian Pte Ltd for Sio Leh Koen		
17.	Mayban Securities Nominees (Asing) Sdn Bhd	213,261	0.31
	UOB Kay Hian Pte Ltd for Sio Sit Min		
18.	Chew Huaipin Sdn Bhd	179,100	0.26
19.	Citicorp Nominees (Asing) Sdn Bhd	167,600	0.24
	CBNY for DFA Emerging Markets Fund		
20.	Teo Chuan Keng Sdn Bhd	167,000	0.24
21.	Ke-Zan Nominees (Asing) Sdn Bhd	166,700	0.24
	Kim Eng Securities Pte Ltd for Ng Poh Cheng		
22.	Yeo Khee Huat	165,000	0.24
23.	Lim Kee Chiok Sendirian Berhad	155,100	0.23
24.	Lee San Ming @ Lee Lay Eng	140,000	0.21
25.	Public Nominees (Tempatan) Sdn Bhd	135,900	0.20
	Pledged securities account for Yap Qwee Beng		
26.	Lim Tean Kau	130,000	0.19
27.	Thiam Loy Sdn Bhd	129,800	0.19
28.	Wong Taek Boon @ Guan Taek Boon	123,400	0.18
29.	Mayban Securities Nominees (Asing) Sdn Bhd	114,264	0.17
	OCBC Securities Pte Ltd for Gho Tie Teng & Company Pte Ltd		
30.	Kenanga Nominees (Tempatan) Sdn Bhd	103,000	0.15
	Pledged securities account for Chin Kiam Hsung		
		49,642,033	72.54

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

LIST OF PROPERTIES AS AT 31 DECEMBER 2004

Location	Tenure	Size	Description	Net book value as at 31 December 2004
		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	16,110 ^{*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	48,001 ^{*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: 38 years)	35,372 ^{*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: 31 years)	27,521 ^{*a}

(a) Net book value as at 31 December 2004 are as follows: -

	Valuation Estates RM'000	Cost Building RM'000	Total RM'000
Ladang Senama	16,082	28	16,110
Ladang Ibam	47,045	956	48,001
Ladang Gula	34,910	462	35,372
Freehold agricultural land	1,243	-	1,243
Ladang Maran	27,350	171	27,521
	<u>126,630</u>	<u>1,617</u>	<u>128,247</u>

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

LIST OF PROPERTIES AS AT 31 DECEMBER 2004

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 2004 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 2004: -

	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>15,904,799</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>303,543</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>546,941</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>4,482,871</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>1,445,184</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	13,882
By Eng Thye Plantations Berhad	<u>18,105</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	1,558,134
By Timor Oil Palm Plantation Berhad	955,055
By Eng Thye Plantations Berhad	<u>192,110</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 2004.

During the financial year ended 31 December 2004, 798,000 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 2004

During the financial year ended 31 December 2004, 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 Third Annual General Meeting of the Company to be held at Ballroom 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Monday, 30 May 2005 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 2004 and the Auditors' Report thereon.		
2.	To increase the directors' fees for the financial year ended 31 December 2004 to RM227,000 and to authorise the directors to divide such fees in the proportions and manner to be determined by them.		
	To re-elect the following directors retiring under Article 94 of the Articles of Association of the Company: -		
3.	(i) Mr Goh Pock Ai		
4.	(ii) Mr Goh Wei Lei		
5.	(iii) Mr Keong Choon Keat		
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.		
	Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature: -		
10.	Chin Teck Plantations Berhad		
11.	Seong Thye Plantations Sdn Bhd		
12.	Sin Thye Management Sdn Bhd		
13.	Timor Oil Palm Plantation Berhad		
14.	Tat Lee Commodities Private Limited		
15.	Kai Lee Company		

(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	
-------------------------	--

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.