

11. OTHER INFORMATION ON THE NPC GROUP

11.1 Approvals and Conditions

The Restructuring and Listing Exercise was approved by the SC, FIC and MITI on the date set below:-

Authority	Date of approval
SC	31 May 2001 and 27 December 2001
FIC	9 August 2000, 16 July 2001 and 18 March 2002
MITI	6 September 2000, 21 May 2001 and 19 November 2001

The conditions imposed by all the authorities and the status of compliance are set out as follows:-

Authority	Details of Conditions Imposed	Status of Compliance
FIC	1. NPC should have at least 30% direct Bumiputera equity interest upon Listing.	Will be complied upon Listing. NPC will have at least 30% direct Bumiputera equity participation upon its Listing.
	2. NPC is to obtain the approval of the MITI.	NPC obtained the approval of the MITI on 6 September 2000, 21 May 2001 and 19 November 2001.
MITI	1. NPC is to allocate at least 30% of its equity interest to Bumiputera shareholders upon Listing.	Will be complied upon Listing. NPC will have at least 30% direct Bumiputera equity participation upon its Listing.
	2. The allocation of the Offer Shares to Bumiputera investors is subject to the approval of the MITI, the allocation of which will be determined after the SC has approved the Listing.	The 20,600,000 ordinary shares were offered to Bumiputera investors approved by MITI.
	3. NPC is to obtain the approvals of the FIC and SC.	NPC obtained the approvals of the FIC and on 9 August 2000, 16 July 2001 and 18 March 2002, and the SC on 31 May 2001 and 27 December 2001.
SC	1. CIMB/NPC must inform the SC on the ultimate issue price for the Public Issue and any changes to the utilisation of the proceeds from the said Public Issue.	The SC was informed on 1 March 2002.
	2. In relation to the properties identified as CL 095317650 and CL 095324833 which are sub-leased by Deltafort and Mature Land to Bintang and Growth respectively, NPC is required to register the Memorandum of Sub-Lease and thereafter endorse the respective land title of the properties before the issuance of this Prospectus.	Met
	3. NPC must inform the SC on the proposed restructuring of its overdraft facilities to term borrowings and the proposed restructuring must be implemented before the issuance of this Prospectus.	The SC was informed on 4 December 2001 and 14 March 2002, and the restructuring was completed in March 2002

11. OTHER INFORMATION ON THE NPC GROUP (Cont'd)

Authority	Details of Conditions Imposed	Status of Compliance
	4. The promoters and Directors of NPC are not allowed to be involved in businesses which would result in any conflict of interest to the NPC Group's existing business. The promoters and Directors must make full disclosure in the Prospectus all their interests in businesses, within or outside Malaysia, that are similar/in competition with the NPC Group's business.	The details of NPC's promoters and Directors interest in businesses that are similar with the NPC Group's business are disclosed in Section 20.3(xi) of this Prospectus.
	5. The NPC Group should not venture into activities that are not related to its core business within three (3) years after its Listing.	The promoters and Directors of NPC are aware of this condition and will ensure that the NPC Group complies with this requirement.
	6. Any future transactions between the NPC Group and companies connected with its Directors must be on commercial terms not to the disadvantage of the NPC Group. The Audit Committee of NPC is required to monitor, and the Board of Directors of NPC is required to report such transactions, if any, in the annual report of NPC.	The promoters, Directors and major shareholders of NPC have taken note of the condition and will comply with this condition if applicable.
	7. CIMB/NPC are to comply fully with the requirements as stated in the SC's Policies and Guidelines on Issue/Offer of Securities.	Complied/ to be complied.
	8. CIMB/NPC are to endeavour that at least 30% of the Issues Shares to be issued pursuant to the Public Issue are set aside for Bumiputera investors.	Complied/ to be complied.

11.2 Related Party Transactions

Save as disclosed in Sections 8.3.6 and 20.3(xi) of this Prospectus there are no transactions, existing or potential, entered or to be entered by NPC or its subsidiaries as at the date hereof, which involved the interest, direct or indirect, of the Directors, major shareholders and/or persons connected to them as defined under Section 122A of the Companies Act, 1965.

There are no transactions, existing or potential, entered or to be entered by NPC or its subsidiaries as at the date hereof which involved the interest, direct or indirect, of its key management personnel.

11.3 Conflict of Interest

There is no conflict of interest between the Group and its Adviser, Reporting Accountants, Solicitors and Valuers. The Adviser, Reporting Accountants, Solicitors for the Company, Solicitors for the Public Issue and Offer for Sale, and Valuers are paid a fee for their professional services.

12. CONSOLIDATED PRORIT ESTIMATE AND FORECAST TOGETHER WITH THE ASSUMPTIONS THEREON

12.1 Consolidated Profit Estimate and Forecast of NPC

The Directors of NPC estimate and forecast that, in the absence of unforeseen circumstances, the consolidated profit estimate and forecast after taxation and minority interests for the financial year ended 31 December 2001 and the financial year ending 31 December 2002 respectively will be as follows:-

Financial year ended/ending 31 December	Estimate 2001 RM'000	Forecast 2002 RM'000
Revenue	80,900	97,246
Consolidated profit before taxation and minority interests	11,011	14,860
Taxation	(1,877)	(3,097)
Consolidated profit after taxation but before minority interests	9,134	11,763
Minority interests	(328)	(345)
Consolidated profit after taxation and minority interests	8,806	11,418
Pre-acquisition profits	(8,806)	(1,100)
Consolidated profit after taxation attributable to shareholders	-	10,318
Net EPS (sen)	N/A	14.40 ⁽ⁱ⁾
Net PE multiple based on the Issue/Offer price of RM1.30 per share (times)	N/A	9.03

Notes:-

N/A Not applicable.

(i) Based on the weighted average number of shares in issue of 71,671,237 ordinary shares of RM1.00 each calculated on the assumption that the Public Issue is completed on 30 April 2002.

12.2 Principal Bases and Assumptions

The principal bases and assumptions upon which the consolidated profit estimate and forecast have been made are as follows:-

- (1) NPC will carry out the following, which shall hereinafter be collectively referred to as the "Restructuring and Listing Exercise":
 - (a) The acquisition of equity interest in the following companies for a total purchase consideration of RM99,819,984, to be satisfied by the issuance of 71,999,949 new ordinary shares of RM1.00 each in NPC, at approximately RM1.39 per share, credited as fully paid-up:-

Company	% shareholding to be acquired	Purchase consideration RM	No. of new NPC shares of RM1.00 each to be issued
Natural Plantation Sdn. Bhd.	100.00	78,461,817	56,594,347
Seraya Plantation Sdn. Bhd.	50.00	670,101	483,342
Sebuda Sdn. Bhd.	50.00	2,456,912	1,772,166
Berkat Setia Sdn. Bhd.	34.00	10,887,749	7,853,311
Ngin Kong Holdings Sdn. Bhd.	19.82	7,343,405	5,296,783
		99,819,984	71,999,949

12. CONSOLIDATED PROFIT ESTIMATE AND FORECAST TOGETHER WITH THE ASSUMPTIONS THEREON (Cont'd)

The above has incorporated the effect of the following acquisitions:

- (i) 61.0% equity interest in Ladang Zupakeja Sdn. Bhd. ("Zupakeja") for a cash consideration of RM707,112.
- (ii) 0.2% equity interest in Summer Focus Sdn. Bhd. for a cash consideration of RM2.00.
- (iii) 0.1% equity interest in Soon Tai Enterprise Sdn. Bhd. for a cash consideration of RM1.00.

The abovementioned shall hereinafter be collectively referred to as "the Acquisitions".

- (b) The public issue of 8,000,000 new ordinary shares of RM1.00 each in NPC at an issue price of RM1.30 per share ("Public Issue").
- (c) The offer for sale of 24,600,000 ordinary shares of RM1.00 each in NPC at an offer price of RM1.30 per share.
- (d) The disposal of certain properties and investment not employed in the operations of NPC and its subsidiary companies ("NPC Group") for a total cash consideration of RM9,186,844 ("Disposal of Non-Operational Assets").
- (e) The listing of and quotation for the entire enlarged issued and paid-up share capital in NPC comprising 80,000,000 ordinary shares of RM1.00 each on the Main Board of the KLSE ("Listing").

The Acquisitions have been completed on 31 January 2002 while the Disposal of Non-Operational Assets and the remaining Restructuring and Listing Exercise are expected to be completed within fourteen days from the date of Listing and by April 2002 respectively.

- (2) There will be no material changes in the structure and the principal activities of NPC Group.
- (3) There will be no significant variation in the following forecast average selling prices and sales volume of the NPC Group's palm oil products which will adversely affect the performance of the NPC Group:-

	Year ending 31 December 2002	
	Selling Price RM/mt	Volume (mt)
Crude palm oil	990	92,400
Palm kernel	475	22,000

- (4) There will be no significant adverse changes in the current demand and in the prevailing market conditions in Malaysia and overseas for palm oil products which will adversely affect the performance of the NPC Group.
- (5) The NPC Group will be able to obtain the required quantum of fresh fruit bunches ("FFB") for the production of its palm oil products at the forecast FFB prices during the forecast year.
- (6) There will be no significant variation in the forecast average extraction rates of crude palm oil and palm kernel which will adversely affect the performance of the NPC Group.
- (7) There will be no significant variation in the planned oil palm planting programme of NPC Group and the programme will be implemented as scheduled.

12. CONSOLIDATED PROFIT ESTIMATE AND FORECAST TOGETHER WITH THE ASSUMPTIONS THEREON (Cont'd)

- (8) There will be no unfavourable weather conditions, natural disasters or major disruption in the planting, harvesting and estate works arising from industrial disputes, labour shortage, or any abnormal circumstances that will adversely affect the production, yield, oil and kernel extraction of the NPC Group's FFB.
- (9) There will be no major breakdown in the manufacturing facilities and equipment, major industrial disputes, economic and political changes or any abnormal circumstances which will adversely affect the operations of the NPC Group.
- (10) The cost of materials, labour and overheads for the NPC Group's operations will not change materially from the present levels.
- (11) There will be no material changes in the management, operation, trading and accounting policies currently adopted by the NPC Group which will adversely affect the performance of the NPC Group.
- (12) There will be no material changes in the present legislation or government regulations, rates and bases of duties, levies, cess and taxes which will adversely affect the activities of the NPC Group.
- (13) The inflation rate will not change significantly from the present level which will adversely affect the performance of the NPC Group.
- (14) The existing financing facilities will remain available to the NPC Group at the prevailing interest rates which will not change materially from the present levels.
- (15) There will be no significant variation in the exchange rates of foreign currencies, which are based on the prevailing exchange rate of USD1.00 to RM3.80, that will adversely affect the performance of the NPC Group.
- (16) Capital expenditure programmes of the NPC Group will be implemented as planned and there will be no material acquisitions or disposals of property, plant and equipment, and investments other than those planned, the Acquisitions and the Disposal of Non-Operational Assets set out in note 1 above.
- (17) The proposed dividend of RM4,880 million (net) declared in respect of the estimate year by the subsidiaries of NPC prior to the Acquisitions will be paid in the forecast year. Proposed dividend at the rate of 5% (gross) in respect of the forecast year will be declared by NPC and shall be payable in the following financial year.
- (18) The gross proceeds from the Public Issue amounting to approximately RM10,400,000 which are assumed to be received by April 2002 will be utilised as follows:-

	RM'000
Repayment of bank borrowing	6,800
Working capital	1,600
Payment of estimated listing expenses	2,000
	<u>10,400</u>

12. CONSOLIDATED PROFIT ESTIMATE AND FORECAST TOGETHER WITH THE ASSUMPTIONS THEREON (Cont'd)

- (19) The gross proceeds arising from the Disposal of Non-Operational Assets amounting to RM9,186,844 will be utilised as follows:

	RM'000
Payment of consideration for acquisition of 61.0% equity interest in Zupakeja*	707
Payment of dividend declared prior to completion of the Acquisitions	4,880
Working capital	3,600
	<u>9,187</u>

Note:-

- * The payment for the acquisition of 61.0% equity interest in Zupakeja by SROPP was paid out of internally generated funds whilst awaiting for the receipt of proceeds from the Disposal of Non-Operational Assets.

The consolidated profit estimate and forecast after taxation and minority interests, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors and are presented on a basis consistent with the accounting policies normally adopted by NPC Group.

12.3 Sensitivity Analysis

The principal bases and assumptions upon which the sensitivity analysis on the consolidated profit estimate and forecast have made are as follows:-

- The CPO and PK prices will vary $\pm 5\%$, $\pm 10\%$ and $\pm 15\%$ from the base case.
- The sales tax of RM50 per metric tonne of CPO is payable to the State Government of Sabah if the CPO price is above RM1,000 per metric tonne.
- Taxation of the respective companies was arrived at after taking into consideration of the estimated and forecast unutilised tax losses, capital allowances and other tax credit available for each scenario.
- Except for the above variations, the same assumptions as for the base case shall apply.

The following scenarios attempt to show the effects of changes in the estimated and forecast profit after taxation and minority interests but before pre-acquisition profits in terms of RM and percentage respectively.

	Financial year ended 31 December 2001 RM'000	Financial year ending 31 December 2002 RM'000
+15%	10,943	13,758
+10%	10,332	12,623
+5%	9,467	11,482
Base case	<u>8,806</u>	<u>11,418</u>
-5%	7,902	10,316
-10%	7,241	9,212
-15%	6,315	8,066

12. CONSOLIDATED PROFIT ESTIMATE AND FORECAST TOGETHER WITH THE ASSUMPTIONS THEREON (Cont'd)

	Financial year ended 31 December 2001 (%)	Financial year ending 31 December 2002 (%)
+15%	24.27	20.49
+10%	17.33	10.55
+5%	7.51	0.56
Base case	-	-
-5%	(10.27)	(9.65)
-10%	(17.77)	(19.32)
-15%	(28.29)	(29.36)

Based on the above assumptions, the sensitivity analysis shows that the NPC Group will still remain profitable over the estimated and forecast years despite a 5%, 10% and 15% downward variation of CPO and PK prices for the financial year ended 31 December 2001 and the financial year ending 31 December 2002.

12.4 Directors' Analysis

The Directors of NPC have reviewed and analysed the bases and assumptions used in arriving at the consolidated profit estimate and forecast of the NPC Group for the financial year ended 31 December 2001 and the financial year ending 31 December 2002 respectively and are of the opinion that the consolidated profit estimate and forecast is fair and reasonable in light of the future plans, strategies and prospects of the NPC Group as set out in Section 7 of this Prospectus and after taking into consideration the estimated and forecast gearing levels and the liquidity and working capital requirements of the Group.

(a) Profit estimate for the financial year ended 31 December 2001

The Group estimates a proforma revenue of RM80.900 million, in line with the estimated increase in the sales volume of CPO and PK coupled with the estimated reduction in the selling prices of CPO and PK for the year ended 31 December 2001.

The Group's profit after taxation and minority interests is estimated to increase slightly to RM8.806 million mainly because the exceptional loss suffered by the Group for the financial year ended 31 December 2000 due to the shortfall in insurance payout for damages incurred from one of the oil palm estates has not recurred in 2001.

(b) Profit forecast for the financial year ending 31 December 2002

For the year ending 31 December 2002, the Group forecasts a profit after taxation and minority interests but before pre-acquisition profit of RM11.418 million with a revenue of RM97.246 million. This represents an increase of RM2.612 million compared to the previous year's profit after taxation and minority interests, in line with the projected increase in the Group's revenue by RM16.346 million. The forecast increase in the Group's revenue is the result of the forecast increase in the Group's sales volume and selling prices of CPO and PK. In addition, the forecast increase in revenue is in line with the increasing maturity of the Group's plantations.

13. **REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST**

(Prepared for inclusion in this Prospectus)



**REPORTING ACCOUNTANTS' LETTER
ON THE CONSOLIDATED PROFIT
ESTIMATE AND FORECAST**

(Prepared for inclusion in Prospectus)

25 March 2002

The Board of Directors
NPC Resources Berhad
Lot 8 & 9, T3
Taman Tshun Ngen
Mile 5, Jalan Labuk
90000 Sandakan
Sabah

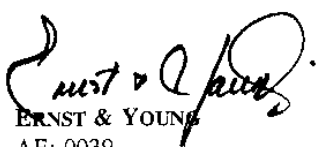
Dear Sirs,

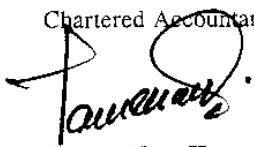
**NPC RESOURCES BERHAD
CONSOLIDATED PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2001 AND
PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2002**

We have reviewed the accounting policies and calculations for the consolidated profit estimate after taxation and minority interests for the year ended 31 December 2001 and consolidated profit forecast after taxation and minority interests for the year ending 31 December 2002 of NPC Resources Berhad ("NPC"), for which the Directors are solely responsible, as set out in the Prospectus dated 28 March 2002. The consolidated profit estimate and forecast have been prepared in connection with the public issue of 8,000,000 new ordinary shares of RM1.00 each in NPC at an issue price of RM1.30 per share, offer for sale of 24,600,000 ordinary shares of RM1.00 each in NPC at an offer price of RM1.30 per share and the proposed listing of and quotation for NPC's enlarged issued and fully paid-up share capital on the Main Board of the Kuala Lumpur Stock Exchange.

In our opinion, the consolidated profit estimate and forecast after taxation and minority interests, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors as set out in the aforementioned Prospectus and are presented on a basis consistent with the accounting policies normally adopted by NPC Group.

Yours faithfully,


ERNST & YOUNG
AF: 0039
Chartered Accountants


CHONG YEW HOONG
1502/4/03 (J)
Partner

■ **Chartered Accountants**
Suite 1-10-W1, 10th Floor
CPS Tower, Centre Point Sabah
No. 1, Jalan Centre Point
88000 Kota Kinabalu
Sabah, Malaysia.

Mailing Address:
P. O. Box 10192
88802 Kota Kinabalu
Sabah, Malaysia.

■ Phone: 088-235733
Fax : 088-238905
www.ey.com

14. DIVIDEND FORECAST

It is the policy of the Directors of NPC to recommend dividends to allow shareholders to participate in the profits of the Company as well as leaving adequate reserves for the future growth of the Group.

The subsidiaries of NPC declared net dividends amounting to RM4.880 million for the financial year ended 31 December 2001 prior to the Acquisitions.

Based on the forecast profit after taxation attributable to shareholders of RM10.318 million (after pre-acquisition profit) for the financial year ending 31 December 2002, the Directors of NPC anticipate that, in the absence of unforeseen circumstances, the Company will be in a position to propose a gross dividend of 5.0 sen per share for the financial year ending 31 December 2002 based on its enlarged issued and paid-up share capital of 80,000,000 ordinary shares of RM1.00 each.

The intended appropriation of the forecast profit after taxation attributable to shareholders for the financial year ending 31 December 2002 will be as follows:-

Financial year ending 31 December	Forecast 2002 RM'000
Consolidated profit after taxation attributable to shareholders	10,318
Less: Proposed dividend of 5.0 sen per share (less 28% taxation)	(2,880)
Retained profit for the year	<u>7,438</u>
Gross dividend per share (sen)	5.00
Gross dividend yield based on the Issue/Offer price of RM1.30 per share (%)	3.85
Net dividend yield based on the Issue/Offer price of RM1.30 per share (%)	2.77
Net dividend cover (times)	3.58

The Directors of NPC do not intend to declare any dividends for the financial year ended 31 December 2001.

Future dividends may be waived if:-

- (a) the Group is in a loss position for the relevant financial period; or
- (b) the Group has insufficient cashflows to meet any dividend payments.

The Directors of NPC also have full discretion not to propose any future dividend payment as and when deemed necessary, if it is in the best interest of the Company.

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15. PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON

The Proforma Consolidated Balance Sheets of NPC as at 30 September 2001 set out below are provided for illustrative purposes only to show the effects of the Acquisitions, Public Issue and Disposal of Non-Operational Assets as set out in the note 1 below, on the assumption that these transactions were completed on 30 September 2001 and should be read in conjunction with the notes thereon.

	Audited as at 30 September 2001 RM'000	Proforma (I) After the Acquisitions RM'000	Proforma (II) After Proforma (I) And Public Issue RM'000	Proforma (III) After Proforma (II) and Disposal of Non- Operational Assets RM'000
PROPERTY, PLANT AND EQUIPMENT	-	178,768	178,768	172,644
INVESTMENT	-	3,063	3,063	-
CURRENT ASSETS				
Inventories	-	6,392	6,392	6,392
Trade receivables	-	3,338	3,338	3,338
Other receivables	1,164	11,358	11,358	11,358
Tax refundable	-	324	324	324
Fixed deposits placed with licensed banks	-	82	82	82
Cash and bank balances	-	91	1,691	5,291
	1,164	21,585	23,185	26,785
CURRENT LIABILITIES				
Amount due to bankers	-	17,863	17,363	17,363
Amount due to directors	-	798	798	91
Amount due to a shareholder	-	150	150	150
Trade payables	-	9,816	9,816	9,816
Other payables	1,175	5,571	4,571	4,571
Hire purchase creditors	-	749	749	749
Leasing creditors	-	256	256	256
Taxation	-	535	535	535
Proposed dividend	-	4,880	4,880	-
	1,175	40,618	39,118	33,531
NET CURRENT LIABILITIES	(11)	(19,033)	(15,933)	(6,746)
LONG TERM LIABILITIES				
Amounts due to bankers	-	(34,976)	(28,676)	(28,676)
Hire purchase creditors	-	(1,136)	(1,136)	(1,136)
Leasing creditors	-	(50)	(50)	(50)
Deferred Taxation	-	(502)	(502)	(502)
	-	(36,664)	(30,364)	(30,364)
	(11)	126,134	135,534	135,534
SHARE CAPITAL	*	72,000	80,000	80,000
SHARE PREMIUM	-	27,820	29,220	29,220
RESERVE ON CONSOLIDATION	-	12,440	12,440	12,440
ACCUMULATED LOSSES	(11)	(11)	(11)	(11)
	(11)	112,249	121,649	121,649
MINORITY INTERESTS	-	13,885	13,885	13,885
	(11)	126,134	135,534	135,534
(Net Liabilities)/ NTA per share (RM)	(215.69)	1.56	1.52	1.52

Note:-

* RM51.

15. PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON (Cont'd)**Notes to the Proforma Consolidated Balance Sheets**

- 1) The proforma consolidated balance sheets have been prepared based on the audited balance sheet of NPC, the audited consolidated balance sheet of Natural and audited balance sheet of Zupakeja as at 30 September 2001, modified to include the revaluation of the leasehold land, buildings and plantations.

The proforma consolidated balance sheets have been provided for illustrative purposes only to show the effects of the following transactions on the assumption that they were effected on 30 September 2001:

- a) The acquisition of equity interest in the following companies for a total purchase consideration of RM99,819,984 to be satisfied by the issuance of 71,999,949 new ordinary shares of RM1.00 each in NPC, at approximately RM1.39 per share, credited as fully paid-up:-

Company	% share- holding to be acquired %	Purchase consideration RM	Number of new NPC shares of RM1.00 each to be issued
Natural	100.00	78,461,817	56,594,347
Seraya	50.00	670,101	483,342
Sebuda	50.00	2,456,912	1,772,166
Berkat	34.00	10,887,749	7,853,311
NKH	19.82	7,343,405	5,296,783
		<u>99,819,984</u>	<u>71,999,949</u>

The above has incorporated the effect of the following acquisitions:

- i) 61.0% equity interest in Zupakeja for a cash consideration of RM707,112.
 ii) 0.2% equity interest in Summer Focus for a cash consideration of RM2.00.
 iii) 0.1% equity interest in Soon Tai for a cash consideration of RM1.00.

The abovementioned shall hereinafter be collectively referred to as "the Acquisitions".

- b) The public issue of 8,000,000 new ordinary shares of RM1.00 each in NPC at an issue price of RM1.30 per share ("Public Issue").
 c) The offer for sale of 24,600,000 ordinary shares of RM1.00 each in NPC at an offer price of RM1.30 per share.
 d) The disposal of certain properties and investment not employed in the operations of the NPC and its subsidiaries ("NPC Group") for a total cash consideration of RM9,186,844 ("Disposal of Non-Operational Assets").
 e) The listing of and quotation for the entire enlarged issued and paid-up share capital of NPC comprising 80,000,000 ordinary shares of RM1.00 each on the Main Board of the KLSE ("Listing").

15. PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON (Cont'd)

The above will hereinafter be collectively referred to as "Restructuring and Listing Exercise".

The Acquisitions have been completed on 31 January 2002 while the Disposal of Non-Operational Assets and the remaining Restructuring and Listing Exercise are expected to be completed within fourteen days from the date of Listing and by April 2002 respectively.

- 2) The movements of the issued and paid-up share capital of NPC after implementation of the Restructuring and Listing Exercise set out in note 1 above is as follows:-

	RM'000
As at 30 September 2001	*
To be issued pursuant to the Acquisitions	72,000
After the Acquisitions	<u>72,000</u>
To be issued pursuant to the Public Issue	8,000
Enlarged issued and paid-up share capital of NPC	<u><u>80,000</u></u>

Note:-

* *RM51.00.*

- 3) Inter-company balances have been eliminated in arriving at the proforma consolidated balance sheets.
- 4) Proposed dividend of RM4.880 million (net) declared by the subsidiaries of NPC prior to the Acquisitions has been incorporated.
- 5) The proforma consolidated balance sheets of NPC are arrived at using the acquisition method of accounting for Natural, Seraya, Sebuda, Berkat, NKH, Soon Tai, Summer Focus and Zupakeja.
- 6) The estimated expenses for the Restructuring and Listing Exercise of approximately RM2.0 million have been partly charged to the share premium account (RM1.0 million) and partly capitalised as cost incurred for the Acquisitions (RM1.0 million).
- 7) Share premium is arrived at as follows:-

	RM'000
Arising from the Acquisitions	27,820
Arising from the Public Issue	2,400
	<u>30,220</u>
Less:- Portion of the estimated listing expenses	(1,000)
	<u><u>29,220</u></u>

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15. PROFORMA CONSOLIDATED BALANCE SHEETS AND THE NOTES THEREON (Cont'd)

- 8) The gross proceeds arising from the Public Issue amounting to RM10.4 million will be utilised as follows:-

	RM'000
Repayment of bank borrowing	6,800
Working capital	1,600
Payment of estimated listing expenses	2,000
	10,400
	10,400

- 9) The gross proceeds arising from the Disposal of Non-Operational Assets amounting to RM9,186,844 will be utilised as follows:

	RM'000
Payment of consideration for acquisition of 61.0% equity interest in Zupakeja*	707
Payment of dividend declared prior to completion of the Acquisitions	4,880
Working capital	3,600
	9,187
	9,187

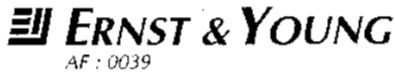
Note:-

- * *The payment for the acquisition of 61.0% equity interest in Zupakeja by SROPP was paid out of internally generated funds whilst awaiting for the receipt of proceeds from the Disposal of Non-Operational Assets.*

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16. **REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS**

(Prepared for inclusion in this Prospectus)



**REPORTING ACCOUNTANTS' LETTER
ON THE PROFORMA CONSOLIDATED
BALANCE SHEETS**

(Prepared for inclusion in Prospectus)

25 March 2002

The Board of Directors
NPC Resources Berhad
Lot 8 & 9, T3
Taman Tshun Ngen
Mile 5, Jalan Labuk
90000 Sandakan
Sabah

Dear Sirs,

**NPC RESOURCES BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 SEPTEMBER 2001**

We have reviewed the presentation of the proforma consolidated balance sheets of NPC Resources Berhad ("NPC") as at 30 September 2001 together with the accompanying notes thereto, for which the Directors are solely responsible, as set out in the Prospectus dated 28 March 2002 in connection with the public issue of 8,000,000 new ordinary shares of RM1.00 each in NPC at an issue price of RM1.30 per share, offer for sale of 24,600,000 ordinary shares of RM1.00 each in NPC at an offer price of RM1.30 per share and the proposed listing of and quotation for NPC's enlarged issued and fully paid-up share capital on the Main Board of the Kuala Lumpur Stock Exchange.

In our opinion, the proforma consolidated balance sheets together with the accompanying notes thereto, which are provided for illustrative purposes only, have been properly compiled on a basis consistent with the accounting policies normally adopted by NPC Group and are presented in a form suitable for inclusion in the abovementioned Prospectus.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Chong Yew Hoong', written over the printed name and title.

ERNST & YOUNG
AF: 0039
Chartered Accountants

A second handwritten signature in black ink, appearing to read 'Chong Yew Hoong', written over the printed name and title.

CHONG YEW HOONG
1502/4/03 (J)
Partner

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