

NPC RESOURCES BERHAD (Company No: 502313-P)
INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015
The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/12/2015 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2014 RM'000	Current Year- To-Date Ended 31/12/2015 RM'000	Preceding Year Corresponding Period Ended 31/12/2014 RM'000
Revenue	75,932	107,997	317,662	479,562
Operating expenses	(77,934)	(105,360)	(327,131)	(456,214)
Other operating income	719	3,292	4,036	7,050
(Loss)/ Profit from operations	(1,283)	5,929	(5,433)	30,398
Finance costs	(104)	(3,404)	(2,365)	(4,920)
(Loss)/ Profit before tax – (Note 19)	(1,387)	2,525	(7,798)	25,478
Income tax expense – (Note 20)	(2,995)	(1,664)	(4,600)	(6,889)
(Loss)/ Profit for the period	(4,382)	861	(12,398)	18,589
Other comprehensive income, net of tax:				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operation	15,343	18,921	27,939	9,519
Total comprehensive income for the period	10,961	19,782	15,541	28,108
(Loss)/ Income for the period attributable to:				
Equity holders of the parent	(3,182)	2,167	(10,992)	20,250
Non-controlling interests	(1,200)	(1,306)	(1,406)	(1,661)
	(4,382)	861	(12,398)	18,589
Total comprehensive income/ (loss) for the period attributable to:				
Equity holders of the parent	12,295	21,117	17,045	29,687
Non-controlling interests	(1,334)	(1,335)	(1,504)	(1,579)
	10,961	19,782	15,541	28,108
(Deficit)/ Earnings per share attributable to equity holders of the parent:-				
(a) Basic, for (loss)/profit for the period (sen) - (Note 26)	(2.66)	1.81	(9.18)	16.88
(b) Diluted, for profit for the period (sen) - (Note 26)	N/A	N/A	N/A	N/A

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.

NPC RESOURCES BERHAD (Company No: 502313-P)
INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015
The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at current year ended 31/12/2015 RM'000	As at preceding financial year ended 31/12/2014 RM'000
Non-current assets		
Property, plant and equipment	276,234	273,324
Investment properties	4,664	1,177
Land use rights	27,013	26,311
Biological assets	299,862	240,444
Other investment	1,759	1,564
Other receivables	85,791	40,941
Deferred tax assets	2,059	2,213
Goodwill on consolidation	4,932	4,932
	702,314	590,906
Current assets		
Inventories	25,052	21,158
Biological assets	-	1,278
Trade and other receivables	25,473	19,043
Tax refundable	4,508	3,312
Cash and bank balances	8,081	35,878
Assets held for sales	20,227	-
	83,341	80,669
Current liabilities		
Trade and other payables	49,815	47,922
Borrowings – (Note 22)	173,585	124,694
Provision for taxation	499	1,724
	223,899	174,340
Net current liabilities	(140,558)	(93,671)
	561,756	497,235
Share capital	120,000	120,000
Treasury shares	(755)	(242)
Retained earnings – (Note 27)	188,296	200,773
Foreign currency translation reserve	2,905	(25,132)
Equity attributable to equity holders of the parent	310,446	295,399
Non-controlling interests	912	2,128
Total equity	311,358	297,527
Non-current liabilities		
Borrowings – (Note 22)	214,391	163,960
Employee benefits	421	441
Deferred tax liabilities	35,586	35,307
	250,398	199,708
	561,756	497,235
Net assets per share attributable to equity holders of the parent (RM) - (Note 28)	2.59	2.46

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.

NPC RESOURCES BERHAD (Company No: 502313-P)
INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015
The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW

	Current Year-To-Date Ended 31/12/2015 RM'000	Preceding Year Corresponding Period Ended 31/12/2014 RM'000
(Loss)/ Profit before tax	(7,798)	25,478
Adjustments for:-		
Depreciation of property, plant and equipment	11,654	11,717
Amortisation of land use rights	113	116
Finance costs	2,365	4,919
Impairment loss on receivables	7,711	80
Net gain on disposals of property, plant and equipment	(418)	(1,729)
Negative goodwill	-	(674)
Property, plant and equipment written off	522	413
Unrealised foreign exchange loss	12,505	1,508
Interest income	(807)	(1,630)
Provision for retirements benefits	(171)	-
Operating cash flows before changes in working capital	<u>25,676</u>	<u>40,198</u>
Changes in working capital		
Net change in inventories	(3,345)	(3,891)
Net change in biological assets	1,292	1,485
Net change in receivables	(47,359)	(40,159)
Net change in payables	1,425	19,165
Interest received	807	1,630
Net taxes paid	(6,604)	(6,264)
Finance costs paid	(1,983)	(4,041)
Net cash flows (used in)/from operating activities	<u>(30,091)</u>	<u>8,123</u>
Investing Activities		
Additional placement of fixed deposits	-	3,241
Additions of biological assets	(59,390)	(52,898)
Additions of other investment	(195)	(1,564)
Additions of land use rights	-	(866)
Purchase of property, plant and equipment	(26,592)	(24,810)
Purchase of investment property	(3,550)	(1,200)
Net proceeds from disposals of property, plant and equipment	2,670	4,308
Net proceeds from disposals of biological assets	391	-
Net cash flows used in investing activities	<u>(86,666)</u>	<u>(73,789)</u>
Financing Activities		
Dividends paid to shareholders	(1,197)	(2,400)
Purchase of treasury share	(513)	(242)
Repayment of borrowings	(42,907)	(31,664)
Proceeds from drawdown of bank borrowings	127,560	88,003
Payment of hire purchase liabilities	(1,375)	(1,187)
Net cash flows from financing activities	<u>81,568</u>	<u>52,510</u>
Net change in cash and cash equivalents	(35,189)	(13,156)
Effect on exchange rate changes on cash and cash equivalents	4,607	(748)
Cash and cash equivalents at beginning of financial period	27,622	41,526
Cash and cash equivalents at end of financial period (Note A)	<u>(2,960)</u>	<u>27,622</u>

NPC RESOURCES BERHAD (Company No: 502313-P)
INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015
The figures have not been audited

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONTD.)

Note:

A : Cash and cash equivalents at the end of the financial period comprise the following:

	Current Year-To-Date Ended 31/12/2015 RM'000	Preceding Year Corresponding Period Ended 31/12/2014 RM'000
Fixed deposits with licensed bank	-	20,937
Cash and bank balances	8,054	14,916
Bank overdraft	(11,014)	(8,231)
	<u>(2,960)</u>	<u>27,622</u>

The condensed consolidated statement of cashflow should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.

NPC RESOURCES BERHAD (Company No: 502313-P)
INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015
The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent						Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Distributable Retained Earnings RM'000	Foreign Currency Translation Reserve RM'000	Total RM'000	Non- controlling Interests RM'000	
Preceding year corresponding period ended 31 December 2014							
Balance as at 1 January 2014							
- as previously reported	120,000	-	197,856	(34,569)	283,287	3,707	286,994
- prior year adjustments	-	-	(14,933)	-	(14,933)	-	(14,933)
- as restated	120,000	-	182,923	(34,569)	268,354	3,707	272,061
Total comprehensive income/ (loss) for the period	-	-	20,250	9,437	29,687	(1,579)	28,108
Transactions with owners							
Purchase of treasury share	-	(242)	-	-	(242)	-	(242)
Dividends	-	-	(2,400)	-	(2,400)	-	(2,400)
Balance as at 31 December 2014	120,000	(242)	200,773	(25,132)	295,399	2,128	297,527

	Attributable to equity holders of the parent						Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Distributable Retained Earnings RM'000	Foreign Currency Translation Reserve RM'000	Total RM'000	Non- controlling Interests RM'000	
Current year to date ended 31 December 2015							
Balance as at 1 January 2015							
	120,000	(242)	200,773	(25,132)	295,399	2,128	297,527
Total comprehensive (loss)/ income for the period	-	-	(10,992)	28,037	17,045	(1,504)	15,541
Transactions with owners							
Acquisition of non- controlling interest	-	-	(288)	-	(288)	288	-
Purchase of treasury share	-	(513)	-	-	(513)	-	(513)
Dividends	-	-	(1,197)	-	(1,197)	-	(1,197)
Balance as at 31 December 2015	120,000	(755)	188,296	2,905	310,446	912	311,358

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial report.

NPC RESOURCES BERHAD (Company No: 502313-P)
INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015
The figures have not been audited

1. Basis of preparation

The unaudited interim financial statements have been prepared under historical cost convention and in accordance with the requirements of *FRS 134: Interim Financial Reporting* and *paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”)*.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2014. The explanatory notes attached to the unaudited interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2014.

2. Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2014, except for the adoptions of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations:

Description	Effective for annual periods beginning on or after
Amendments to FRS 119: Defined Benefit Plans:	
Employee Communications	1 July 2014
Annual Improvements to FRSs 2010-2012 cycle	1 July 2014
Annual Improvements to FRSs 2011-2013 cycle	1 July 2014

The adoptions of the above FRSs, Amendments to FRSs and Interpretations do not have any significant impact to the interim financial statements of the Group.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called ‘Transitioning Entities’).

Transitioning Entities are allowed to defer adoption of the new MFRS Framework and continue to use the existing Financial Reporting Standards framework until the MFRS Framework is mandated by the MASB. According to an announcement made by the MASB on 2 September 2014, all Transitioning Entities shall adopt the MFRS framework and prepare their first MFRS financial statements for annual period beginning on or after 1 January 2017.

NPC RESOURCES BERHAD (Company No: 502313-P)
INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015
The figures have not been audited

2. Accounting Policies (Cont.d)

Malaysian Financial Reporting Standards (MFRS Framework) (Cont'd.)

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2017. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2017.

3. Qualified auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2014 was qualified on the basis that the audited financial statements of three foreign subsidiaries, PT Enggang Alam Sawita, PT Borneo Indosubur and PT Nala Palma Cadudasa were available close to the date the financial statements of the Group were approved by the Directors of the Company. Due to the timing of the audited financial statements being made available to the auditors, the auditors have not been able to perform sufficient audit procedures to satisfy themselves as to the appropriateness of the financial information of the above three subsidiaries used in the preparation of the consolidated financial statements of the Group.

4. Seasonality or cyclicity of operations

The Group's operations are mainly affected by seasonal and cyclical factors such the seasonal pattern in the production of fresh fruit bunches (FFB) and the seasonal weather conditions in Sabah. Consistent with the industry FFB production trend in Sabah, the first half of the year is usually the low FFB production period whereas, the second half of the year is expected to be the high FFB production period.

5. Unusual items

There were no items affecting assets, liabilities, equity, net income, or cash flows for the current period that are unusual because of their nature, size, or incidence.

6. Changes in estimates

There were no changes in estimates that have had a material effect in the current quarter results.

7. Debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial year-to-date other than the Company had repurchased 182,600 of its issued ordinary shares from the open market at an average price of RM2.79. The total consideration paid for purchases including transaction costs was RM512,544. The repurchase transactions were financed by internally generated funds. The repurchased share are being held as treasury shares and treated in accordance with the requirement of Section 67A of the Companies Act 1965. None of the treasury shares has been resold or distributed as share dividends during the financial period ended 31 December 2015.

NPC RESOURCES BERHAD (Company No: 502313-P)
INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015
The figures have not been audited

8. Dividends paid

A final single-tier dividend in respect of the financial year ended 31 December 2014 of 1 sen per share on 119,730,300 ordinary shares (excluding 269,700 treasury shares), amounting to a dividend payable of RM1,197,303 was approved by the shareholders at the Annual General Meeting held on 18 June 2015 and paid on 26 August 2015.

9. Segmental reporting

	Plantation and milling RM'000	Hotel RM'000	Fishery RM'000	Elimination RM'000	Total RM'000
For three months ended 31 December 2015					
Segment Revenue					
External revenue	73,862	2,070	-	-	75,932
Inter-segment revenue	-	7	-	(7)	-
Total	73,862	2,077	-	(7)	75,932
Segment Results					
Unallocated corporate expenses	6,047	441	9	-	6,497
Profit from operations					(7,780)
Finance costs					(1,283)
Profit before tax					(104)
Income tax expense					(1,387)
Profit for the period					(2,995)
					(4,382)
For twelve months ended 31 December 2015					
Segment Revenue					
External revenue	309,006	6,984	1,672	-	317,662
Inter-segment revenue	-	22	-	(22)	-
Total	309,006	7,006	1,672	(22)	317,662
Segment Results					
Unallocated corporate expenses	22,987	(8)	(456)	-	22,523
Profit from operations					(27,956)
Finance costs					(5,433)
Loss before tax					(2,365)
Income tax expense					(7,798)
Loss for the period					(4,600)
					(12,398)
For three months ended 31 December 2014					
Segment Revenue					
External revenue	105,633	2,103	261	-	107,997
Inter-segment revenue	-	7	2	(9)	-
Total	105,633	2,110	261	(9)	107,997
Segment Results					
Unallocated corporate expenses	9,875	1,262	(923)	-	10,214
Profit from operations					(4,285)
Finance costs					5,929
Profit before tax					(3,404)
Income tax expense					2,525
Profit for the period					(1,664)
					861

NPC RESOURCES BERHAD (Company No: 502313-P)
INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015
The figures have not been audited

9. Segmental reporting (Cont.d)

	Plantation and milling RM'000	Hotel RM'000	Fishery RM'000	Elimination RM'000	Total RM'000
For twelve months ended					
31 December 2014					
Segment Revenue					
External revenue	469,075	8,045	2,442	-	479,562
Inter-segment revenue	-	22	8	(30)	-
Total	<u>469,075</u>	<u>8,067</u>	<u>2,450</u>	<u>(30)</u>	<u>479,562</u>
Segment Results					
Unallocated corporate expenses	39,368	2,103	(1,302)	-	40,169
Profit from operations					<u>(9,771)</u>
Finance costs					30,398
Profit before tax					<u>(4,920)</u>
Income tax expense					25,478
Profit for the period					<u>(6,889)</u>
					<u>18,589</u>

10. Valuations of property, plant and equipment

There are no valuations of property, plant and equipment for the current financial year-to-date.

11. Material subsequent events not reflected in the financial statements

There were no material subsequent events as at the date of this report.

12. Changes in the composition of the Group

There was no change in the composition of the Group for the current quarter and financial year-to-date.

13. Contingent liabilities or contingent assets

The Company provided corporate guarantees amounting to RM88,271,800 to certain financial institutions to secure banking facilities granted by them to its subsidiaries. As at 31 December 2015, the total amount owing to these financial institutions amounted to RM61,434,908.

There are no other contingent liabilities or contingent assets to be disclosed during the current quarter and financial year-to-date under review.

NPC RESOURCES BERHAD (Company No: 502313-P)
INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015
The figures have not been audited

14. Capital commitments

The amount of capital commitments not provided for in the unaudited interim financial report as at 31 December 2015 is as follows:

	RM'000
Approved and contracted for purchase of property, plant and equipment	<u>5,424</u>

15. Review of performance

The Group recorded a loss before tax of RM1.387 million for the current quarter and loss before tax of RM7.798 million for the current year-to-date on the back of turnover of RM75.932 million for the current quarter and RM317.662 million for the current year-to-date. These represent:

- (a) a decrease of 155% in profit before tax and a decrease of 30% in revenue as compared to the profit before tax and revenue in the preceding year corresponding quarter ended 31 December 2014 respectively; and
- (b) a decrease of 131% in profit before tax and a decrease of 34% in revenue as compared to the profit before tax and revenue in the preceding year corresponding period ended 31 December 2014 respectively.

The decrease in profit before tax for the current quarter as compared to preceding year corresponding quarter was mainly due to provision of impairment loss on receivables amounting to RM7.711 million in current quarter.

The detailed analysis of the respective operating segments of the Group with reference to the segmental information as disclosed in note 9 are discussed below:-

Plantation segment

The external revenue of the plantation segment decreased by 30% for the current quarter and 34% for the current financial year-to-date as compared to previous year corresponding quarter and period respectively. The decrease was mainly due to lower sales and prices of CPO & PK. The plantation segment registered a decrease in segment profit of 39% for the current quarter and a decrease in segment profit of 42% for the current financial year-to-date as compared to previous year corresponding quarter and period respectively. The decrease was mainly due to lower FFB production & lower milling margin throughout the year.

Hotel segment

The external revenue of the hotel segment decreased by 2% for the current quarter and 13% for the current financial year-to-date as compared to previous year corresponding quarter and period respectively. The hotel segment registered a decrease in segment profit of 65% for the current quarter and 100% for the current financial year-to-date as compared to previous year corresponding quarter and period respectively. The decrease was mainly due to lower occupancy rate in current year.

NPC RESOURCES BERHAD (Company No: 502313-P)
INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015
The figures have not been audited

15. Review of performance (Cont.d)

Fishery segment

The fishery operation was disposed off at the end of 1st quarter 2015. The entire hatchery assets have been leased to a third party for a period of 10 years with a monthly lease rental income of RM20,000.

16. Variance of the results against the immediate preceding quarter

The Group recorded a loss before tax of RM1.387 million for the current quarter, which represents a decrease of 76% over the loss before tax of RM5.672 million for the immediate preceding quarter ended 30 September 2015. Management attributes the decrease in profit before tax mainly due to provision of impairment loss on receivables amounting to RM7.711 million in current quarter.

17. Prospects

Plantation segment

Given the current level of CPO and PK prices, the Group's plantation segment will remain profitable for the current financial year and its performance will be in line with the industry norm. There is yet to be any significant revenue and profit contribution from the Group's plantation operation in Indonesia for the current financial year as majority of the plantation area is still in the preliminary development and planting stage.

Hotel segment

The prospect of the hotel segment is expected to be challenging for the current financial year.

18. Profit forecast

Not applicable.

NPC RESOURCES BERHAD (Company No: 502313-P)
INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015
The figures have not been audited

19. Profit/ (Loss) for the period

Profit/ (loss) for the period is arrived at after charging/(crediting):

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/12/2015 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2014 RM'000	Current Year- To-Date Ended 31/12/2015 RM'000	Preceding Year Corresponding Period Ended 31/12/2014 RM'000
Interest income	(204)	(469)	(807)	(1,627)
Other income	(682)	(1,193)	(2,636)	(3,694)
Amortisation of land use rights	28	(57)	113	116
Depreciation of property, plant and equipment	3,016	3,345	11,560	11,717
Depreciation of investment properties	51	23	94	23
Impairment loss on receivables	-	80	7,711	80
Net gain on disposal of property, plant and equipment	(75)	-	(418)	(1,729)
Negative goodwill	-	(674)	-	(674)
Unrealised net foreign exchange (gain)/ loss	(1,967)	1,607	12,505	1,508

Save as disclosed above, the other items as required under Appendix 9B, Part A(16) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

20. Income tax expense

Income tax expense comprises :-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/12/2015 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2014 RM'000	Current Year- To-Date Ended 31/12/2015 RM'000	Preceding Year Corresponding Period Ended 31/12/2014 RM'000
Tax expense for the period:				
- Malaysian Income Tax	973	1,728	4,143	7,574
- relating to origination and reversal of temporary differences	1,999	(195)	231	(1,022)
- relating to reduction in Malaysian income tax rates	23	17	4	(73)
	2,995	1,550	4,378	6,479
Under provided in prior years:				
Malaysian Income Tax	-	-	40	147
Deferred taxation	-	114	182	263
	2,995	1,664	4,600	6,889

NPC RESOURCES BERHAD (Company No: 502313-P)
INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015
The figures have not been audited

20. Income tax expense (Cont'd.)

The Group's effective tax rate is comparable with the statutory tax rate.

21. Status of corporate proposals

- (a) On 21 August 2008, the Company had announced to Bursa Malaysia that it had proposed to implement the following:
- (i) a share split involving the subdivision of every one (1) existing ordinary share of RM1.00 each held in NPC into five (5) ordinary shares of RM0.20 each ("Proposed Share Split");
 - (ii) establishment of an employees' share option scheme of up to fifteen percent (15%) of the issued and paid-up share capital of NPC ("Proposed ESOS") after the completion of the Proposed Share Split; and
 - (iii) amendments to the Memorandum of Association of NPC required for the implementation of the Proposed Share Split ("Proposed Amendments").

(Collectively referred to as the "Proposals").

The Board had on 21 February 2014 resolved to defer the Proposals until a suitable time.

- (b) On 21 December 2009, the Company had announced to Bursa Malaysia that the Company's wholly owned subsidiary, Permata Alam Sdn Bhd ("Permata") had on 18 December 2009 entered into a Conditional Sale and Purchase Agreement ("Original CSPA") with Mr Ir. Ikhsanudin and Mr Firdaus ("the Vendors of ABS") in relation to the Proposed Acquisition of 2,375 fully paid up shares of IDR 100,000 each representing 95% equity interest in PT Agronusa Bumi Sejahtera ("ABS") at a maximum purchase consideration of USD3,160,518.90 ("the Proposed Acquisition of ABS") based on the total area of 8,338 hectares included in the certificates of Izin Lokasi and Izin Usaha Perkebunan. The total purchase price shall be satisfied in five (5) progress payments upon the conditions fulfilled for each instalment. On 5 March 2010, Permata entered into an Amendment Agreement to the Conditional Share Sale and Purchase Agreement and an Amendment Agreement to the Service Provision Agreement ("the Amendment Agreements") with the Vendors of ABS in relation to the Proposed Acquisition of ABS. The Amendment Agreements were entered into to facilitate the transfer of all rights and obligations of Permata under the original Conditional Share Sale and Purchase Agreement entered into on 18 December 2009 to another wholly owned subsidiary of the Company, Miasa Plantation Sdn Bhd ("Miasa").

On 17 March 2011, the Company had announced to Bursa Malaysia that Miasa had on 16 March 2011 entered into a Second Amendment of the Conditional Shares Sale And Purchase Agreement ("Second Amendment CSPA") with the Vendors of ABS in relation to the Proposed Acquisition of ABS. As ABS has obtained an additional Grant of Location Permit for Oil Palm Plantation with the total land area of approximately 5,117 hectares located at Desa Bukit Makmur, Bukit Harapan, Bangun Jaya, Citra Manunggal Jaya, Bumi Sejahtera and Jangkar, District of Kaliorang and District of Sangkulirang of Kutai Timur

NPC RESOURCES BERHAD (Company No: 502313-P)
INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015
The figures have not been audited

21. Status of corporate proposals (Cont'd.)

Regency, of East Kalimantan Province, Indonesia (“the Additional ABS Land”) on 8 November 2010 (“ABS Location Permit II”) and obtained the Grant of Plantation Business Permit for Oil Palm Plantation for the Additional Land on 4 January 2011 (“ABS IUP II”), the Second Amendment CSPA is required to amend the purchase consideration and several terms and conditions stated in the Original CSPA to take into account and reflect the Additional ABS Land. Due to the increase of the parcel area of the land granted to ABS pursuant to the ABS Location Permit II and ABS IUP II obtained, the maximum purchase consideration for the Proposed Acquisition of ABS shall be revised to USD 399 x 13,455 hectares x 95% totalling USD 5,100,117.75. Based on the cadastral measurement of the ABS Land on 15 September 2011, the total land area of ABS is reduced to 5,564 hectares and thus the maximum purchase consideration shall be revised to USD 399 x 5,564 hectares x 95% totalling USD 2,109,034.20.

The total progress payments paid to the Vendors of ABS as at 31 December 2015 was USD1,386,450, which represents 66% of the latest revised maximum purchase consideration.

Due to expiry of the Izin Lokasi (including ABS Location Permit II) which could not be further renewed under ABS, a provision for impairment amounting to RM6.925 million is provided in current year as stated in Note 15 above.

- (c) On 15 January 2014, the Company had announced to Bursa Malaysia that the Company’s wholly owned subsidiary, Miasa Plantation Sdn Bhd (“Miasa”) had on the same date entered into:-
- (i) the Share and Warrant Subscription Agreement with PT Sawit Nusantara Makmur Utama and (“SNMU”) and Cstone Financial Holdings Ltd (“Cstone”) to subscribe for 2,604 new ordinary shares of IDR1,000,000 each (“New Shares”), representing 9.43% equity interest of the enlarged paid-up capital of SNMU and 1,781,136 new warrants in SNMU, at a consideration of USD2,000,000 or approximately RM6.52 million (based on the exchange rate of USD1.00:RM3.26 as at 13 January 2014); and
 - (ii) the Conditional Share and Warrant Subscription Agreement (“CSWSA”) with SNMU and Cstone to subscribe for 8,033 new ordinary shares of IDR1,000,000 each (“New Additional Shares”), representing 22.54% equity interest of the enlarged paid-up capital of SNMU and 5,494,572 new warrants in SNMU, at a consideration of USD6,170,000 or approximately RM20.11 million (based on the exchange rate of USD1.00:RM3.26 as at 13 January 2014).

On 15 January 2014, Miasa had paid the consideration of USD2,000,000 for the subscription of the New Shares and its related new warrants and on 21 January 2014, Miasa had also paid the consideration of USD2,280,000 for the partial subscription of the New Additional Shares and its related warrants pursuant to the fulfilment of one of the conditions precedent stated in the CSWSA.

NPC RESOURCES BERHAD (Company No: 502313-P)
INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015
The figures have not been audited

21. Status of corporate proposals (Cont'd.)

(d) On 24 January 2014, the Company had announced to Bursa Malaysia that the Company and Miasa had entered into a Summary of Principal Terms and Conditions of the Business Combination (“Term Sheet”) with Cstone and SNMU for the following:

- (i) Proposed subscription by SNMU of collectively 95% of the enlarged equity interest in PT Borneo Indosubur, PT Enggang Alam Sawita, PT Agronusa Bumi Sejahtera and PT Nala Palma Cadudasa (“Nala”), Indonesian subsidiaries of NPC (collectively “NPC Indon Subsidiaries”) for an indicative consideration of USD30.40 million (equivalent to approximately RM101.23 million¹) to be satisfied entirely by the issuance of new primary shares in SNMU to Miasa, the number of which to be determined later, subject to any post valuation adjustments to be conducted (“Post Valuation Adjustments”) after the completion of the Due Diligence stated in Section 3.2 of the Announcement (“Proposed NPC Indon Subsidiaries Shares Subscriptions”); and
- ii) Proposed additional subscription by Miasa of new primary shares in SNMU, the number of which is also to be determined later and subject to Post Valuation Adjustments for an indicative cash consideration of USD21.83 million (equivalent to approximately RM72.69 million¹) (“Proposed SNMU Shares Subscriptions”).

¹ (based on the exchange rate of USD1.00:RM3.33 as at 23 January 2014).

The consummations of the Proposed NPC Indon Subsidiaries Shares Subscriptions and the Proposed SNMU Shares Subscriptions are subject to the results of the Due Diligence which are currently undertaken by both Parties to the Term Sheet.

(e) On 11 February 2015, the Company had announced to Bursa Malaysia that the Company via its wholly owned subsidiary, Miasa Plantation Sdn Bhd had entered into the following agreements:

- (i) Miasa has entered into a conditional share and warrant subscription agreement with Cstone and SNMU (“**CSWA**”) for the proposed subscription by Miasa of 23,201 new ordinary shares with nominal value of IDR10,000 each in SNMU (“**SNMU Class B Shares**”) representing approximately 53.50% equity interest of the enlarged subscribed and paid-up share capital of SNMU and warrants that are exercisable into 15,869,484 new SNMU Class B Shares for a cash consideration of IDR232.01 million or equivalent to approximately *RM66,000 (“**CSWA Subscription**”).

The SNMU Class B Shares will have a nominal value of IDR10,000 and shall bestow their respective owners the equal rights to:-

- (i) attend and cast votes in a general meeting of shareholders;
- (ii) receive payment of dividends and the remainder of assets from liquidation; and
- (iii) exercise other rights under the prevailing laws and regulations.

NPC RESOURCES BERHAD (Company No: 502313-P)
INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015
The figures have not been audited

21. Status of corporate proposals (Cont'd.)

- (ii) Permata Alam Sdn Bhd (“**Permata**”), Miasa, Enggang and Nala entered into a conditional share subscription agreement with SNMU (“**CSSA**”) for the proposed subscription by SNMU of 95% of the enlarged equity interest in Nala and Enggang respectively (collectively referred to as the “**Final NPC Indon Subsidiaries**”) for a total cash consideration of IDR242,546.24 million or equivalent to approximately *RM68.50 million for the purpose of internal restructuring by transferring the shareholdings of the Final NPC Indon Subsidiaries from Permata and Miasa to SNMU (“**Proposed Restructuring**”).

Permata is a wholly owned subsidiary of NPC and the holding company of Enggang while Miasa is a wholly owned subsidiary of NPC and the holding company of Nala.

The Final NPC Indon Subsidiaries have been identified for the inclusion in the Proposed Restructuring after the completion of the Post Valuation Adjustments pursuant to the Proposed NPC Indon Subsidiaries Shares Subscriptions as detailed in Note 21(d)(i) as compared to the earlier proposal in the Initial NPC Indon Subsidiaries.

The Proposed Restructuring is the finalisation of the Proposed NPC Indon Subsidiaries Shares Subscriptions as detailed in Note 21(d)(i).

- (iii) Miasa has entered into a post-closing conditional share and warrant subscription agreement with SNMU (“**Post Closing CSWA**”) for the proposed subscription by Miasa of additional 41,693 new SNMU Class B Shares and new warrants that are exercisable for 28,518,012 new SNMU Class B Shares for a cash consideration of IDR416,930,000 or equivalent to approximately *RM118,000 for the purpose of increasing Miasa’s shareholdings in SNMU to approximately 73.81% upon completion of the Post Closing CSWA (“**Post Closing Subscription**”).
- (iv) Miasa has entered into a shareholders’ agreement with SNMU and Cstone to set out the administrative and operational procedures for SNMU after the completion of CSWA Subscription and Post Closing Subscription pursuant to the CSWA, CSSA and Post Closing CSWA (“**Shareholders Agreement**”).

CSWA Subscription, Proposed Restructuring and Post Closing Subscription are collectively referred to as the “**Proposals**”.

*(Note *: Based on the exchange rate of RM1.00:IDR3,541 as at 5 February 2015)*

- (f) On 28 August 2015, the Company had announced to Bursa Malaysia that the Company's wholly owned subsidiary, Transglobe Enterprise Sdn Bhd ("TGSB") has on 28 August 2015 entered into a Conditional Sales and Purchase Agreement with Ladang Sri Harapan (Sabah) Sdn Bhd in relation to the Proposed Disposal by Transglobe Enterprise Sdn Bhd, a wholly owned subsidiary of NPC Resources Berhad of 18 parcels of agricultural land with buildings erected thereon the said land located in the District of Labuk Sugut, in the State of Sabah for a sales consideration of RM74,051,490.00 only.

The above Proposal was completed on 3 February 2016.

NPC RESOURCES BERHAD (Company No: 502313-P)
INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015
The figures have not been audited

21. Status of corporate proposals (Cont'd.)

(f) The total gross proceeds of RM74,051,490.00 received from the Proposed Disposal are utilized in the following manner:

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation	Deviation (RM'000)	%
i. Repayment of Overdraft/ Revolving credits/Loans	60,000	60,000	Within 1 year	-	-
ii. Future working capital	14,051	14,051	Within 1 year	-	-
Total	<u>74,051</u>	<u>74,051</u>			

22. Group's borrowings and debt securities

Particulars of the Group's borrowings as at 31 December 2015 are as follows :-

	Secured RM'000
Short term borrowings	
Revolving credits	115,130
Bankers acceptance	4,934
Bank overdraft	11,014
Term loans	41,075
	<u>172,153</u>
Hire purchase and lease payables	1,432
Sub-total	<u>173,585</u>
Long term borrowings	
Term loans	212,327
Hire purchase and lease payables	2,064
Sub-total	<u>214,391</u>
Total Borrowings	<u>387,976</u>

All borrowings are denominated in Ringgit Malaysia, except for the following borrowing:

	Foreign Currencies	RM Equivalent
USD – Revolving credit @ 4.2935	17,434,776	74,856,210

There are no debt securities issued as at 31 December 2015.

NPC RESOURCES BERHAD (Company No: 502313-P)
INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015
The figures have not been audited

23. Financial Instruments

(a) Derivatives

As at 31 December 2015, there were no outstanding derivatives (including financial instruments designated as hedging derivatives).

(b) Gains or Losses Arising From Fair Value Changes of Financial Liabilities

As the Group did not have any financial liabilities measured at fair value through profit or loss, there were no gains or losses arising from fair value changes of financial liabilities for the current quarter and financial year-to-date.

24. Changes in material litigation

There was no pending material litigation as at 18 February 2016, being a date not earlier than 7 days from the date of the quarterly report.

25. Proposed dividend

No dividend was proposed for the current period.

26. Earnings per share

(a) **Basic**

Basic earnings per share amounts are calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period excluding treasury shares held by the Company.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/12/2015 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2014 RM'000	Current Year- To-Date Ended 31/12/2015 RM'000	Preceding Year Corresponding Period Ended 31/12/2014 RM'000
(a) (Loss)/ Profit attributable to equity holders of the parent	<u>(3,182)</u>	<u>2,167</u>	<u>(10,992)</u>	<u>20,250</u>
(b) Weighted average number of shares	<u>119,775</u>	<u>119,954</u>	<u>119,775</u>	<u>119,954</u>
(c) Basic (loss)/ earnings per share (sen)	<u>(2.66)</u>	<u>1.81</u>	<u>(9.18)</u>	<u>16.88</u>

(b) Diluted

The Group has no potential ordinary shares in issue as at end of current quarter and therefore, diluted earnings per share has not been presented.

NPC RESOURCES BERHAD (Company No: 502313-P)
INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015
The figures have not been audited

27. Retained earnings

	As at 31 December 2015 RM'000	As at 31 December 2014 RM'000
Realised	296,637	294,807
Unrealised	2,527	(19,005)
	<hr/> 299,164	<hr/> 275,802
Consolidation adjustments	(110,868)	(75,029)
Total group retained earnings as per consolidated accounts	<hr/> 188,296	<hr/> 200,773

28. Net assets per share attributable to equity holders of the parent

The net assets per share attributable to equity holders of the parent is calculated by dividing the total equity attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the period excluding treasury shares as at end of current quarter.

29. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 February 2016.

By Order of the Board
Dorothy Luk Wei Kam
Company Secretary
Kota Kinabalu, Sabah
25 February 2016