**NPC RESOURCES BERHAD (Company No: 502313-P)**
**INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS**
**FOR THE SECOND QUARTER ENDED 30 JUNE 2016**
**The figures have not been audited**

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Individual Quarter | | Cumulative Quarter | |
|---|---|---|---|---|
| | Current Year Quarter Ended 30/06/2016 RM'000 | Preceding Year Corresponding Quarter Ended 30/06/2015 RM'000 | Current Year-To-Date Ended 30/06/2016 RM'000 | Preceding Year Corresponding Period Ended 30/06/2015 RM'000 |
| Revenue | 76,423 | 95,637 | 122,495 | 161,131 |
| Operating expenses | (77,054) | (92,671) | (123,795) | (162,587) |
| Other operating income | 4,069 | 1,358 | 58,036 | 2,231 |
| **Profit from operations** | 3,438 | 4,324 | 56,736 | 775 |
| Finance costs | (1,664) | (776) | (3,184) | (1,514) |
| **Profit/ (loss) before tax – (Note 19)** | 1,774 | 3,548 | 53,552 | (739) |
| Income tax expense – (**Note 20**) | (215) | (998) | (1,371) | (569) |
| **Profit/ (loss) for the period** | 1,559 | 2,550 | 52,181 | (1,308) |
| **Other comprehensive income/(loss), net of tax:** | | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | | |
| Exchange differences on translating foreign operation | 11,503 | (2,008) | (6,376) | (4,641) |
| **Total comprehensive income/ (loss) for the period** | 13,062 | 542 | 45,805 | (5,949) |
| **Income/ (loss) for the period attributable to:** | | | | |
| Equity holders of the parent | 1,584 | 2,411 | 52,581 | (917) |
| Non-controlling interests | (25) | 139 | (400) | (391) |
| | 1,559 | 2,550 | 52,181 | (1,308) |
| **Total comprehensive income/ (loss) for the period attributable to:** | | | | |
| Equity holders of the parent | 13,135 | 177 | 46,157 | (5,784) |
| Non-controlling interests | (73) | 365 | (352) | (165) |
| | 13,062 | 542 | 45,805 | (5,949) |
| **Earnings/ (loss) per share attributable to equity holders of the parent:-** | | | | |
| (a) Basic, for profit/(loss) for the period (sen) - (**Note 26**) | 1.32 | 2.01 | 43.91 | (0.77) |
| (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 2015 and the accompanying explanatory notes attached to the interim financial report.**

**NPC RESOURCES BERHAD (Company No: 502313-P)**
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**The figures have not been audited**

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | As at current year ended 30/06/2016 RM'000 | As at preceding financial year ended 31/12/2015 RM'000 |
|---|---|---|
| **Non-current assets** | | |
| Property, plant and equipment | 272,775 | 274,365 |
| Investment properties | 1,117 | 1,137 |
| Land use rights | 29,815 | 30,749 |
| Biological assets | 317,523 | 298,538 |
| Other investment | 1,759 | 1,759 |
| Other receivables | 135,955 | 116,932 |
| Deferred tax assets | 231 | 398 |
| Goodwill on consolidation | 4,932 | 4,932 |
| | 764,107 | 728,810 |
| **Current assets** | | |
| Inventories | 18,386 | 25,637 |
| Trade and other receivables | 24,999 | 22,106 |
| Tax refundable | 2,025 | 4,510 |
| Cash and bank balances | 27,976 | 8,043 |
| Non-current assets held for sale | - | 20,103 |
| | 73,386 | 80,399 |
| **Current liabilities** | | |
| Trade and other payables | 74,550 | 76,994 |
| Borrowings – (**Note 22**) | 171,329 | 173,655 |
| Provision for taxation | 1,183 | 464 |
| | 247,062 | 251,113 |
| Net current liabilities | (173,676) | (170,714) |
| | 590,431 | 558,096 |
| Share capital | 120,000 | 120,000 |
| Treasury shares | (755) | (755) |
| Retained earnings – (**Note 27**) | 232,693 | 181,799 |
| Foreign currency translation reserve | (976) | 5,448 |
| **Equity attributable to equity holders of the parent** | 350,962 | 306,492 |
| **Non-controlling interests** | 1,996 | 890 |
| **Total equity** | 352,958 | 307,382 |
| **Non-current liabilities** | | |
| Borrowings – (**Note 22**) | 204,062 | 214,556 |
| Employee benefits | 378 | 421 |
| Deferred tax liabilities | 33,033 | 35,737 |
| | 237,473 | 250,714 |
| | 590,431 | 558,096 |
| Net assets per share attributable to equity holders of the parent (RM) - (**Note 28**) | 2.93 | 2.56 |

**The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial report.**

**NPC RESOURCES BERHAD (Company No: 502313-P)**
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**FOR THE SECOND QUARTER ENDED 30 JUNE 2016**
**The figures have not been audited**

## CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW

| | Current Year-To-Date Ended 30/06/2016 RM'000 | Preceding Year Corresponding Period Ended 30/06/2015 RM'000 |
|---|---|---|
| Profit/(Loss) before tax | 53,552 | (739) |
| Adjustments for:- | | |
| Amortisation of land use rights | 198 | 57 |
| Depreciation of property, plant and equipment | 6,012 | 5,698 |
| Depreciation of investment property | 20 | - |
| Finance costs | 3,184 | 1,514 |
| Impairment on investment | 2,597 | - |
| Interest income | (3,109) | (372) |
| Net (gain)/loss on disposals of property, plant and equipment | (53,021) | (199) |
| Net unrealised foreign exchange (gain)/loss | (4,491) | 3,998 |
| Property, plant and equipment written off | 119 | - |
| Operating cash flows before changes in working capital | 5,061 | 9,957 |
| | | |
| Changes in working capital | | |
| Net change in inventories | 7,177 | 457 |
| Net change in biological assets | - | 1,292 |
| Net change in receivables | (48,542) | (28,047) |
| Net change in payables | 22,962 | (9,507) |
| Interest received | 3,109 | 372 |
| Net taxes paid | (701) | (1,648) |
| Finance costs paid | (3,161) | (1,364) |
| Net cash flows used in operating activities | (14,095) | (28,488) |
| | | |
| Investing Activities | | |
| Additional placement of fixed deposits | (650) | - |
| Additions of biological assets | (20,020) | (24,091) |
| Acquisition of non-controlling interest | (2,826) | - |
| Purchase of property, plant and equipment | (7,797) | (14,365) |
| Net proceeds from disposals of property, plant and equipment | 73,004 | 1,314 |
| Net proceeds from disposals of biological assets | - | 391 |
| Net cash flows from/(used in) investing activities | 41,711 | (36,751) |
| | | |
| Financing Activities | | |
| Purchase of treasury share | - | (513) |
| Repayment of borrowings | (59,798) | (11,282) |
| Proceeds from drawdown of bank borrowings | 58,664 | 55,411 |
| Payment of hire purchase liabilities | (614) | (685) |
| Net cash flows (used in)/from financing activities | (1,748) | 42,931 |
| | | |
| Net change in cash and cash equivalents | 25,868 | (22,308) |
| Effect on exchange rate changes on cash and cash equivalents | (177) | (249) |
| Cash and cash equivalents at beginning of financial period | (3,299) | 27,619 |
| Cash and cash equivalents at end of financial period (Note A) | 22,392 | 5,062 |

**NPC RESOURCES BERHAD (Company No: 502313-P)**
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**FOR THE SECOND QUARTER ENDED 30 JUNE 2016**
**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 30/06/2016 RM'000 | Preceding Year Corresponding Period Ended 30/06/2015 RM'000 |
|---|---|---|
| Fixed deposits with licensed bank | 978 | 3,672 |
| Cash and bank balances | 26,998 | 9,488 |
| Bank overdraft | (4,606) | (8,098) |
| | 23,370 | 5,062 |
| Short term fixed deposits with licensed banks with maturity more than 3 months | (978) | - |
| | 22,392 | 5,062 |

**The condensed consolidated statement of cashflow should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial report.**

**NPC RESOURCES BERHAD (Company No: 502313-P)**
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**FOR THE SECOND QUARTER ENDED 30 JUNE 2016**
**The figures have not been audited**

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to equity holders of the parent | | | | | | |
|---|---|---|---|---|---|---|---|
| | 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 | Total Equity RM'000 |
| **Preceding year corresponding period ended 31 December 2015** | | | | | | | |
| **Balance as at 1 January 2015** | | | | | | | |
| - as previously reported | 120,000 | (242) | 200,773 | (25,132) | 295,399 | 2,128 | 297,527 |
| - prior year adjustments | - | - | (3,935) | 2,373 | (1,562) | (1,649) | (3,211) |
| - as restated | 120,000 | (242) | 196,838 | (22,759) | 293,837 | 479 | 294,316 |
| Total comprehensive (loss)/ income for the period | - | - | (13,423) | 28,207 | 14,784 | (8) | 14,776 |
| ***Transactions with owners*** | | | | | | | |
| Acquisition of non-controlling interest | - | - | (419) | - | (419) | 419 | - |
| Purchase of treasury share | - | (513) | - | - | (513) | - | (513) |
| Dividends | - | - | (1,197) | - | (1,197) | - | (1,197) |
| **Balance as at 31 December 2015** | 120,000 | (755) | 181,799 | 5,448 | 306,492 | 890 | 307,382 |

| | Attributable to equity holders of the parent | | | | | | |
|---|---|---|---|---|---|---|---|
| | 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 | Total Equity RM'000 |
| **Current year to date ended 30 June 2016** | | | | | | | |
| **Balance as at 1 January 2016** | 120,000 | (755) | 181,799 | 5,448 | 306,492 | 890 | 307,382 |
| Total comprehensive income/ (loss) for the period | - | - | 52,581 | (6,424) | 46,157 | (352) | 45,805 |
| ***Transactions with owners*** | | | | | | | |
| Acquisition of non-controlling interest | - | - | (1,687) | - | (1,687) | 1,458 | (229) |
| **Balance as at 30 June 2016** | 120,000 | (755) | 232,693 | (976) | 350,962 | 1,996 | 352,958 |

**The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial report.**

## 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 2015. 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 2015.

## 2. Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2015, 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** |
|---|---|
| Annual improvements to FRSs 2012 – 2014 Cycle | 1 January 2016 |
| Amendments to FRS 116 and FRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation | 1 January 2016 |
| Amendments to FRS 11: Accounting for Acquisitions of Interests in Joint Operations | 1 January 2016 |
| Amendments to FRS 127: Equity Method in Separate Financial Statements | 1 January 2016 |
| Amendments to FRS 101: Disclosure Initiatives | 1 January 2016 |
| Amendments to FRS 10, FRS 12 and FRS 128: Investment Entities: Applying the Consolidation Exception | 1 January 2016 |
| FRS 14 Regulatory Deferral Accounts | 1 January 2016 |

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.

<u>Malaysian Financial Reporting Standards (MRFS Framework)</u>

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 and IC Interpretation 15 Agreements for Construction of Real Estate, including their parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities are allowed to defer adoption of the new MFRS Framework until the MFRS framework becomes mandatory for the Transitioning Entities for annual periods beginning on or after 1 January 2018.

## 2. Accounting Policies (Cont.d)

Malaysian Financial Reporting Standards (MRFS 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 2018. In presenting their 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.

At the date of these financial statements, the Group has not completed their qualification of the financial effects of the differences between FRS and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2015 could be different if prepared under MFRS Framework.

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 2018.

## 3. Qualified auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2015 was unqualified.

## 4. Seasonality or cyclicality 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.

## 8. Dividends paid

A final single-tier dividend in respect of the financial year ended 31 December 2015 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 26 May 2016 was paid on 5 August 2016.

## 9. Segmental reporting

| | Plantation and milling RM'000 | Hotel RM'000 | Fishery RM'000 | Corporate RM'000 | Elimination RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **For three months ended 30 June 2016** | | | | | | |
| **Segment Revenue** | | | | | | |
| External revenue | 72,278 | 1,718 | - | 2,427 | - | 76,423 |
| Inter-segment revenue | - | 1 | - | 2,368 | (2,369) | - |
| Total | 72,278 | 1,719 | - | 4,795 | (2,369) | 76,423 |
| **Segment Results** | 2,106 | (71) | (15) | 5,405 | (3,987) | 3,438 |
| Finance costs | | | | | | (1,664) |
| Profit before tax | | | | | | 1,774 |
| Income tax expense | | | | | | (215) |
| Profit for the period | | | | | | 1,559 |
| **For six months ended 30 June 2016** | | | | | | |
| **Segment Revenue** | | | | | | |
| External revenue | 116,761 | 3,307 | - | 2,427 | - | 122,495 |
| Inter-segment revenue | - | 10 | - | 4,736 | (4,746) | - |
| Total | 116,761 | 3,317 | - | 7,163 | (4,746) | 122,405 |
| **Segment Results** | 52,847 | (151) | (40) | 5,405 | (1,325) | 56,736 |
| Finance costs | | | | | | (3,184) |
| Profit before tax | | | | | | 53,552 |
| Income tax expense | | | | | | (1,371) |
| Profit for the period | | | | | | 52,181 |
| **For three months ended 30 June 2015** | | | | | | |
| **Segment Revenue** | | | | | | |
| External revenue | 93,998 | 1,639 | - | - | - | 95,637 |
| Inter-segment revenue | - | 9 | - | 2,139 | (2,148) | - |
| Total | 93,998 | 1,648 | - | 2,139 | (2,148) | 95,637 |
| **Segment Results** | 7,524 | (105) | (17) | - | (3,078) | 4,324 |
| Finance costs | | | | | | (776) |
| Profit before tax | | | | | | 3,548 |
| Income tax expense | | | | | | (998) |
| Profit for the period | | | | | | 2,550 |

## 9. Segmental reporting (Cont.d)

| | Plantation and milling RM'000 | Hotel RM'000 | Fishery RM'000 | Corporate RM'000 | Elimination RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **For six months ended 30 June 2015** | | | | | | |
| **Segment Revenue** | | | | | | |
| External revenue | 156,140 | 3,319 | 1,672 | - | - | 161,131 |
| Inter-segment revenue | - | 9 | - | 4,277 | (4,286) | - |
| Total | 156,140 | 3,328 | 1,672 | 4,277 | (4,286) | 161,131 |
| | | | | | | |
| **Segment Results** | 9,272 | (168) | (431) | - | (7,898) | 775 |
| Finance costs | | | | | | (1,514) |
| Loss before tax | | | | | | (739) |
| Income tax expense | | | | | | (569) |
| Loss for the period | | | | | | (1,308) |

## 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 RM203,840,550 to certain financial institutions to secure banking facilities granted by them to its subsidiaries. As at 30 June 2016, the total amount owing to these financial institutions amounted to RM81,477,418.

There are no other contingent liabilities or contingent assets to be disclosed during the current quarter under review.

## 14. Capital commitments

The amount of capital commitments not provided for in the unaudited interim financial report as at 30 June 2016 is as follows:

| | RM'000 |
|---|---|
| Approved and contracted for purchase of property, plant and equipment | 3,879 |

## 15. Review of performance

The Group recorded a profit before tax of RM1.774 million for the current quarter and RM53.552 million for the current year-to date on the back of turnover of RM76.423 million for the current quarter and RM122.495 million for the current year-to-date respectively. These represent:

(a) a decrease of 50% in profit before tax and a decrease of 20% in revenue as compared to the profit before tax and revenue in the preceding year corresponding quarter ended 30 June 2015 respectively;

(b) an increase of 7347% in profit before tax and a decrease of 24% in revenue as compared to the loss before tax and revenue in the preceding year corresponding period ended 30 June 2015 respectively.

The decrease in profit before tax for the current quarter compared to preceding corresponding quarter was mainly due lower milling margin and progressively recognition of newly-matured plantation operating costs from the Group's plantation operations in Indonesia. However, the increase in profit before tax for the financial year-to-date compared to preceding corresponding period was mainly due to one-off net gain on disposal of 18 parcels of agricultural lands of RM53.019 million.

The decrease in revenue for the current quarter and financial year-to-date compared to preceding year corresponding quarter and period was mainly due lower sales of CPO & lower FFB production from the plantation segment.

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 23% for the current quarter and 25% 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 of CPO & PK. The plantation segment registered a decrease in segment profit of 72% for the current quarter compared to previous year corresponding quarter due to lower milling margin. However, segment profit for current financial year-to-date increased by 470% compared to previous year corresponding period mainly due to one-off net gain on disposal of 18 parcels of agricultural lands of RM53.019 million.

**Hotel segment**
The external revenue of the hotel segment increased by 5% for the current quarter but a slight decrease for the current financial year-to-date compared to previous year corresponding quarter and period respectively. The hotel segment registered an improved segment result of 32% for the current quarter and 10% for the current financial year-to-date compared to previous year corresponding quarter and period. The improvement was mainly due to higher occupancy rate in current period.

## 16. Variance of the results against the immediate preceding quarter

The Group recorded a profit before tax of RM1.774 million for the current quarter, which represents a decrease of 96% over the profit before tax of RM51.778 million for the immediate preceding quarter ended 31 March 2016. Management attributes the decrease in profit before tax mainly due to one-off net gain on disposal of 18 parcel of agricultural land of RM53.019 million in previous quarter.

## 17. Prospects

**Plantation segment**
Given the current level of CPO and PK prices, the Group's plantation segment will turnaround to become 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 improving in the second half of the financial year.

## 18. Profit forecast

Not applicable.

## 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 30/06/2016 RM'000** | **Preceding Year Corresponding Quarter Ended 30/06/2015 RM'000** | **Current Year-To-Date Ended 30/06/2016 RM'000** | **Preceding Year Corresponding Period Ended 30/06/2015 RM'000** |
| Amortisation of land use rights | 156 | 29 | 198 | 57 |
| Depreciation of property, plant and equipment | 3,025 | 2,917 | 6,012 | 5,698 |
| Depreciation of investment property | 10 | - | 20 | - |
| Impairment on investment | - | - | 2,597 | - |
| Interest income | (3,016) | (14) | (3,109) | (372) |
| Other income | (1,025) | (1,156) | (1,499) | (1,671) |
| Net gain on disposal of property, plant and equipment | (2) | (245) | (53,021) | (199) |
| Net unrealised foreign exchange loss/ (gain) | 2,273 | 1,261 | (4,491) | 3,998 |
| Property, plant and equipment written off | - | - | 119 | - |

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 30/06/2016 RM'000** | **Preceding Year Corresponding Quarter Ended 30/06/2015 RM'000** | **Current Year-To-Date Ended 30/06/2016 RM'000** | **Preceding Year Corresponding Period Ended 30/06/2015 RM'000** |
| Tax expense for the period: | | | | |
| - Malaysian Income Tax | 657 | 1,323 | 1,322 | 1,652 |
| - Malaysian RPGT | - | - | 2,579 | - |
| - relating to origination and reversal of temporary differences | (451) | (277) | (2,512) | (1,099) |
| - relating to reduction in Malaysian income tax rates | - | (53) | (30) | 11 |
| | 206 | 993 | 1,359 | 564 |
| Under provided in prior years: | | | | |
| Malaysian Income Tax | 1 | 3 | 1 | 3 |
| Deferred taxation | 8 | 2 | 11 | 2 |
| | 215 | 998 | 1,371 | 569 |

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

## 21. Status of corporate proposals

(a) 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.

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

(b) 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 million[1]) 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 million[1]) ("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.

(c) 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.

## 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 compared to the earlier proposal in the Initial NPC Indon Subsidiaries.

The Proposed Restructuring is currently pending the finalisation of the Proposed NPC Indon Subsidiaries Shares Subscriptions.

(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)*

## 22. Group's borrowings and debt securities

Particulars of the Group's borrowings as at 30 June 2016 are as follows :-

| | Secured RM'000 |
|---|---|
| **Short term borrowings** | |
| Revolving credits | 119,720 |
| Bankers' acceptance | 4,899 |
| Bank overdraft | 4,606 |
| Term loans | 40,620 |
| | 169,845 |
| Hire purchase and lease payables | 1,484 |
| **Sub-total** | 171,329 |
| **Long term borrowings** | |
| Term loans | 202,664 |
| Hire purchase and lease payables | 1,398 |
| **Sub-total** | 204,062 |
| **Total Borrowings** | 375,391 |

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

| | Foreign Currencies | RM Equivalent |
|---|---|---|
| USD – Revolving credit @ 4.0315 | 19,734,730 | 79,560,563 |

There are no debt securities issued as at 30 June 2016.

## 23. Financial Instruments

(a) Derivatives

As at 30 June 2016, 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 August 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/ (loss) per share

### (a) Basic

Basic earnings/ (loss) per share amounts are calculated by dividing the net profit/ (loss) 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 30/06/2016 RM'000 | Preceding Year Corresponding Quarter Ended 30/06/2015 RM'000 | Current Year-To-Date Ended 30/06/2016 RM'000 | Preceding Year Corresponding Period Ended 30/06/2015 RM'000 |
| (a) Profit/ (loss) attributable to equity holders of the parent | 1,584 | 2,411 | 52,581 | (917) |
| (b) Weighted average number of shares | 119,760 | 119,821 | 119,760 | 119,821 |
| (c) Basic earnings/ (loss) per share (sen) | 1.32 | 2.01 | 43.91 | (0.77) |

### (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.

## 27. Retained earnings

| | As at 30 June 2016 RM'000 | As at 31 December 2015 RM'000 |
|---|---|---|
| Realised | 339,338 | 291,711 |
| Unrealised | 9,490 | 2,263 |
| | 348,828 | 293,974 |
| Consolidation adjustments | (116,135) | (112,175) |
| Total group retained earnings as per consolidated accounts | 232,693 | 181,799 |

## 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 August 2016.

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