



NPC RESOURCES BERHAD (Company No: 502313-P)
INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016
The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/12/2016 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2015 RM'000	Current Year- To-Date Ended 31/12/2016 RM'000	Preceding Year Corresponding Period Ended 31/12/2015 RM'000
Revenue	93,743	76,028	287,413	317,758
Operating expenses	(97,306)	(78,294)	(290,063)	(327,491)
Other operating income	974	544	63,681	3,861
(Loss)/ profit from operations	(2,589)	(1,722)	61,031	(5,872)
Finance costs	(4,216)	(288)	(8,930)	(2,549)
(Loss)/ profit before tax – (Note 20)	(6,805)	(2,010)	52,101	(8,421)
Income tax expense – (Note 21)	(1,263)	(3,107)	(4,594)	(4,712)
(Loss)/ profit for the period	(8,068)	(5,117)	47,507	(13,133)
Other comprehensive income, net of tax:				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of gain on employee defined benefit liability	-	3	-	3
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operation	16,525	15,310	22,686	27,906
Total comprehensive income for the period	8,457	10,196	70,193	14,776
(Loss)/ income for the period attributable to:				
Equity holders of the parent	(8,202)	(5,613)	47,800	(13,423)
Non-controlling interests	134	496	(293)	290
	(8,068)	(5,117)	47,507	(13,133)
Total comprehensive income/ (loss) for the period attributable to:				
Equity holders of the parent	8,445	10,034	70,641	14,784
Non-controlling interests	12	162	(448)	(8)
	8,457	10,196	70,193	14,776
(Loss)/ earnings per share attributable to equity holders of the parent:-				
(a) Basic, for (loss)/ profit for the period (sen) - (Note 27)	(6.85)	(4.69)	39.94	(11.21)
(b) Diluted, for profit for the period (sen) - (Note 27)	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.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at current year ended 31/12/2016 RM'000	As at preceding financial year ended 31/12/2015 RM'000
Non-current assets		
Property, plant and equipment	263,865	274,365
Investment properties	1,097	1,137
Land use rights	30,676	30,749
Biological assets	350,678	298,538
Other investment	1,759	1,759
Other receivables	151,785	116,932
Deferred tax assets	319	398
Goodwill on consolidation	4,932	4,932
	805,111	728,810
Current assets		
Inventories	16,388	25,637
Trade and other receivables	24,804	22,106
Tax refundable	1,318	4,510
Cash and bank balances	14,388	8,043
Assets held for sale	26,482	20,103
	83,380	80,399
Current liabilities		
Trade and other payables	109,627	76,994
Borrowings – (Note 23)	165,559	173,655
Provision for taxation	1,634	464
Liabilities directly associated with disposal group classified as held for sale	24,378	-
	301,198	251,113
Net current liabilities	(217,818)	(170,714)
	587,293	558,096
Share capital		
Share capital	120,000	120,000
Treasury shares	(3,678)	(755)
Retained earnings – (Note 28)	226,715	181,799
Foreign currency translation reserve	28,289	5,448
Equity attributable to equity holders of the parent	371,326	306,492
Non-controlling interests	1,900	890
Total equity	373,226	307,382
Non-current liabilities		
Borrowings – (Note 23)	182,974	214,556
Employee benefits	368	421
Deferred tax liabilities	30,725	35,737
	214,067	250,714
	587,293	558,096
Net assets per share attributable to equity holders of the parent (RM) - (Note 29)	3.10	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.

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CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW

	Current Year- To-Date Ended 31/12/2016 RM'000	Preceding Year Corresponding Period Ended 31/12/2015 RM'000
Profit/(Loss) before tax	52,101	(8,421)
Adjustments for:-		
Amortisation of land use rights	530	137
Amortisation of biological assets	-	2
Depreciation of property, plant and equipment	13,691	11,917
Depreciation of investment property	40	40
Finance costs	8,930	2,549
Impairment loss on land use right	1,156	-
Impairment loss on receivables	108	7,794
Impairment on investment	2,597	-
Interest income	(7,621)	(795)
Net gain on disposals of property, plant and equipment	(53,020)	(426)
Net unrealised foreign exchange (gain)/loss	48	12,878
Property, plant and equipment written off	120	521
Provision for retirement benefits	-	(64)
Operating cash flows before changes in working capital	18,680	26,132
Changes in working capital		
Net change in inventories	4,742	(4,525)
Net change in biological assets	-	1,292
Net change in receivables	(61,945)	(79,006)
Net change in payables	65,892	28,978
Interest received	7,621	795
Net taxes paid	(3,579)	(6,605)
Finance costs paid	(8,898)	(2,549)
Net cash flows from/(used in) operating activities	22,513	(35,488)
Investing Activities		
Additional uplift of fixed deposits	199	6,050
Additions in biological assets	(37,140)	(59,538)
Additions in land use rights	(424)	(3,712)
Additions in other investment	-	(195)
Acquisition of non-controlling interest	(2,826)	-
Purchase of property, plant and equipment	(15,708)	(27,219)
Net proceeds from disposals of property, plant and equipment	73,179	3,204
Net proceeds from disposals of biological assets	-	391
Net cash flows from/(used in) investing activities	17,280	(81,019)
Financing Activities		
Dividends paid to shareholders	(1,197)	(1,197)
Purchase of treasury share	(2,923)	(513)
Repayment of borrowings	(136,691)	(27,635)
Proceeds from drawdown of bank borrowings	110,959	112,905
Payment of hire purchase liabilities	(1,356)	(1,375)
Net cash flows (used in)/from financing activities	(31,208)	82,185

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CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW (CONTD.)

	Current Year-To-Date Ended 31/12/2016 RM'000	Preceding Year Corresponding Period Ended 31/12/2015 RM'000
Net change in cash and cash equivalents	8,585	(34,322)
Effect on exchange rate changes on cash and cash equivalents	865	9,738
Cash and cash equivalents at beginning of financial period	(3,299)	21,285
Cash and cash equivalents at end of financial period (Note A)	6,151	(3,299)

Note:

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

Fixed deposits with licensed bank	1,142	578
Cash and bank balances	13,246	7,465
Bank overdraft	(4,152)	(11,014)
<u>Classified as held for sale</u>		
Cash and bank balances	441	-
Bank overdraft	(4,398)	-
	6,279	(2,971)
Short term fixed deposits with licensed banks with maturity more than 3 months	(128)	(328)
	6,151	(3,299)

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.

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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 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						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 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	-	-	47,800	22,841	70,641	(448)	70,193
Transactions with owners							
Acquisition of non- controlling interest	-	-	(1,687)	-	(1,687)	1,458	(229)
Purchase of treasury share	-	(2,923)	-	-	(2,923)	-	(2,923)
Dividends	-	-	(1,197)	-	(1,197)	-	(1,197)
Balance as at 31 December 2016	120,000	(3,678)	226,715	28,289	371,326	1,900	373,226

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.

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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.

Malaysian Financial Reporting Standards (MRFS 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 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.

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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 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 cyclicity of operations

The Group's operations are mainly affected by seasonal and cyclical factors such as 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 1,517,100 of its issued ordinary shares from the open market at an average price of RM2.33. The total consideration paid for purchases including transaction costs was RM2,922,895. 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 2016.

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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	Elimination RM'000	Total RM'000
For three months ended					
31 December 2016					
Segment Revenue					
External revenue	91,668	2,075	-	-	93,743
Inter-segment revenue	-	6	-	(6)	-
Total	91,668	2,081	-	(6)	93,743
Segment Results					
Unallocated corporate expenses	4,223	174	(133)	-	4,264
Loss from operation					(6,853)
Finance costs					(2,589)
Loss before tax					(4,216)
Income tax expense					(6,805)
Loss for the period					(1,263)
					(8,068)
For twelve months ended					
31 December 2016					
Segment Revenue					
External revenue	280,019	7,394	-	-	287,413
Inter-segment revenue	-	19	-	(19)	-
Total	280,019	7,413	-	(19)	287,413
Segment Results					
Unallocated corporate expenses	65,740	309	(192)	-	65,857
Profit from operation					(4,826)
Finance costs					61,031
Profit before tax					(8,930)
Income tax expense					52,101
Profit for the period					(4,594)
					47,507
For three months ended					
31 December 2015					
Segment Revenue					
External revenue	73,862	2,166	-	-	76,028
Inter-segment revenue	-	(3)	-	3	-
Total	73,862	2,163	-	3	76,028
Segment Results					
Unallocated corporate expenses	6,270	(3)	(2)	-	6,265
Loss from operation					(7,987)
Finance costs					(1,722)
Loss before tax					(288)
Income tax expense					(2,010)
Loss for the period					(3,107)
					(5,117)

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9. Segmental reporting

	Plantation and milling RM'000	Hotel RM'000	Fishery RM'000	Elimination RM'000	Total RM'000
For twelve months ended					
31 December 2015					
Segment Revenue					
External revenue	309,006	7,080	1,672	-	317,758
Inter-segment revenue	-	12	-	(12)	-
Total	309,006	7,092	1,672	(12)	317,758
Segment Results					
Unallocated corporate expenses	23,210	(452)	(467)	-	22,291
Loss from operation					(28,163)
Finance costs					(5,872)
Loss before tax					(2,549)
Income tax expense					(8,421)
Loss for the period					(4,712)
					<u>(13,133)</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. Disposal group classified as held for sale

On 29 September 2016, the Company has entered into a Conditional Sale and Purchase Agreement (“Share Sale SPA”) with Budaya Potensi Sdn Bhd (Company No. 832404-A) (“BPSB”) (“the Purchaser”) in relation to the proposed disposal of its entire equity interest in Sungai Ruku Oil Palm Plantation Sdn Bhd (129371-P) (“SROPP”), a wholly owned subsidiary of the Company for a sales consideration of RM35,500,000.00 only

SROPP is the equitable and beneficial owner of a palm oil mill erected on a parcel of agricultural land (“said Palm Oil Mill”) and located within the land held under Country Lease No. 095310348, located at Segaliud-Lokan, District of Kinabatangan, State of Sabah (“the said Land”) registered in the name of Agrisa Trading Sdn Bhd (Company No. 102642-M) (“ATSB”), a wholly owned subsidiary of the Company. The Share Sale is to be sold en-bloc with the disposal of the said Land entered between ATSB and BPSB.

On the same date, ATSB (“the Land Vendor”) had entered into a Conditional Sale & Purchase Agreement (“Land SPA”) with BPSB in relation to the disposal of the said Land at a sales consideration of RM12,000,000.00 (Ringgit Malaysia Twelve Million) only (“Land Disposal Consideration”).

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13. Disposal group classified as held for sale (Cont'd.)

Accordingly, the financial position of the Disposal Group have been classified as held for sales in accordance with FRS5 "Non-current Assets held for Sale and Discontinued Operations".

Statement of financial position disclosures

The major classes of assets and liabilities of Disposal Group classified as held for sale are as follows:

	As at current period ended 31/12/2016 RM'000
Property, plant and equipment	13,454
Biological assets	670
Inventories	4,774
Trade and other receivables	6,882
Tax refundable	261
Cash and bank balances	441
Assets of disposal group classified as held for sale	<u>26,482</u>
Trade and other payables	11,149
Borrowings	11,369
Deferred tax liabilities	1,860
Liabilities directly associated with disposal group classified as held for sales	<u>24,378</u>

14. Contingent liabilities or contingent assets

The Company provided corporate guarantees amounting to RM236,793,800 to certain financial institutions to secure banking facilities granted by them to its subsidiaries. As at 31 December 2016, the total amount owing to these financial institutions amounted to RM148,288,731.

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

15. Capital commitments

The amount of capital commitments not provided for in the unaudited interim financial report as at 31 December 2016 is as follows:

	RM'000
Approved and contracted for purchase of property, plant and equipment	<u>1,853</u>

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16. Review of performance

The Group recorded a loss before tax of RM6.805 million for the current quarter and profit before tax of RM52.101 million for the current year-to date on the back of turnover of RM93.743 million for the current quarter and RM287.413 million for the current year-to-date respectively. These represent:

- (a) an increase of 239% in loss before tax and an increase of 23% in revenue as compared to the profit before tax and revenue in the preceding year corresponding quarter ended 31 December 2015 respectively;
- (b) an increase of 719% in profit before tax and a decrease of 10% in revenue as compared to the loss before tax and revenue in the preceding year corresponding period ended 31 December 2015 respectively.

The increase in loss before tax for the current quarter compared to preceding corresponding quarter was mainly due to 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 increase in revenue for the current quarter compared to preceding year corresponding quarter mainly due higher CPO and PK prices 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 increased by 24% for the current quarter and decrease of 9% for the current financial year-to-date as compared to previous year corresponding quarter and period respectively. The increase for the current quarter was mainly due to higher CPO & PK prices. However, the decrease for the current financial year-to-date was mainly due to lower sales of CPO and PK. The plantation segment registered a decrease in segment profit of 33% for the current quarter compared to previous year corresponding quarter due to recognition of newly-matured plantation operating costs from the Group's plantation operations in Indonesia. However, segment profit for current financial year-to-date increased by 183% 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 decreased by 4% for the current quarter and increased by 4% 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 5900% for the current quarter and 168% 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 the current quarter and period.

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17. Variance of the results against the immediate preceding quarter

The Group recorded a loss before tax of RM6.805 million for the current quarter, which represents a decrease of 227% over the profit before tax of RM5.354 million for the immediate preceding quarter ended 30 September 2016. Management attributes the increase in loss before tax mainly due to recognition of newly-matured plantation operating costs from the Group's plantation operations in Indonesia and lower milling margin in the current quarter.

18. Prospects

Plantation segment

Given the current level of CPO and PK prices, the Group's plantation segment will 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 areas are still in the preliminary development and planting stage.

Hotel segment

The prospect of the hotel segment is expected to be improving for the next financial year.

19. Profit forecast

Not applicable.

20. (Loss)/ profit for the period

(Loss)/ profit for the period is arrived at after charging/(crediting):

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/12/2016 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2015 RM'000	Current Year- To-Date Ended 31/12/2016 RM'000	Preceding Year Corresponding Period Ended 31/12/2015 RM'000
Amortisation of land use rights	228	52	530	137
Depreciation of property, plant and equipment	4,057	3,330	13,691	11,917
Depreciation of investment property	10	40	40	40
Impairment loss on land use right	1,156	-	1,156	-
Impairment loss on receivables	108	7,794	108	7,794
Impairment on investment	-	-	2,597	-
Interest income	(3,109)	(1,867)	(7,621)	(2,470)
Other income	393	1,159	(2,587)	(795)
Net gain on disposal of property, plant and equipment	(1)	(115)	(53,022)	(458)
Net unrealised foreign exchange loss/ (gain)	3,267	(14,692)	(451)	(138)
Property, plant and equipment written off	1	521	120	521

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.

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21. Income tax expense

Income tax expense comprises :-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/12/2016 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2015 RM'000	Current Year- To-Date Ended 31/12/2016 RM'000	Preceding Year Corresponding Period Ended 31/12/2015 RM'000
Tax expense for the period:				
- Malaysian Income Tax	2,173	936	5,029	4,106
- Malaysian RPGT	-	-	2,579	-
- relating to origination and reversal of temporary differences	(949)	2,250	(3,308)	482
- relating to reduction in Malaysian income tax rates	-	25	(30)	6
	1,224	3,211	4,270	4,594
Under provided in prior years:				
Malaysian Income Tax	8	1	70	41
Deferred taxation	31	(105)	254	77
	1,263	3,107	4,594	4,712

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

22. 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.

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

- (b) 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.

- (c) 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.

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

(d) 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.
- (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 currently in the process of finalisation.

- (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**”).

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

(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)*

(e) On 28 September 2016, the Company had announced to Bursa Malaysia that the Company entered into a Share Sale SPA with BPSB in relation to the proposed disposal of its entire equity interest in SROPP comprising 3,000,000 ordinary shares of RM1.00 each in SROPP ("the Share Sale") at a consideration sum of RM35,500,000.00 (Ringgit Malaysia Thirty Five Million and Five Hundred Thousand) only [gross share sale consideration before the deduction of the existing bank liabilities] payable by BPSB for the Share Sale ("Share Sale Disposal Consideration").

SROPP is the equitable and beneficial owner of a palm oil mill erected on a parcel of agricultural land ("said Palm Oil Mill") and located within the land held under Country Lease No. 095310348, located at Segaliud-Lokan, District of Kinabatangan, State of Sabah ("the said Land") registered in the name of ATSB. The Share Sale is to be sold en-bloc with the disposal of the said Land entered between ATSB and BPSB.

On the same date, ATSB ("the Land Vendor") had entered into a Conditional Sale & Purchase Agreement with BPSB in relation to the disposal of the said Land at a sales consideration of RM12,000,000.00 (Ringgit Malaysia Twelve Million) only.

Currently the above Proposal has not been completed.

23. Group's borrowings and debt securities

Particulars of the Group's borrowings as at 31 December 2016 are as follows :-

	Secured RM'000
Short term borrowings	
Revolving credits	116,893
Bankers' acceptance	2,490
Bank overdraft	4,152
Term loans	40,544
	<hr/>
	164,079
Hire purchase and lease payables	1,480
	<hr/>
Sub-total	165,559

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23. Group's borrowings and debt securities (Cont'd.)

Particulars of the Group's borrowings as at 31 December 2016 are as follows (cont'd.):-

Long term borrowings

Term loans	182,315
Hire purchase and lease payables	659
Sub-total	<u>182,974</u>
Total Borrowings	<u>348,533</u>

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

	Foreign Currencies	RM Equivalent
USD – Revolving credit @ 4.486	13,757,604	61,716,611

There are no debt securities issued as at 31 December 2016.

24. Financial Instruments

(a) Derivatives

As at 31 December 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.

25. Changes in material litigation

There was no pending material litigation as at 17 February 2017, being a date not earlier than 7 days from the date of the quarterly report.

26. Proposed dividend

No dividend was proposed for the current period.

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27. (Loss)/ earnings per share

(a) Basic

Basic (loss)/ earnings per share amounts are calculated by dividing the net (loss)/ 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 31/12/2016 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2015 RM'000	Current Year- To-Date Ended 31/12/2016 RM'000	Preceding Year Corresponding Period Ended 31/12/2015 RM'000
(a) (Loss)/ profit attributable to equity holders of the parent	(8,202)	(5,613)	47,800	(13,423)
(b) Weighted average number of shares	119,667	119,775	119,667	119,775
(c) Basic (loss)/ earnings per share (sen)	(6.85)	(4.69)	39.94	(11.21)

(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.

28. Retained earnings

	As at 31 December 2016 RM'000	As at 31 December 2015 RM'000
Realised	373,617	291,711
Unrealised	4,306	2,263
	<u>377,923</u>	<u>293,974</u>
Consolidation adjustments	(151,208)	(112,175)
Total group retained earnings as per consolidated accounts	<u>226,715</u>	<u>181,799</u>

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29. 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.

30. 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 2017.

By Order of the Board
Dorothy Luk Wei Kam
Company Secretary
Kota Kinabalu, Sabah
24 February 2017