



**NPC RESOURCES BERHAD (Company No: 199901027413 (502313-P))**  
**INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS**  
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**  
**The figures have not been audited**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

|   | Individual Quarter                                       |   | Cumulative Quarter  |  |
|---|--|---|---|--|
|   | Current Year<br>Quarter<br>Ended<br>31/12/2019<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>Ended<br>31/12/2018<br>RM'000 | Current Year-<br>To-Date<br>Ended<br>31/12/2019<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>Ended<br>31/12/2018<br>RM'000 |
| Revenue   | 65,284   | 66,382  | 225,260   | 228,369  |
| Operating expenses  | (54,085)   | (76,579)  | (223,991)   | (270,208)  |
| Other operating income  | 1,300  | 4,573   | 5,932   | 8,601  |
| <b>Profit/(loss) from operations</b>  | <b>12,499</b>  | <b>(5,660)</b>  | <b>7,201</b>  | <b>(33,238)</b>  |
| Finance costs   | (5,202)  | (3,869)   | (21,758)  | (16,988)   |
| <b>Profit/(loss) before tax – (Note 19)</b>                                   | <b>7,297</b>   | <b>(9,529)</b>  | <b>(14,557)</b>   | <b>(50,226)</b>  |
| Income tax expense – (Note 20)  | (57)   | (11,314)  | (414)   | (13,878)   |
| <b>Profit/(loss) for the period</b>   | <b>7,240</b>   | <b>(20,843)</b>   | <b>(14,971)</b>   | <b>(64,104)</b>  |
| <b>Other comprehensive income/(loss), net of tax:</b>                         |  |   |   |  |
| <b>Items that may be reclassified subsequently to profit or loss</b>          |  |   |   |  |
| Exchange differences on translating foreign operation                         | 55   | 9,800   | 6,550   | (9,943)  |
| Remeasurement gain on employee benefit liabilities                            | -  | 249   | -   | 249  |
| <b>Items that will not be reclassified subsequently to profit or loss</b>     |  |   |   |  |
| Asset Revaluation surplus   | 272,129  | -   | 272,129   | -  |
| <b>Total comprehensive income/(loss) for the period</b>                       | <b>279,424</b>   | <b>(10,794)</b>   | <b>263,708</b>  | <b>(73,798)</b>  |
| <b>Profit/(loss) for the period attributable to:</b>                          |  |   |   |  |
| Equity holders of the parent  | 2,995  | (17,476)  | (11,993)  | (48,229)   |
| Non-controlling interests   | 4,245  | (3,367)   | (2,978)   | (15,875)   |
|   | <b>7,240</b>   | <b>(20,843)</b>   | <b>(14,971)</b>   | <b>(64,104)</b>  |
| <b>Total comprehensive income/(loss) for the period attributable to:</b>      |  |   |   |  |
| Equity holders of the parent  | 256,577  | (6,531)   | 248,989   | (58,971)   |
| Non-controlling interests   | 22,847   | (4,263)   | 14,719  | (14,827)   |
|   | <b>279,424</b>   | <b>(10,794)</b>   | <b>263,708</b>  | <b>(73,798)</b>  |
| <b>Profit/(loss) per share attributable to equity holders of the parent:-</b> |  |   |   |  |
| (a) Basic, for profit/(loss) for the period (sen) - (Note 26)                 | 2.56   | (14.95)   | (10.26)   | (41.26)  |
| (b) Diluted, for loss 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 2018 and the accompanying explanatory notes attached to the interim financial report.**

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**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**  
**The figures have not been audited**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|  | <b>As at current<br/>period ended<br/>31/12/2019<br/>RM'000</b> | <b>Audited<br/>31/12/2018<br/>RM'000</b> |
|--|---|--|
| <b>Non-current assets</b>  |   |  |
| Property, plant and equipment  | 678,841   | 773,713                                  |
| Investment property  | 1,030   | 1,044                                    |
| Right-of-use asset   | 519,067   | -  |
| Land use rights  | -   | 63,461                                   |
| Other receivables  | 43,907  | 37,692                                   |
| Deferred tax assets  | 1,269   | 1,317                                    |
| Goodwill on consolidation  | 32,501  | 32,456                                   |
|  | 1,276,615   | 909,683                                  |
| <b>Current assets</b>  |   |  |
| Inventories  | 16,740  | 21,110                                   |
| Biological assets  | 4,861   | 2,228                                    |
| Trade and other receivables  | 44,953  | 24,824                                   |
| Tax refundable   | 853   | 793                                      |
| Cash and bank balances   | 18,639  | 12,443                                   |
|  | 86,046  | 61,398                                   |
| <b>Current liabilities</b>   |   |  |
| Trade and other payables   | 90,774  | 81,730                                   |
| Borrowings – (Note 22)   | 464,613   | 445,134                                  |
| Derivative financial instruments   | 468   | -  |
| Provision for taxation   | 354   | 687                                      |
|  | 556,209   | 527,551                                  |
| Net current liabilities  | (470,163)   | (466,153)                                |
|  | 806,452   | 443,530                                  |
| Share capital  | 120,000   | 120,000                                  |
| Treasury shares  | (7,509)   | (7,486)                                  |
| Retained earnings  | 155,805   | 167,798                                  |
| Asset revaluation reserve  | 253,567   | -  |
| Foreign currency translation reserve   | (10,302)  | (17,717)                                 |
| <b>Equity attributable to equity holders of the parent</b>                         | 511,561   | 262,595                                  |
| <b>Non-controlling interests</b>   | 14,051  | (668)                                    |
| <b>Total equity</b>  | 525,612   | 261,927                                  |
| <b>Non-current liabilities</b>   |   |  |
| Borrowings – (Note 22)   | 1,956   | 774                                      |
| Other payables   | 126,464   | 111,886                                  |
| Employee benefits  | 3,282   | 3,754                                    |
| Deferred tax liabilities   | 149,138   | 65,189                                   |
|  | 280,840   | 181,603                                  |
|  | 806,452   | 443,530                                  |
| Net assets per share attributable to equity holders of the parent (RM) – (Note 27) | 4.37  | 2.24                                     |

**The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.**

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**INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS**  
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019**  
**The figures have not been audited**

**CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW**

|   | Current Year-<br>To-Date<br>Ended<br>31/12/2019<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>Ended<br>31/12/2018<br>RM'000 |
|---|---|--|
| Loss before tax   | (14,557)  | (50,226)   |
| Adjustments for:-   |   |  |
| Allowance for expected credit losses on receivables         | 325   | 1,103  |
| Amortisation and depreciation                               | 41,300  | 37,049   |
| Employee defined benefits liabilities                       | -   | 1,275  |
| Fair value changes of biological assets                     | (2,633)   | 915  |
| Fair value changes on crude palm oil pricing swap           | 468   | -  |
| Finance costs   | 21,758  | 16,988   |
| Interest income   | (2,507)   | (5,479)  |
| Gain on disposals of property, plant and equipment          | (249)   | (171)  |
| Net unrealised foreign exchange (gain)/ loss                | (8,213)   | 13,403   |
| Property, plant and equipment written off                   | 2   | 440  |
| Operating cash flows before changes in working capital      | 35,694  | 15,297   |
| Changes in working capital                                  |   |  |
| Net change in inventories                                   | 4,611   | 1,335  |
| Net change in receivables                                   | (24,169)  | 23,288   |
| Net change in payables                                      | 23,324  | 6,812  |
| Interest received   | 2,507   | 3,207  |
| Net taxes paid  | (2,788)   | (5,789)  |
| Finance costs paid  | (21,696)  | (32,607)   |
| Net cash flows generated from operating activities          | 17,483  | 11,543   |
| <b>Investing Activities</b>                                 |   |  |
| Additional placement of fixed deposits                      | (7,229)   | (1,148)  |
| Additions in right-of-use asset                             | (10)  | (5,941)  |
| Purchase of property, plant and equipment                   | (33,595)  | (34,560)   |
| Net proceeds from disposal of property, plant and equipment | 531   | 1,009  |
| Net cash flows used in investing activities                 | (40,303)  | (40,640)   |
| <b>Financing Activities</b>                                 |   |  |
| Dividends paid to shareholders                              | -   | (1,169)  |
| Purchase of treasury share                                  | (23)  | (33)   |
| Repayment of borrowings                                     | (23,055)  | (12,485)   |
| Proceeds from drawdown of bank borrowings                   | 44,499  | 35,332   |
| Payment of hire purchase liabilities                        | (485)   | (754)  |
| Net cash flows generated from financing activities          | 20,936  | 20,891   |

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**CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW (CONTD.)**

|   | <b>Current Year-To-<br/>Date<br/>Ended<br/>31/12/2019<br/>RM'000</b> | <b>Preceding Year<br/>Corresponding<br/>Period<br/>Ended<br/>31/12/2018<br/>RM'000</b> |
|---|--|--|
| Net change in cash and cash equivalents                       | (1,884)  | (8,206)  |
| Effect of exchange rate changes on cash and cash equivalents  | (386)  | 2,066  |
| Cash and cash equivalents at beginning of financial period    | 3,581  | 9,721  |
| Cash and cash equivalents at end of financial period (Note A) | <u>1,311</u>   | <u>3,581</u>   |

Note:

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

|  |               |              |
|--|---------------|--------------|
| Fixed deposits with licensed bank  | 11,350        | 3,886        |
| Cash and bank balances   | 7,289         | 8,557        |
| Bank overdraft   | (5,978)       | (4,976)      |
|  | <u>12,661</u> | <u>7,467</u> |
| Short term fixed deposits with licensed banks with maturity more than 3 months | (11,350)      | (3,886)      |
|  | <u>1,311</u>  | <u>3,581</u> |

**The condensed consolidated statement of cashflow should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 |                              |   |   |                 |  |                           |
|---|--|------------------------------|---|---|-----------------|--|---------------------------|
|   | Share<br>Capital<br>RM'000                   | Treasury<br>Shares<br>RM'000 | Distributable<br>Retained<br>Earnings<br>RM'000 | Foreign<br>Currency<br>Translation<br>Reserve<br>RM'000 | Total<br>RM'000 | Non-<br>controlling<br>Interests<br>RM'000 | Total<br>Equity<br>RM'000 |
| <b>Preceding year corresponding period<br/>ended 31 December 2018</b> |  |                              |   |   |                 |  |                           |
| <b>Balance as at</b>  |  |                              |   |   |                 |  |                           |
| <b>1 January 2018</b>   | 120,000                                      | (7,453)                      | 301,551   | (7,498)   | 406,600         | 28,248                                     | 434,848                   |
| - Effects of changes in accounting policies                           | -  | -                            | (72,909)  | 699   | (72,210)        | (10,135)                                   | (82,345)                  |
| - Effects of finalisation of purchase price allocation                | -  | -                            | (11,622)  | -   | (11,622)        | (3,954)                                    | (15,576)                  |
|   | 120,000                                      | (7,453)                      | 217,020   | (6,799)   | 322,768         | 14,159                                     | 336,927                   |
| Total comprehensive loss for the period                               | -  | -                            | (48,053)  | (10,918)  | (58,971)        | (14,827)                                   | (73,798)                  |
| <b>Transactions with owners</b>                                       |  |                              |   |   |                 |  |                           |
| Dividends   | -  | -                            | (1,169)   | -   | (1,169)         | -  | (1,169)                   |
| Purchase of treasury share  | -  | (33)                         | -   | -   | (33)            | -  | (33)                      |
| <b>Balance as at</b>  |  |                              |   |   |                 |  |                           |
| <b>31 December 2018</b>   | 120,000                                      | (7,486)                      | 167,798   | (17,717)  | 262,595         | (668)                                      | 261,927                   |

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTD.)**

|  | Attributable to equity holders of the parent |                              |   |   |   |                | Total<br>RM'000 | Non-<br>controlling<br>Interests<br>RM'000 | Total<br>Equity<br>RM'000 |
|--|--|------------------------------|---|---|---|----------------|-----------------|--|---------------------------|
|  | Share<br>Capital<br>RM'000                   | Treasury<br>Shares<br>RM'000 | Distributable<br>Retained<br>Earnings<br>RM'000 | Foreign<br>Currency<br>Translation<br>Reserve<br>RM'000 | Asset<br>Revaluation<br>Reserve<br>RM'000 |                |                 |  |                           |
| <b>Current year to date ended<br/>31 December 2019</b> |  |                              |   |   |   |                |                 |  |                           |
| <b>Balance as at<br/>1 January 2019</b>                | 120,000                                      | (7,486)                      | 167,798   | (17,717)  | -   | 262,595        | (668)           | 261,927                                    |                           |
| Total comprehensive (loss)/income<br>for the period    | -  | -                            | (11,993)  | 7,415   | 253,567                                   | 248,989        | 14,719          | 263,708                                    |                           |
| <b><i>Transactions with owners</i></b>                 |  |                              |   |   |   |                |                 |  |                           |
| Purchase of treasury share                             | -  | (23)                         | -   | -   | -   | (23)           | -               | (23)                                       |                           |
| <b>Balance as at<br/>31 December 2019</b>              | <b>120,000</b>                               | <b>(7,509)</b>               | <b>155,805</b>                                  | <b>(10,302)</b>   | <b>253,567</b>                            | <b>511,561</b> | <b>14,051</b>   | <b>525,612</b>                             |                           |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 in accordance with the requirements of *MFRS 134: Interim Financial Reporting* and *paragraph 9.22 of the Main Market 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 2018. 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 2018.

**2. Significant Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2018 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2019. The adoption of the MFRSs and Amendments do not have significant impact on the financial statements of the Group except for the following:

**MFRS 16**

MFRS 16 replaces MFRS 117 Leases and related interpretations. MFRS 16 introduces a single accounting model, requiring the lessee to recognise the “right-of-use” of the underlying asset and lease liability reflecting the future lease payments liabilities in the statement of financial position. The right-of-use asset is depreciated in accordance with principles of MFRS 116 Property, Plant and Equipment and the lease liability is accreted over time with interest expense recognised in the statement of comprehensive income.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

The Group adopt MFRS 16 prospectively, with an initial application date of 1 January 2019. The Group do not restate the comparative information, which continues to be reported under MFRS 117. Differences arising from the adoption of MFRS 16 is recognised directly in retained earnings and other components of equity.

For finance lease where the Group is a lessee, the Group has already recognised an asset and a related financial liability for such lease arrangements. On the date initial application, the Group has reclassified certain property, plant and equipment and land use rights as right-of-use asset in the statement of financial position.

At the date of authorisation of these interim financial statements, the following MFRS, IC Interpretations and Amendments to IC Interpretations were issued but not yet effective and have not been applied by the Group:

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**2. Significant Accounting Policies (continued)**

| Description   | Effective for annual periods beginning on or after  |
|---|---|
| <ul style="list-style-type: none"> <li>• MFRS 3 Business Combinations (Amendments to MFRS 3)</li> <li>• MFRS 101 Definition of Material (Amendments to MFRS 101)</li> <li>• MFRS 108 Definition of Material (Amendments to MFRS 108)</li> <li>• MFRS 17 Insurance Contracts</li> <li>• Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</li> </ul> | <p>1 January 2020</p> <p>1 January 2020</p> <p>1 January 2020</p> <p>1 January 2021</p> <p>Deferred</p> |

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

The auditors' report on the financial statements for the year ended 31 December 2018 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 12,000 of its issued ordinary shares from the open market at an average price of RM1.87. The total consideration paid for purchases including transaction costs was RM22,542. The repurchase transactions were financed by internally generated funds. The repurchased shares are being held as treasury shares and treated in accordance with the requirement of Section 127 of the Companies Act 2016. None of the treasury shares has been resold or distributed as share dividends during the financial period ended 31 December 2019.

**8. Dividends paid**

No dividend was paid during the current period.



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**9. Segmental reporting**

|   | <b>Plantation<br/>and milling<br/>RM'000</b> | <b>Hotel<br/>RM'000</b> | <b>Fishery<br/>RM'000</b> | <b>Elimination<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|--|-------------------------|---------------------------|-------------------------------|-------------------------|
| <b>For three months ended<br/>31 December 2019</b>  |  |                         |                           |                               |                         |
| <b>Segment Revenue</b>                              |  |                         |                           |                               |                         |
| External revenue                                    | 63,358                                       | 1,926                   | -                         | -                             | 65,284                  |
| Inter-segment revenue                               | -  | 10                      | -                         | (10)                          | -                       |
| <b>Total</b>  | <b>63,358</b>                                | <b>1,936</b>            | <b>-</b>                  | <b>(10)</b>                   | <b>65,284</b>           |
| <b>Segment Results</b>                              |  |                         |                           |                               |                         |
| Unallocated corporate income                        | 7,700  | (26)                    | 2                         | -                             | 7,676                   |
| Profit from operation                               |  |                         |                           |                               | 4,823                   |
| Finance costs                                       |  |                         |                           |                               | 12,499                  |
| Profit before tax                                   |  |                         |                           |                               | (5,202)                 |
| Income tax expense                                  |  |                         |                           |                               | 7,297                   |
| Profit for the period                               |  |                         |                           |                               | (57)                    |
|   |  |                         |                           |                               | <u>7,240</u>            |
| <b>For twelve months ended<br/>31 December 2019</b> |  |                         |                           |                               |                         |
| <b>Segment Revenue</b>                              |  |                         |                           |                               |                         |
| External revenue                                    | 217,420                                      | 7,840                   | -                         | -                             | 225,260                 |
| Inter-segment revenue                               | -  | 20                      | -                         | (20)                          | -                       |
| <b>Total</b>  | <b>217,420</b>                               | <b>7,860</b>            | <b>-</b>                  | <b>(20)</b>                   | <b>225,260</b>          |
| <b>Segment Results</b>                              |  |                         |                           |                               |                         |
| Unallocated corporate income                        | 5,557  | 231                     | -                         | -                             | 5,811                   |
| Profit from operation                               |  |                         |                           |                               | 1,390                   |
| Finance costs                                       |  |                         |                           |                               | 7,201                   |
| Loss before tax                                     |  |                         |                           |                               | (21,758)                |
| Income tax expense                                  |  |                         |                           |                               | (14,557)                |
| Loss for the period                                 |  |                         |                           |                               | (414)                   |
|   |  |                         |                           |                               | <u>(14,971)</u>         |
| <b>For three months ended<br/>31 December 2018</b>  |  |                         |                           |                               |                         |
| <b>Segment Revenue</b>                              |  |                         |                           |                               |                         |
| External revenue                                    | 64,176                                       | 2,206                   | -                         | -                             | 66,382                  |
| Inter-segment revenue                               | -  | 34                      | -                         | (34)                          | -                       |
| <b>Total</b>  | <b>64,176</b>                                | <b>2,240</b>            | <b>-</b>                  | <b>(34)</b>                   | <b>66,382</b>           |
| <b>Segment Results</b>                              |  |                         |                           |                               |                         |
| Unallocated corporate income                        | (11,753)                                     | 337                     | (12)                      | -                             | (11,428)                |
| Loss from operation                                 |  |                         |                           |                               | 5,768                   |
| Finance costs                                       |  |                         |                           |                               | (5,660)                 |
| Loss before tax                                     |  |                         |                           |                               | (3,869)                 |
| Income tax expense                                  |  |                         |                           |                               | (9,529)                 |
| Loss for the period                                 |  |                         |                           |                               | (11,314)                |
|   |  |                         |                           |                               | <u>(20,843)</u>         |

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**The figures have not been audited**

**9. Segmental reporting**

|   | <b>Plantation<br/>and milling<br/>RM'000</b> | <b>Hotel<br/>RM'000</b> | <b>Fishery<br/>RM'000</b> | <b>Elimination<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|--|-------------------------|---------------------------|-------------------------------|-------------------------|
| <b>For twelve months ended<br/>31 December 2018</b> |  |                         |                           |                               |                         |
| <b>Segment Revenue</b>                              |  |                         |                           |                               |                         |
| External revenue                                    | 219,405                                      | 8,964                   | -                         | -                             | 228,369                 |
| Inter-segment revenue                               | -  | 48                      | -                         | (48)                          | -                       |
| <b>Total</b>  | <b>219,405</b>                               | <b>9,012</b>            | <b>-</b>                  | <b>(48)</b>                   | <b>228,369</b>          |
| <b>Segment Results</b>                              |  |                         |                           |                               |                         |
| Unallocated corporate expense                       | (13,793)                                     | 1,883                   | (29)                      | -                             | (11,939)                |
| Loss from operation                                 |  |                         |                           |                               | (21,299)                |
| Finance costs                                       |  |                         |                           |                               | (33,238)                |
| Loss before tax                                     |  |                         |                           |                               | (16,988)                |
| Income tax expense                                  |  |                         |                           |                               | (50,226)                |
| Loss for the period                                 |  |                         |                           |                               | (13,878)                |
|   |  |                         |                           |                               | <b>(64,104)</b>         |

**10. Valuations**

A class of long term leasehold land under right-of-use asset is revalued by independent registered valuers, C H Williams Talhar & Wong Sdn Bhd and Henry Butcher Malaysia (Sabah) Sdn Bhd.

The asset's carrying amount is increased as a result of the revaluation which is recognised in other comprehensive income and accumulated in equity under the heading of Asset Revaluation Surplus.

Except for the above, there are no valuations of other classes of property, plant and equipment and right-of-use asset 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 RM212,116,500 to certain financial institutions to secure banking facilities granted by them to its subsidiaries. As at 31 December 2019, the total amount owing to these financial institutions amounted to RM181,683,308.

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

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**14. Capital commitments**

The amount of capital commitments not provided for in the unaudited interim financial report as at 31 December 2019 is as follows:

|                                 | <b>RM'000</b> |
|---------------------------------|---------------|
| Approved and contracted         | 3,061         |
| Approved but not contracted for | 7,587         |
|                                 | <u>10,648</u> |

**15. Review of performance**

The Group recorded a profit before tax of RM7.297 million for the current quarter but loss before tax of RM14.557 million for the current year-to-date on the back of turnover of RM65.284 million for the current quarter and RM225.260 million for the current year-to-date respectively. These represent

- (a) an increase of 177% in profit before tax and a decrease of 2% in revenue as compared to the loss before tax and revenue in the preceding year corresponding quarter ended 31 December 2018 respectively;
- (b) a decrease of 71% in loss before tax and 1% in revenue as compared to the loss before tax and revenue in the preceding year corresponding period ended 31 December 2018 respectively.

The increase in profit before tax for the current quarter and financial year-to-date as compared to preceding corresponding quarter and period was mainly due to higher profit contribution from Nala Mill and higher net unrealised foreign exchange gain in USD against MYR/IDR of RM6.787 million and RM8.213 million respectively.

The slight decrease in revenue for the current quarter and financial year-to-date as compared to preceding corresponding quarter and period was mainly due to lower realised 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 decreased by 1% for both the current quarter and financial year-to-date decreased as compared to preceding corresponding quarter and period mainly due to lower realised CPO and PK prices as per below statistic:

| <b>Period ended</b> | <b>31 December 2019</b> | <b>31 December 2018</b> | <b>%</b> |
|---------------------|-------------------------|-------------------------|----------|
| Average CPO price   | RM1,897 /metric ton     | RM2,187 /metric ton     | - 13.27  |
| Average PK price    | RM977 /metric ton       | RM1,617 /metric ton     | - 39.56  |

The plantation segment registered an increase in segment profit of 166% for the current quarter and 140% for the current financial year to-date as compared to previous year corresponding quarter and period mainly due to higher FFB throughput from Nala Mill in Indonesia.

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**15. Review of performance (continued)**

**Hotel segment**

The external revenue of the hotel segment decreased by 13% for both current quarter and the financial year-to-date compared to previous year corresponding quarter and period. Moreover, the hotel segment registered a decrease in segment profit of 108% for the current quarter and 88% for the financial year-to-date as compared to previous year corresponding quarter and period. The decline in segment result was mainly due to lower occupancy rate for the current quarter.

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

The Group recorded a profit before tax of RM7.297 million for the current quarter compared to the loss before tax of RM6.113 million for the immediate preceding quarter ended 30 September 2019. Management attributes the increase in profit before tax mainly due to higher profit contribution from Nala Mill and higher net unrealised foreign exchange gain in USD against MYR/IDR of RM6.787 million in the current quarter.

**17. Prospects**

**Plantation segment**

Given the recent recovery in CPO prices, the Group's plantation segment is expected to register an improved result for the next financial year. There is significant revenue contribution from the Group's plantation operation in Indonesia for the next financial year as more plantation areas are reaching maturity stage.

**Hotel segment**

The prospect of the hotel segment is expected to be extremely challenging due to the upcoming new hotels in the local market and the recent Coronavirus epidemic which the Sabah State Government had decided to suspend all scheduled and chartered flights from China to Sabah with immediate effect until further notice. Nevertheless, the Management of hotel segment are taking some cost cutting measures to lower down operating cost and to offer special room rates to moderate the overall impacts.

**18. Profit forecast**

Not applicable.

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**19. Profit/ (loss) for the period**

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

|   | Individual Quarter                                       |   | Cumulative Quarter  |  |
|---|--|---|---|--|
|   | Current Year<br>Quarter<br>Ended<br>31/12/2019<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>Ended<br>31/12/2018<br>RM'000 | Current Year-<br>To-Date<br>Ended<br>31/12/2019<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>Ended<br>31/12/2018<br>RM'000 |
| Amortisation and depreciation                         | 10,072   | 9,052   | 41,300  | 37,049   |
| Fair value changes on crude palm oil pricing swap     | 468  | -   | 468   | -  |
| Impairment loss on receivables                        | -  | 1,103   | 325   | 1,103  |
| Interest income                                       | (693)  | (3,146)   | (2,507)   | (5,479)  |
| Other income  | (642)  | (1,257)   | (3,207)   | (2,951)  |
| Net gain on disposal of property, plant and equipment | (5)  | (132)   | (249)   | (171)  |
| Net unrealised foreign exchange (gain)/loss           | (6,787)  | (8,464)   | (8,213)   | 13,403   |
| Property, plant and equipment written off             | -  | 367   | 2   | 440  |

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<br>Quarter<br>Ended<br>31/12/2019<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>Ended<br>31/12/2018<br>RM'000 | Current Year-<br>To-Date<br>Ended<br>31/12/2019<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>Ended<br>31/12/2018<br>RM'000 |
| Tax expense for the period:                                     |  |   |   |  |
| - Malaysian Income Tax  | 520  | 779   | 2,332   | 4,351  |
| - relating to origination and reversal of temporary differences | (464)  | 10,536  | (2,178)   | 8,887  |
|   | 56   | 11,315  | 154   | 13,238   |
| Under provided in prior years:                                  |  |   |   |  |
| - Malaysian Income Tax  | 1  | -   | 62  | 374  |
| - Deferred taxation   | -  | (1)   | 198   | 266  |
|   | 57   | 11,314  | 414   | 13,878   |

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**21. Status of corporate proposals**

The corporate proposal announced but not completed as at 27 November 2019 was as follows:

On 2 May 2019, NPC Resources Berhad (“NPC”) had accepted the offer on the acquisition by Veetar Plantations Sdn. Bhd. (“Veetar”) of the Division 1 to Division 5 of the estate land located in the Sandakan region together with the palm oil processing mill located at Kilometre 70, Sandakan-Telupid-Kota Kinabalu Highway, district of Labuk Sugut held by seven (7) subsidiary companies (“Target Companies”) of NPC via a series of acquisition of all shares in the Target Companies with an aggregate indicative consideration of RM446.24 million. The acquisition is subject to the results of the Due Diligence which are currently undertaken by Veetar pursuant to the terms of the offer letter.

On 8 August 2019, NPC had granted an extension of Due Diligence period of fourteen (14) days commencing from 9 August 2019.

On 22 August 2019, NPC received a notification letter from Veetar that generally, the results of the Due Diligence Exercise are acceptable save and except for findings identified during the Due Diligence Exercise requiring further discussion between the parties and remedies from the Company or Target Companies to the satisfaction of Veetar before proceeding into negotiation of the terms and conditions of the Sales and Purchase Agreement.

On 25 October 2019, NPC received a notice of termination from the Veetar’s solicitors to terminate the Letter of Offer. The termination of the Veetar’s offer is not expected to have material financial impact on the earnings per share and net assets per share of the NPC for the financial year ending 31 December 2019.

There were no other corporate proposals which were announced but not completed as at 27 February 2020.

**22. Group’s borrowings and debt securities**

Particulars of the Group’s borrowings as at 31 December 2019 are as follows :-

|                                  | <b>Secured<br/>RM’000</b>  |
|----------------------------------|----------------------------|
| <b>Short term borrowings</b>     |                            |
| Revolving credits                | 259,271                    |
| Bankers’ acceptance              | 8,371                      |
| Bank overdraft                   | 5,978                      |
| Term loans                       | 190,673                    |
|                                  | <hr/> 464,293              |
| Hire purchase and lease payables | 320                        |
|                                  | <hr/> 320                  |
| <b>Sub-total</b>                 | <hr/> <b>464,613</b> <hr/> |

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**22. Group's borrowings and debt securities (continued)**

Particulars of the Group's borrowings as at 31 December 2019 are as follows :-

|                                  | <b>Secured<br/>RM'000</b> |
|----------------------------------|---------------------------|
| <b>Long term borrowings</b>      |                           |
| Term loan                        | 1,487                     |
| Hire purchase and lease payables | 469                       |
| <b>Sub-total</b>                 | <u>1,956</u>              |
| <b>Total Borrowings</b>          | <u>466,569</u>            |

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

|                                | <b>Foreign Currencies<br/>USD'000</b> | <b>RM Equivalent<br/>RM'000</b> |
|--------------------------------|---------------------------------------|---------------------------------|
| USD – Revolving credit @ 4.093 | 48,500                                | 198,510                         |

There are no debt securities issued as at 31 December 2019.

**23. Financial Instruments**

(a) Fair Value of Financial Instruments

The following hierarchies were applied to determine the fair value of all the financial instruments carried at fair value:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2019, the Group measured and recognised the derivative financial instruments for the crude palm oil pricing swap contracts at fair value. It was classified by the level of fair value measurement hierarchy as follows:

|                                 | <u>Level 1</u><br>RM'000 | <u>Level 2</u><br>RM'000 | <u>Level 3</u><br>RM'000 | <u>Total</u><br>RM'000 |
|---------------------------------|--------------------------|--------------------------|--------------------------|------------------------|
| <u>Current Liability</u>        |                          |                          |                          |                        |
| Derivative financial instrument | -                        | 468                      | -                        | <u>468</u>             |

(b) Derivative Financial Instruments

The Group entered into Crude Palm Oil ("CPO") pricing swap contracts offered by certain reputable banks in Malaysia to mitigate the exposure to fluctuations in the price of CPO in accordance with the guidelines set by the Management.

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**23. Financial Instruments (continued)**

(b) Derivative Financial Instruments (continued)

As at the date of the statement of financial position, the outstanding notional volume and value of the CPO pricing swap contracts and their fair value are as follows:

| <u>CPO pricing swap contracts</u> | Notional volume<br>outstanding as at<br>the date of<br>statement of<br>financial<br>position<br>(Metric tonnes) | Notional value<br>outstanding as at<br>the date of<br>statement of<br>financial<br>position<br>(RM'000) | Fair value<br>of derivative<br>financial<br>liability<br>(RM'000) |
|-----------------------------------|---|---|---|
| - Less than 1 year                | 14,000  | 51,850  | (468)   |
| - 1 year to 3 years               | -   | -   | -   |
| - More than 3 years               | -   | -   | -   |

(c) Gains or Losses Arising From Fair Value Changes of Financial Instruments

As of 31 December 2019, the Group recognised the fair value loss of approximately RM468,000 on the CPO pricing swap contracts.

The fair value change is due to the difference between fixed CPO prices as per the swap contracts and the average future CPO prices quoted on the Bursa Malaysia Derivative Exchange for the specific contracted periods.

Fair value gain is recorded when the average future CPO prices quoted on the Bursa Malaysia Derivative Exchange is lower than the contracted fixed CPO prices. Conversely, a fair value loss will be recorded when the average future CPO prices quoted on the Bursa Malaysia Derivative Exchange are higher than the contracted fixed CPO prices.

**24. Changes in material litigation**

There was no pending material litigation as at 21 February 2020, 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.



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**26. Profit/ (loss) per share**

**(a) Basic**

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

|   | <b>Individual Quarter</b>   |   | <b>Cumulative Quarter</b>  |  |
|---|---|---|--|--|
|   | <b>Current Year<br/>Quarter<br/>Ended<br/>31/12/2019<br/>RM'000</b> | <b>Preceding Year<br/>Corresponding<br/>Quarter<br/>Ended<br/>31/12/2018<br/>RM'000</b> | <b>Current Year-<br/>To-Date<br/>Ended<br/>31/12/2019<br/>RM'000</b> | <b>Preceding Year<br/>Corresponding<br/>Period<br/>Ended<br/>31/12/2018<br/>RM'000</b> |
| (a) Profit/ (loss) attributable to equity holders of the parent | 2,995   | (17,476)  | (11,993)   | (48,229)   |
| (b) Weighted average number of shares                           | 116,862   | 116,874   | 116,864  | 116,877  |
| (c) Basic profit/ (loss) per share (sen)                        | 2.56  | (14.95)   | (10.26)  | (41.26)  |

**(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. 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.

**28. 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 27 February 2020.

By Order of the Board  
Dorothy Luk Wei Kam  
Company Secretary  
Kota Kinabalu, Sabah  
28 February 2020