



NPC RESOURCES BERHAD (Registration No: 199901027413 (502313-P))
INTERIM FINANCIAL STATEMENTS ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/12/2023 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2022 RM'000	Current Year- To-Date Ended 31/12/2023 RM'000	Preceding Year Corresponding Period Ended 31/12/2022 RM'000
Revenue	110,183	107,780	447,296	413,292
Operating expenses	(105,332)	(102,304)	(403,618)	(392,881)
Other operating income	2,091	3,408	5,982	10,181
Profit from operations	6,942	8,884	49,660	30,592
Finance costs	(7,608)	(6,414)	(30,199)	(26,510)
Net foreign exchange gain/(loss)	1,042	2,208	(1,645)	(7,549)
Profit/(loss) before tax – (Note 19)	376	4,678	17,816	(3,467)
Income tax (expenses)/ benefit – (Note 20)	(5,645)	(271)	(7,317)	4,575
(Loss)/profit for the period	(5,269)	4,407	10,499	1,108
Other comprehensive (loss)/income, net of tax:				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operation	(24,715)	(19,698)	1,282	(8,142)
Remeasurement of loss on employee defined benefit liabilities	(31)	4	(16)	4
Items that will not be reclassified subsequently to profit or loss				
Revaluation of property, plant and equipment	11,584	44,068	45,694	49,227
Transfer of revaluation reserve to retained earnings	(2,271)	(1,616)	(9,029)	(6,755)
Total comprehensive (loss)/income for the period	(20,702)	27,165	48,430	35,422
(Loss)/income for the period attributable to:				
Equity holders of the parent	(4,957)	2,156	9,584	(1,625)
Non-controlling interests	(312)	2,251	915	2,733
	(5,269)	4,407	10,499	1,108
Total comprehensive (loss)/income for the period attributable to:				
Equity holders of the parent	(20,804)	12,099	36,630	22,529
Non-controlling interests	102	15,066	11,800	12,893
	(20,702)	27,165	48,430	35,422
(Loss)/profit per share attributable to equity holders of the parent:-				
(a) Basic, for (loss)/profit for the period (sen) - (Note 26)	(4.24)	1.84	8.20	(1.39)
(b) Diluted, for profit/(loss) for the period (sen) - (Note 26)	N/A	N/A	N/A	N/A

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at current period ended 31/12/2023 RM'000	Audited 31/12/2022 RM'000
Non-current assets		
Property, plant and equipment	995,353	1,113,487
Investment properties	14,314	14,657
Other receivables	12,740	14,818
Goodwill on consolidation	32,520	32,418
	<u>1,054,927</u>	<u>1,175,380</u>
Current assets		
Inventories	26,882	33,022
Biological assets	7,559	7,941
Trade and other receivables	42,961	82,919
Tax refundable	395	1,950
Cash and bank balances	21,712	34,660
Assets held for sales	165,112	-
	<u>264,621</u>	<u>160,492</u>
Current liabilities		
Trade and other payables	114,630	168,925
Borrowings – (Note 22)	227,430	233,836
Provision for taxation	3,770	-
Liability directly associated with disposal group classified as held for sales	37,837	-
	<u>383,667</u>	<u>402,761</u>
Net current liabilities	<u>(119,046)</u>	<u>(242,269)</u>
	<u>935,881</u>	<u>933,111</u>
Share capital	120,000	120,000
Treasury shares	(7,509)	(7,509)
Retained earnings	247,536	198,803
Asset revaluation reserve	255,055	246,045
Foreign currency translation reserve	(13,303)	(24,899)
Equity attributable to equity holders of the parent	<u>601,779</u>	<u>532,440</u>
Non-controlling interests	<u>13,718</u>	<u>32,284</u>
Total equity	<u>615,497</u>	<u>564,724</u>
Non-current liabilities		
Borrowings – (Note 22)	218,260	237,356
Employee benefits	4,140	4,081
Deferred tax liabilities	97,984	126,950
	<u>320,384</u>	<u>368,387</u>
	<u>935,881</u>	<u>933,111</u>
Net assets per share attributable to equity holders of the parent (RM) – (Note 27)	<u>5.15</u>	<u>4.56</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 31/12/2023 RM'000	Preceding Year Corresponding Period Ended 31/12/2022 RM'000
Profit/(loss) before tax	17,816	(3,467)
Adjustments for:-		
Amortisation and depreciation	52,819	49,468
Interest income	(248)	(118)
Impairment on property, plant and equipment	500	-
Fair value changes of biological assets	383	(732)
Finance costs	30,223	26,510
Gain on disposal of property, plant and equipment	(26)	(838)
Gain on disposal of a subsidiary	-	(1,195)
Net unrealised loss on foreign exchange	1,645	7,549
Property, plant and equipment written off	130	1,597
Provision for retirement benefits	(103)	-
Operating cash flows before changes in working capital	103,139	78,774
Changes in working capital		
Net change in inventories	7,526	(3,170)
Net change in receivables	47,145	(67,507)
Net change in payables	(61,849)	6,939
Interest received	248	118
Net taxes paid	(4,246)	(6,946)
Finance costs paid	(30,218)	(28,453)
Net cash flows generated from/(used in) operating activities	61,745	(20,245)
Investing Activities		
Placement of fixed deposits	(3,296)	(5,578)
Purchase of property, plant and equipment	(34,266)	(21,854)
Net proceeds from disposal of property, plant and equipment	424	1,437
Net proceeds from disposal of subsidiary	-	5,999
Net cash flows used in investing activities	(37,138)	(19,996)
Financing Activities		
Dividends paid to non-controlling interest	-	(4,200)
Repayment of borrowings	(66,520)	(21,900)
Proceeds from drawdown of bank borrowings	28,648	27,639
Net repayment of hire purchase liabilities	(1,389)	(3,579)
Net cash flows used in financing activities	(39,261)	(2,040)

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CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW (CONTD.)

	Current Year-To- Date Ended 31/12/2023 RM'000	Preceding Year Corresponding Period Ended 31/12/2023 RM'000
Net change in cash and cash equivalents	(14,654)	(42,281)
Effect of exchange rate changes on cash and cash equivalents	(1,189)	(5,134)
Cash and cash equivalents at beginning of financial period	19,389	66,804
Cash and cash equivalents at end of financial period (Note A)	<u>3,546</u>	<u>19,389</u>

Note:

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

Fixed deposits with licensed bank	9,468	5,715
Cash and bank balances	12,244	28,945
Bank overdraft	(8,704)	(9,569)
	<u>13,008</u>	<u>25,091</u>
Short term fixed deposits with licensed banks with maturity more than 3 months	(9,462)	(5,702)
	<u>3,546</u>	<u>19,389</u>

The condensed consolidated statement of cashflow should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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						Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Distributable Retained Earnings RM'000	Foreign Currency Translation Reserve RM'000	Asset Revaluation Reserve RM'000	Total RM'000		
Preceding year corresponding period ended 31 December 2022								
Balance as at 1 January 2022	120,000	(7,509)	192,334	(13,991)	219,077	509,911	23,591	533,502
(Loss)/profit for the financial year	-	-	(1,625)	-	-	(1,625)	2,733	1,108
Total comprehensive income/(loss) for the period	-	-	1,339	(10,908)	-	(9,569)	(1,493)	(11,062)
Revaluation of property, plant and equipment	-	-	6,755	-	26,968	33,723	8,729	42,452
Transactions with owner								
Dividend paid to non-controlling interest	-	-	-	-	-	-	(4,200)	(4,200)
Balance as at 31 December 2022	120,000	(7,509)	198,803	(24,899)	246,045	532,440	32,284	564,724

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTD.)

	Attributable to equity holders of the parent					Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Distributable Retained Earnings RM'000	Foreign Currency Translation Reserve RM'000	Asset Revaluation Reserve RM'000			
Current year to date ended 31 December 2023								
Balance as at 1 January 2023	120,000	(7,509)	198,803	(24,899)	246,045	532,440	32,284	564,724
Profit for the period	-	-	9,584	-	-	9,584	915	10,499
Other comprehensive (loss)/ income	-	-	(9,559)	11,596	-	2,037	(771)	1,266
Revaluation reserve	-	-	18,342	-	9,010	27,352	11,656	39,008
<i>Transactions with owners</i>								
Acquisition of shares from non- controlling interest	-	-	30,366	-	-	30,366	(30,366)	-
Balance as at 31 December 2023	120,000	(7,509)	247,536	(13,303)	255,055	601,779	13,718	615,497

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2022. 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 2022.

2. Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2022 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2023. 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:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16, Leases: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107: Supplier Finance Arrangements	1 January 2024

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

3. Auditors’ report on preceding annual financial statements

The auditors’ report on the financial statements for the year ended 31 December 2022 was unqualified.

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4. Seasonality or cyclicity of operations

The Group's operational performance are mainly affected by seasonal and cyclical factors such as the seasonal pattern in the production of fresh fruit bunches (FFB), the seasonal weather conditions and the movement in commodity prices. Consistent with the industry FFB production trend, 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. None of the treasury shares has been resold or distributed as share dividends during the financial period ended 31 December 2023.

8. Dividends paid

No dividend was paid during the current period.

9. Segmental reporting

	Plantation and milling RM'000	Hotel RM'000	Elimination RM'000	Total RM'000
For three months ended 31 December 2023				
Segment Revenue				
External revenue	107,375	2,808	-	110,183
Inter-segment revenue	-	13	(13)	-
Total	<u>107,375</u>	<u>2,821</u>	<u>(13)</u>	<u>110,183</u>
Segment Results				
Unallocated corporate expenses	8,161	419	-	8,580
Profit from operation				<u>(596)</u>
Finance costs				7,984
Profit before tax				<u>(7,608)</u>
Income tax expense				376
Loss for the period				<u>(5,645)</u>
				<u>(5,269)</u>

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9. Segmental reporting

	Plantation and milling RM'000	Hotel RM'000	Elimination RM'000	Total RM'000
For twelve months ended				
31 December 2023				
Segment Revenue				
External revenue	438,204	9,092	-	447,296
Inter-segment revenue	-	14	(14)	-
Total	<u>438,204</u>	<u>9,106</u>	<u>(14)</u>	<u>447,296</u>
Segment Results				
Unallocated corporate expenses	55,650	(35)	-	55,615
Profit from operation				<u>48,015</u>
Finance costs				<u>(30,199)</u>
Profit before tax				17,816
Income tax expenses				<u>(7,317)</u>
Profit for the period				<u><u>10,499</u></u>
For three months ended				
31 December 2022				
Segment Revenue				
External revenue	105,584	2,196	-	107,780
Inter-segment revenue	-	1	(1)	-
Total	<u>105,584</u>	<u>2,197</u>	<u>(1)</u>	<u>107,780</u>
Segment Results				
Unallocated corporate income	10,917	(134)	-	10,783
Loss from operation				<u>11,093</u>
Finance costs				<u>(6,415)</u>
Profit before tax				4,678
Income tax benefit				<u>(271)</u>
Profit for the period				<u><u>4,407</u></u>
For twelve months ended				
31 December 2022				
Segment Revenue				
External revenue	407,026	6,266	-	413,292
Inter-segment revenue	-	1	(1)	-
Total	<u>407,026</u>	<u>6,267</u>	<u>(1)</u>	<u>413,292</u>
Segment Results				
Unallocated corporate expenses	37,412	(1,210)	-	36,202
Profit from operation				<u>23,043</u>
Finance costs				<u>(26,510)</u>
Loss before tax				(3,467)
Income tax benefit				<u>4,575</u>
Profit for the period				<u><u>1,108</u></u>

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10. Valuations

There are no new valuations of property, plant and equipment for the current quarter.

11. Material subsequent events not reflected in the financial statements

There were no material subsequent events as at the date of this report, except for corporate proposal as disclosed in Note 21.

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 RM163,216,000 to certain financial institutions to secure banking facilities granted by them to its subsidiaries. As at 31 December 2023, the total amount owing to these financial institutions amounted to RM104,033,752.

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 31 December 2023 is as follows:

	RM'000
Approved and contracted	4,083
Approved but not contracted for	21,415
	<u>25,498</u>

15. Review of performance

The Group recorded profit before tax of RM0.376 million for the current quarter and RM17.816 million for the current year-to-date on the back of turnover of RM110.183 million and RM447.296 million respectively. These represent

- (a) a decrease of 92% in profit before tax but an increase of 2% in revenue as compared to the profit before tax and revenue in the preceding year corresponding quarter ended 31 December 2022 respectively;
- (b) an increase of 614% in profit before tax and 8% in revenue as compared to the loss before tax and revenue in the preceding year corresponding period ended 31 December 2022 respectively.

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15. Review of performance (continued)

The decrease in profit before tax for current quarter was mainly due to lower realised CPO and PK prices as compared to preceding corresponding quarter. However, the increase in profit before tax for the period ended was mainly due to increase in FFB production from the plantation segment by 29% as compared to preceding corresponding period ended.

The increase in revenue for the current quarter and period ended was mainly due to increase in CPO and PK sales volume as compared to the corresponding quarter and period ended.

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 was increased by 2% for the current quarter and 8% as compared to previous quarter and period ended respectively was mainly due to increase in CPO and PK sales volume as well as FFB production as per below statistic:

	Current Year Quarter Ended 31/12/2023 Metric ton	Preceding Year Corresponding Quarter Ended 31/12/2022 Metric ton	%	Current Year- To- Date Ended 31/12/2023 Metric ton	Preceding Year Corresponding Period Ended 31/12/2022 Metric ton	%
- CPO sales volume	27,781	27,891	-1	107,013	83,043	+29
- PK sales volume	5,517	4,703	+17	20,803	16,534	+26
- Sabah FFB production	35,487	33,655	+5	126,429	100,122	+26
- Indonesia FFB production	58,209	47,014	+24	218,248	166,450	+31

The plantation segment registered a segment profit of RM8.161 million for the current quarter and RM55.650 million for period ended. This represented 25% decrease for the current quarter but 49% increase in segment profit for the period end. The decrease was mainly due to lower realised CPO and PK prices but the increase was mainly due to the increase in FFB production from both Sabah and Indonesia region respectively.

Hotel segment

The external revenue of the hotel segment increased by 28% for the current quarter and 45% for the period ended as compared to previous period was mainly due to higher occupancy rate contributed from year end school holiday seasonality and corporate events during the quarter under review.

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16. Variance of the results against the immediate preceding quarter

The Group recorded a profit before tax of RM0.376 million for the current quarter as compared to the profit before tax of RM17.44 million for the immediate preceding quarter ended 30 September 2023. Management attributes the decrease in profit before tax was mainly due to decrease in CPO and PK sales volume from plantation segment.

17. Prospects

Plantation segment

The Group remains positive on the palm oil industry's long run outlook given the continuous growth in global population and household incomes which will continue to drive and sustain the demand of palm oil given its unrivalled versatility as a superior resource for both food and non-food applications.

The Group will continue to achieve greater operational efficiencies and drive performance to a higher level. The Group is confident that with the continuous improvements in productivity and implementation of best plantation management practices together with cost effective strategies, it would be able ride out the challenges ahead. The Group expects plantation segment result for the financial year 2024 to be influenced by the movement in commodities prices and rising production costs.

Hotel segment

The prospect of the hotel segment is remained to be challenging in year ahead due to new low-cost players and unregulated short-term rental accommodation. Nonetheless, the Sales Team will be playing a proactive strategy to increase public awareness of newly renovated Palace Hotel to help bring more new guests.

18. Profit forecast

Not applicable.

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19. Profit for the period

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/12/2023 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2022 RM'000	Current Year- To-Date Ended 31/12/2023 RM'000	Preceding Year Corresponding Period Ended 31/12/2022 RM'000
Amortisation and depreciation	12,385	10,462	52,819	49,468
Impairment on property, plant and equipment	500	-	500	-
Interest expenses	7,608	6,414	30,199	26,510
Interest income	(138)	-	(248)	(118)
Other income	(1,940)	(2,213)	(5,708)	(8,868)
Net unrealized (gain)/loss on foreign exchange	(1,042)	(2,208)	1,645	7,549
Gain on disposal of property, plant and equipment	(13)	(1,195)	(26)	(838)
Gain on disposal of subsidiary	-	(8)	-	(1,195)
Property, plant and equipment written off	100	1,586	130	1,597

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/(benefit)

Income tax benefit comprises :-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31/12/2023 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2022 RM'000	Current Year- To-Date Ended 31/12/2023 RM'000	Preceding Year Corresponding Period Ended 31/12/2022 RM'000
Tax expense for the period:				
- Malaysian Income Tax	1,828	868	6,161	2,977
- Indonesian Income Tax	2,857	-	2,857	-
- relating to origination and reversal of temporary differences	699	(1,462)	(2,796)	(5,107)
- Real Property Gain Tax	-	-	-	62
	5,384	(594)	6,222	(2,068)
Over/(under) provided in prior years:				
- Malaysian Income Tax	137	(12)	700	(24)
- Deferred taxation	124	877	395	(2,483)
	5,645	271	7,317	(4,575)

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21. Status of corporate proposals

On 06 February 2024, the subsidiaries of Company, Berkat Setia Sdn Bhd (“**BSSB**”), Bonus Indah Sdn Bhd (“**BISB**”) and Kian Merculaba Sdn Bhd (“**KMSB**”) (collectively be referred to as “**Vendors**”) have received from Tamaco Plantation Sdn Bhd their acceptance of the Letters of Offer to Sell Land(s) dated 01 February 2024 respectively in respect of the following:

- (a) legal and/or beneficial interest in 6 parcels of palm oil agriculture lands measuring in total 251.324 acres more or less situated respectively in the District of Labuk & Sugut, State of Sabah held by BSSB, at a sale consideration of RM5,529,128.00; and
- (b) legal and/or beneficial interest in 3 parcel of palm oil agriculture lands measuring in total 4,954.00 acres more or less situated in the District of Labuk & Sugut, State of Sabah held by BISB, at a sale consideration of RM108,988,000.00; and
- (c) legal and/or beneficial interest in 4 parcel of palm oil agriculture lands measuring in total 2,299.75 acres more or less situated in the District of Labuk & Sugut, State of Sabah held by KMSB, at a sale consideration of RM50,594,500.00.

Consequently, the aforementioned plantation assets will be classified as held for sales in accordance with MFRS 5 “Non-current Assets held for Sale and Discontinued Operations”.

Statement of financial position disclosures

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

	As at current period ended 31/12/2023 RM’000
Property, plant and equipment,	
Assets of disposal group classified as held for sale	165,112
Deferred tax liabilities,	
Liabilities directly associated with disposal group classified as held for sale	37,837

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22. Group's borrowings and debt securities

Particulars of the Group's borrowings as at 31 December 2023 are as follows: -

	Secured RM'000
Short term borrowings	
Revolving credits	120,656
Bank overdraft	8,704
Bankers' acceptance	39,938
Term loans	55,352
	<hr/>
	224,650
Hire purchase and lease payables	2,780
	<hr/>
Sub-total	227,430
	Secured RM'000
Long term borrowings	
Term loan	215,251
Hire purchase and lease payables	3,009
	<hr/>
Sub-total	218,260
	<hr/>
Total Borrowings	445,690

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

	Foreign Currencies USD'000	RM Equivalent RM'000
USD – Revolving credit @ 4.590	10,718	49,195
		<hr/>
	IDR'000	
IDR – Term loan @ 0.000298	663,370,400	197,684
		<hr/>
		246,879

There are no debt securities issued as at 31 December 2023.

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 2023, there were no outstanding derivatives (including financial instruments designated as hedging derivatives).

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23. Financial Instruments (continued)

(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.

As at the date of the statement of financial position, there are no outstanding 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 22 November 2023, being a date not earlier than 7 days from the date of the quarterly report, except for, on 10 May 2021, a subsidiary of the Company, Berkat Setia Sdn Bhd (“Berkat Setia”) received a Writ and Statement of Claim from the residents of Kampung Segaliud in Sandakan who sued Berkat Setia and another third party for negligence and breach of duty for alleged discharge of industrial effluent from their palm oil mill and thereby causing pollution to the nearby Sungai Segaliud. Berkat Setia has strongly denied the said claim as they maintain that at all material times they had set up and operated a safe and adequate industrial effluent treatment system duly approved and licensed by the relevant authorities and in compliance with the terms and conditions of the said license and all applicable relevant laws and regulations.

The trial was held from 4 July 2022 to 6 July 2022 in the Sandakan High Court. The “Plaintiffs” and the “Defendant” (Berkat Setia) have filed and served their written submissions to the Court after trial. Pending the issuance of the Grounds of Judgment of the High Court, the High Court delivered its decision on the matter on 01 December 2022 as follows:

- (a) The Plaintiffs' claim for an injunction, general and exemplary damages claim, and interest against Berkat Setia in prayers of the Amended Statement of Claim be dismissed;
- (b) Berkat Setia to pay the Plaintiffs the costs in the sum of RM50,000 subject to the payment of allocatur fee at 4% total of RM52,000.

After the decision, our Legal Counsel filed a Notice of Appeal for Berkat Setia on 22 December 2022 against the parts of the decision affecting Berkat Setia. Similarly, Counsel for the Plaintiffs have also filed a Notice of Appeal on 30 December 2022 against the parts affecting their damages and interest claim. The next case management for both appeals has been scheduled to be on 07 May 2024. Our legal counsel is of the opinion that Berkat Setia has a meritorious defence to this claim. Meanwhile, the burden is on the plaintiffs to prove their claim against Berkat Setia.

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25. Proposed dividend

No dividend was proposed for the current period.

26. (Loss)/profit per share

(a) Basic

Basic (loss)/profit 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 31/12/2023 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2022 RM'000	Current Year- To-Date Ended 31/12/2023 RM'000	Preceding Year Corresponding Period Ended 31/12/2022 RM'000
(a) (Loss)/profit attributable to equity holders of the parent	<u>(4,957)</u>	<u>2,156</u>	<u>9,584</u>	<u>(1,625)</u>
(b) Weighted average number of shares	<u>116,863</u>	<u>116,863</u>	<u>116,863</u>	<u>116,863</u>
(c) Basic (loss)/profit per share (sen)	<u>(4.24)</u>	<u>1.84</u>	<u>8.20</u>	<u>(1.39)</u>

(b) Diluted

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

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 29 February 2024.

By Order of the Board
Dorothy Luk Wei Kam
Company Secretary
Kota Kinabalu, Sabah
29 February 2024