



2002 Annual Report / LAPORAN TAHUNAN

NPC Resources Berhad (502313-P)
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Sabah, Malaysia
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Notice of Annual General Meeting

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NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of the Company will be held at Masokoh, Level 1, Nexus Resort Karambunai, Off Sepangar Bay, Kota Kinabalu, Sabah on 30 June 2003 at 10.30 am to transact the following business:

AGENDA

ORDINARY BUSINESS

- | | |
|--|------------------------------|
| 1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2002 and the Reports of the Directors and Auditors thereon. | Resolution 1 |
| 2. To declare a first and final dividend of 5 sen per share in respect of the financial year ended 31 December 2002. | Resolution 2 |
| 3. To re-elect the following Directors retiring in accordance with Article 93 of the Company's Articles of Association:

a) Tengku Datuk Dr Zainal Adlin Bin Tengku Mahamood
b) Loo Ngin Kong | Resolution 3
Resolution 4 |
| 4. To approve the payment of Directors' fees of RM109,000 for the financial year ended 31 December 2002. | Resolution 5 |
| 5. To re-appoint Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration. | Resolution 6 |

SPECIAL BUSINESS

- | | |
|--|--------------|
| 6. To consider and if thought fit, to pass the following resolution: | Resolution 7 |
|--|--------------|

Ordinary Resolution
Authority to issue shares pursuant to Section 132D, Companies Act, 1965

"THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from the relevant statutory and regulatory authorities, where such approvals are necessary, full authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed 10% of the issued share capital of the Company. "

Notice of Annual General Meeting (Continued)

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ANY OTHER BUSINESS

7. To transact any other ordinary business of the Company of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of the Board
NPC Resources Berhad

Dorothy Luk Wei Kam
Company Secretary

Kota Kinabalu, Sabah
Date: 6 June 2003

Notes:

- a) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but does not need to be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 need not be complied with.
- b) Where a member appoints two (2) or more proxies to attend and vote at the same Meeting, such appointment shall be invalid unless the member specifies the proportion of his (her) holdings to be represented by each proxy.
- c) The instrument appointing a proxy shall be in writing or if such appointor is a corporation either under its Common Seal or the hands of its officers or attorney duly authorized.
- d) The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Lot 8 & 9, T3, Taman Tshun Ngen, Mile 5, Jalan Labuk, 90000 Sandakan, Sabah, not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

Explanatory Notes On Special Business

Ordinary Resolution Pursuant To The Proposed Authority To Directors To Issue New Shares Under Section 132D Of The Companies Act, 1965

The proposed Ordinary Resolution under item 6 above, if passed, will give power to the Directors to issue ordinary shares in the capital of the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being. This authority unless revoked or varied at a general meeting will expire at the next Annual General Meeting.





Statement Accompanying Notice of Annual General Meeting

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1. The place, date and hour of the Third Annual General Meeting:

Date	Time	Place
30 June 2003	10.30 am	Masokoh, Level 1, Nexus Resort Karambunai, Off Sepangar Bay Kota Kinabalu, Sabah

2. The names of individuals who are standing for re-election are:

- a) Tengku Datuk Dr Zainal Adlin Bin Tengku Mahamood
- b) Loo Ngin Kong

3. The details of attendance of Directors at Board Meetings:

Four (4) board meetings were held during the financial year from 1 January 2002 to 31 December 2002.

NAME	MEETINGS ATTENDED	MAXIMUM POSSIBLE MEETINGS TO ATTEND
1 Loo Ngin Kong	4	4
2. Wong Siew Ying	4	4
3. Dato' Loo Pang Kee	4	4
4. Tengku Datuk Dr Zainal Adlin Bin Tengku Mahamood	2	4
5. Lim Ted Hing (Appointed w.e.f. 25 February 2002)	3	3
6. Dr Edmond Fernandez (Appointed w.e.f. 25 February 2002)	3	3

Note: The Company was officially listed on the Main Board of the Kuala Lumpur Stock Exchange on 7 May 2002.

4. Further details of individuals who are standing for re-election as Directors:

Please refer to the Directors' Profile appearing on page 6.

Corporate Information

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BOARD OF DIRECTORS

LOO NGIN KONG
Executive Chairman

DATO' LOO PANG KEE
Executive Director/Group Managing Director

WONG SIEW YING
Executive Director

**TENGGU DATUK DR ZAINAL ADLIN
BIN TENGGU MAHAMOOD**
Non-Executive Deputy Chairman

LIM TED HING
Independent Non-Executive Director

DR EDMOND FERNANDEZ
Independent Non-Executive Director

AUDIT COMMITTEE

LIM TED HING
Chairman

DR EDMOND FERNANDEZ
Member

DATO' LOO PANG KEE
Member

COMPANY SECRETARY

DOROTHY LUK WEI KAM
(MAICSA 7000414)

REGISTERED OFFICE

Lot 8 & 9, T3
Taman Tshun Ngen
Mile 5, Jalan Labuk
90000 Sandakan
Sabah
Tel : 089-274488
Fax : 089-226711

SHARE REGISTRAR

**SIGNET SHARE REGISTRATION
SERVICES SDN. BHD.**

11th Floor, Tower Block
Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur

Tel : 03-2145 4337
Fax : 03-2142 1353

AUDITORS

Ernst & Young
Chartered Accountants
16th Floor, Wisma Khoo Siak Chiew
Jalan Buli Sim Sim
90000 Sandakan
Sabah

PRINCIPAL BANKERS

AmMerchant Bank Berhad
RHB Bank Berhad
Bumiputra-Commerce Bank Berhad
OCBC Bank (Malaysia) Berhad

SOLICITORS

Vincent Wong & Co
Advocates & Solicitors
Suite 8.12, 8th Floor
Block A, Kompleks Karamuning
88300 Kota Kinabalu
Sabah

STOCK EXCHANGE LISTING

Main Board of the
Kuala Lumpur Stock Exchange



Directors' Profile

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LOO NGIN KONG

Executive Chairman



Loo Ngin Kong, aged 66, was appointed as Executive Chairman of NPC on 31 January 2002. He has over 30 years' experience in the fields of oil palm plantation and palm oil milling. He started his business venture in the plantation industry in the 1960s and 1970s when he was involved in oil palm cultivation and contracting works for Federal Land Development Authority ("FELDA") in Pahang Darul Makmur and Low Nam Hui Sdn. Bhd. and its subsidiaries and Johor Tenggara Development Authority in Johor Darul Takzim. He expanded his business to Sabah in 1981 when he acquired Growth Enterprise Sdn. Bhd., now a subsidiary of the Company. He also sits on the Board of various private limited companies. He has direct interests of 5,307,816 ordinary shares in the Company. He is the father of Dato' Loo Pang Kee, a director and a substantial shareholder of the Company. The details of his related party transactions can be found in note 29 to the Financial Statements. He has never been convicted for any offence within the past 10 years.

TENGGU DATUK DR. ZAINAL ADLIN BIN TENGGU MAHAMOOD

Non-Executive Deputy Chairman

Tengku Datuk Dr. Zainal Adlin bin Tengku Mahamood, aged 63, was appointed as Non-Executive Deputy Chairman of NPC on 31 January 2002. He obtained his Advanced Course in Local Government Administration Certificate from the University of Birmingham, United Kingdom and Institute of Local Government Studies, Sigtuna, Sweden in 1967. In 1981, he obtained the Top Management Programme Certificate from the Asian Institute of Management and in 1995, obtained his Doctor of Philosophy (Hon.) from University Kebangsaan Malaysia. He began his career as a professionally trained pilot from 1959 to 1960. He subsequently served in the Kelantan Civil Service and the Malaysian Home and Diplomatic Service in the capacity of Assistant District Officer, acting District Officer and Assistant State Secretary of Kelantan from 1961 to 1967 and was seconded to the Sabah State Government for five (5) years from 1968 to 1973 in the capacity of Chief Executive Officer of the Sabah State Housing Commission. From 1974 to prior to retirement from Government service in 1996, he served the Yayasan Sabah in various capacities including Group Projects Development Manager, Deputy Director and Corporate Advisor. At present, he is the Executive Chairman of Lintasan Mayang Sdn. Bhd., Lintasan Mayang Development Sdn. Bhd. and Triomac Engineering Sdn. Bhd., the Chairman of FACB Resorts Berhad as well as Chairman of Karambunai Resort Sdn. Bhd. and Sabah Tourism Board. He has direct interests of 20,001 ordinary shares and indirect interests of 2,302,000 ordinary shares in the Company. He has no family relationship with any other directors or major shareholders of the Company nor any conflict of interest with the Company. He has never been convicted for any offence within the past 10 years.

DATO' LOO PANG KEE

Managing Director

Dato' Loo Pang Kee, aged 34, was appointed as Managing Director of NPC on 31 January 2002. He currently sits on the Audit Committee. He joined the Group after the completion of his education in Singapore. He has over ten (10) years of working experience in the field of plantation-based activities. His exposure in oil palm cultivation and plantation development work was greatly enhanced over the last decade as he was involved directly in the estate development and rapid expansion of the Natural Plantation Sdn Bhd ("Natural") group of companies' land bank. His experience in the palm oil milling activities started in the late 1980s when the Natural group of companies ventured into palm oil milling business in 1989 through Berkat Setia Sdn. Bhd. His responsibilities include overseeing the overall management activities of the Group, and the formulation and implementation of the Group's business strategies. He has direct interests of 4,315,657 ordinary shares and indirect interests of 25,600,000 ordinary shares in the Company. He is the son of Loo Ngin Kong, a director and a substantial shareholder of the Company. The details of his related party transactions can be found in note 29 to the Financial Statements. He has never been convicted for any offence within the past 10 years.



Directors' Profile (Continued)

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WONG SIEW YING

Executive Director

Wong Siew Ying, aged 49, was appointed as Executive Director of NPC on 31 January 2002. She has played an instrumental role in the expansion of the Natural group of companies over the last 20 years and her areas of responsibility includes managing the Group's financial affairs, project funding requirements and credit management. She has direct interests of 3,748,456 ordinary shares and indirect interests of 25,600,000 ordinary shares in the Company. She is the wife of Loo Ngin Kong, a director and a substantial shareholder of the Company. The details of her related party transactions can be found in note 29 to the Financial Statements. She has never been convicted for any offence within the past 10 years.

LIM TED HING

Independent Non-Executive Director

Lim Ted Hing, aged 48, was appointed as the Independent Non-Executive Director of NPC on 25 February 2002. He currently sits on the Audit Committee, Remuneration Committee and Nomination Committee. He is a member of the Malaysian Institute of Accountants and a Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW"). He obtained his Fundamentals of Accounting from the North East London Polytechnic in 1977. Upon completion, he joined Malvern & Co., a firm of chartered accountants based in London, as an Articled Clerk during which he completed the ICAEW professional examinations in 1983. He joined Ernst & Young in 1985 and was the Senior Manager of its office in Sandakan prior to joining Syarikat Tekala Sdn. Bhd. in 1994 as the Group Financial Controller. Later in June 1996, he was appointed as an Executive Director/Chief Operating Officer of Tekala Corporation Berhad, a company listed on the Main Board of KLSE, and its subsidiaries. Other than his business interest in Tekala Group, he also holds directorships in Cepatwawasan Group Berhad, a company listed on the Second Board of KLSE, since December 2001 and sits on the board of Borneo Golf Resort Berhad as well as several other private limited companies. He has direct interests of 20,000 ordinary shares in the Company. He has no family relationship with any other directors or major shareholders of the Company nor any conflict of interest with the Company. He has never been convicted for any offence within the past 10 years.

DR. EDMOND FERNANDEZ

Independent Non-Executive Director

Dr. Edmond Fernandez, aged 48, was appointed as the Independent Non-Executive Director of NPC on 25 February 2002. He currently sits on the Audit Committee, Remuneration Committee and Nomination Committee. He graduated in 1981 from the University of Mysore, India. He started his medical practice in 1982 as a Medical Officer in Queen Elizabeth Hospital, Kota Kinabalu, Sabah and later in 1984, he was posted to Sandakan Health Department, Sabah as the Area Medical Officer. From 1988 onwards, he practised as a Private Medical Practitioner with Klinik Elopura Sdn. Bhd. ("KESB") and he was appointed as the Director of KESB since 1995. In 2001, he obtained his Licentiate of the Faculty of Occupational Medicine from Ireland and he was also appointed as a committee member of the Sandakan Water Watch Committee. He is the founding President of the Sandakan Toastmaster Club. He has direct interests of 20,000 ordinary shares in the Company. He has no family relationship with any other directors or major shareholders of the Company nor any conflict of interest with the Company. He has never been convicted for any offence within the past 10 years.





Chairman's Statement

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On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report and the Audited Financial Statements for the Group and also the Company for the financial year ended 31 December 2002.

BACKGROUND

NPC RESOURCES BERHAD is principally an investment holding company while its subsidiaries are involved in investment holding, provision of management services, operation of oil palm plantations and palm oil mills, trading of fresh fruit bunches ("FFB"), provision of transportation services and subleasing of leasehold land. The Company was listed on the Main Board of the Kuala Lumpur Stock Exchange on 7 May 2002.

The Group currently operates approximately 8,974 hectares of plantation land and two palm oil processing mills which have a combined production capacity of 105 tonnes of FFB per hour, all of which are located in the state of Sabah. The palm oil processing mills owned by the Group are located at Kilometre 87, Sandakan-Lahad Datu Highway, Segaliud Lokan in the district of Kinabatangan ("SROPP mill") and at Kilometre 70, Sandakan-Telupid-Kota Kinabalu Highway in the district of Labuk-Sugut ("Berkat mill"). The SROPP mill currently has a processing capacity of 45 tonnes of FFB per hour and can be upgraded to operate two (2) processing lines with a combined processing capacity of 90 tonnes of FFB per hour to cater for future increases in production output. The Berkat mill currently has a processing capacity of 60 tonnes of FFB per hour.

INDUSTRY TREND AND DEVELOPMENT

The Malaysian oil palm industry assisted by prudent government policies, recorded a significant recovery in 2002 despite a weak global economy. The marginal increase in the production of palm oil and exports amidst a tight supply in the global oil and fats industry, had pushed up the price of crude palm oil ("CPO") sharply by 52% over the previous year to RM1,363.50 per tonne. The year ended with a lower palm oil stock level of 1.14 million tonnes.

The production of CPO in 2002 increased marginally by 0.89% to 11.9 million tonnes from 11.80 million tonnes recorded in the previous year. The increase was contributed by the expansion in matured area and a higher oil extraction rate ("OER"). The campaign on productivity in the oil palm industry by the government, had to a certain extent contributed to the increase in OER.

The competitive price of palm oil, liberalization of export duties and the encouragement of counter-trades by the government had contributed to the higher exports.

GROUP PERFORMANCE

The Group recorded a turnover of RM119,799,946 and a profit after tax of RM10,836,749 for the eleven (11) months ended 31 December 2002. For this financial period, the average CPO price realised by the Group was RM1,346 per tonne and the average palm kernel ("PK") price realised was RM646 per tonne.

As regards to operating performance, the CPO and PK extraction rates of the Group for the period were 21.25% and 5.23% respectively with CPO production at 79,495 tonnes and PK production at 19,545 tonnes. The total FFB processed by the Group for the period was 374,039 tonnes.

DIVIDEND

In line with the Group's performance and as recognition of your continuous support, the Board of Directors has recommended a final gross dividend of 5 sen per ordinary share, less 28% Malaysian Income Tax, amounting to RM2,880,000 in respect of the financial year ended 31 December 2002 to be approved at the forthcoming Annual General Meeting of the Company.

Chairman's Statement (Continued)

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GROUP PROSPECTS

The future prospects of the Group are expected to be reasonably good mainly due to the following reasons:-

- (a) The performance of the Malaysian oil palm industry is expected to be sustained and improve further in the year 2003. The production of CPO is expected to be around 12.2 million tonnes and export demand is forecast to further improve arising from higher world demand and a further depletion of world oils and fats stocks by 11.8% to a low of 13.1 million tonnes. Consequently, the prices of oil palm products is expected to strengthen further in 2003. (Source: Overview of the Malaysian Oil Palm Industry 2002 by the MPOB);
- (b) 70.42% of the Group's oil palms are matured (have been planted for four (4) years or more). Its oil palm plantations are relatively young with approximately 30.93% of the trees planted aged between four (4) to less than seven (7) years old, whilst the remaining 29.58% are immature (planted for less than four (4) years). The oil palms normally reach their peak in terms of yield and oil extraction rate at the age of between seven (7) to fifteen (15) years old. It is expected that in view of the progressive maturity of the plantations, it will pave the way for higher growth when most of the trees reach maturity; and
- (c) the continuing efforts by the management to improve the operating efficiency of its plantations and palm oil processing mills through enhancement of yield and extraction productivity with the implementation of effective human resource management, close supervision of its oil palm plantations and effective cost control policy. These measures are aimed to sustain high profitability beyond 2002.

CURRENT GROUP DEVELOPMENT

In January 2003, the Group completed the following acquisitions:

- (i) the entire issued and paid up share capital of Permata Alam Sdn. Bhd. The acquired company is the registered owner of a piece of land measuring approximately 200.3 hectares planted with oil palms situated at Segaliud-Lokan, Kinabatangan in the State of Sabah;
- (ii) the entire issued and paid up share capital of Sungai Kenali Sdn. Bhd. The acquired company is the registered owner of a piece of land measuring approximately 197.9 hectares planted with oil palms situated at Segaliud-Lokan, Kinabatangan in the State of Sabah; and
- (iii) the entire issued and paid up share capital of Kian Merculaba Sdn. Bhd. The acquired company is the registered owner of an oil palm plantation of approximately 498 hectares located in the District of Labuk and Sugut in the State of Sabah.

The above acquisitions further increase the Group's plantation land bank and provide synergistic benefits to the Group's plantation and milling operations due to the proximity of the acquired companies' plantations to the Group's existing plantations and mills.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express our sincere gratitude to the management and valued employees of the Group who have continued with their commitment, dedication and co-operation during the year.

I would also like to express our sincere appreciation for the long-standing support, co-operation and guidance of our valued customers, suppliers, business associates, bankers and regulatory authorities.

Lastly, to the shareholders of the Company, we thank you for your faith in us and for your continuous support to the Group.

Thank you.

Loo Ngin Kong
Chairman

Statement on Corporate Governance

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A. BOARD OF DIRECTORS

Board responsibilities

The Board and Management are committed to ensuring good corporate governance are observed throughout the Group. The Board views corporate governance as synonymous with three key concepts; namely transparency, accountability as well as corporate performance.

The Board of Directors plays a primary role in corporate governance by setting out the strategic direction of the Group, establishing goals and monitoring the achievement of the goals. A Strategic Plan has been adopted as one of the key policies in ensuring that the Group crystallises its future plans and provides a clear direction for the Board and Officers of the Group. A structured risk management process has also been established to better identify, formalise and monitor within the various operating units and manage the business risks functions affecting the Group. This is elaborated in greater detail in the Statement of Internal Control.

Board Committees

The Board of Directors delegates certain responsibilities to the Audit Committee in order to enhance business and operational efficiency as well as efficacy. The Chairman of the Audit Committee reports back to the Board the outcome of the Committee meetings. The membership and Terms of Reference of the Committee are as stated on pages 17 to 19 of this Annual Report.

Board Balance

The Board of Directors has six members comprising three Executive Directors, two Independent Non-executive Directors and a Non-executive Director. The Board is of the view that the interests of shareholders of the Company are fairly represented through the current composition.

The Board recognizes the importance and contribution of its independent non-executive directors. They represent the element of objectivity, impartiality and independent judgement of the Board. This ensures that there is sufficient check and balance at the Board level.

The Directors combined in them expertise and experience in various fields such as finance and investment, public services and accounting. Their expertise, experience and background result in thorough examination and deliberations of the various issues and matters affecting the Group. The profile of each Director is presented on pages 6 to 7 of this Annual Report. In addition, all the members of the Board have attended the Mandatory Accreditation Program as required and prescribed by the Kuala Lumpur Stock Exchange ("KLSE").

Pursuant to best practices, Lim Ted Hing has been identified and appointed as the Senior Independent Non-Executive Director, to whom any concerns pertaining to the Group may be conveyed.

Statement on Corporate Governance (Continued)

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Board Meetings

The Board had held four meetings during the financial year ended 31 December 2002. Details of the attendance of the Directors at the Board Meetings are as follows:



NAME	MEETINGS ATTENDED	MAXIMUM POSSIBLE MEETINGS TO ATTEND
1. Loo Ngin Kong	4	4
2. Wong Siew Ying	4	4
3. Dato' Loo Pang Kee	4	4
4. Tengku Datuk Dr Zainal Adlin Bin Tengku Mahamood	2	4
5. Lim Ted Hing (Appointed w.e.f. 25 February 2002)	3	3
6. Dr Edmond Fernandez (Appointed w.e.f. 25 February 2002)	3	3

Note: The Company was officially listed on the Main Board of the Kuala Lumpur Stock Exchange on 7 May 2002.

In the interval between Board meetings, for exceptional matters requiring urgent Board decisions, Board approvals were sought via circular resolutions which were attached with sufficient information required for an informed decision.

Supply of information

The Company Secretary, in consultation with the Executive Chairman and the Managing Director, issues formal agenda for each meeting. All Directors have access to the advice and services of the Company Secretary together with all information within the Group. The appointment and removal of Company Secretary are matters for the Board as a whole. The Board recognises that the Executive Chairman is entitled to the strong and positive support of the Company Secretary who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. Directors are informed and aware that they may take independent professional advice, if necessary and appropriate in furtherance of their duties, at the expense of the Group.

Statement on Corporate Governance (Continued)

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Appointments

As an integral element of the process of appointing new Directors, a Nomination Committee was established on 22 November 2002 with the appointment of Lim Ted Hing and Dr Edmond Fernandez, both Independent Non-Executive Directors, as members of the Committee. The Nomination Committee is entrusted to formally and transparently review annually the Board structure, size and composition; to nominate candidates to fill vacancies; and recommend for re-election of Directors who are retiring. All Directors will be subject to the same assessment criteria and process. The Board through this Committee ensures that there is an appropriate induction and training programme for new Board members. The committee has yet to convene any meeting since its establishment.

Re-election

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to re-election by shareholders at the first opportunity after their appointments. The Articles also provide that at least one third of the remaining Directors be subject to re-election by rotation at each Annual General Meeting.

B. DIRECTORS' REMUNERATION

The Level and Make -Up of Remuneration

In line with the requirements of the Code, a Remuneration Committee was established on 22 November 2002 consisting of two Independent Non-executive Directors namely Lim Ted Hing and Dr. Edmond Fernandez. The Board as a whole determines the remuneration of the Directors with the respective Directors abstaining from decisions in respect of their own remuneration. Directors' fees are to be approved by shareholders at the Annual General Meeting ("AGM") based on recommendations of the Board.

Procedure

The Committee is delegated with the following duties in accordance with its approved terms of reference:

- to annually review in a formal and transparent manner, the remuneration packages of all the Executive Directors and make recommendations therewith; and
- to recommend to the Board the Company's framework for retaining and rewarding the Executive Directors.

The Committee shall ensure that the Company attracts and retains the Directors needed to run the Group successfully. The Executive Directors are to be appropriately rewarded giving due regard to the performance of the Directors and business, whilst the Non-executive Directors are to be rewarded to reflect their experience and level of responsibilities.

Disclosure

The details of the remuneration for the Directors of the Company for the eleven (11) months ended 31st December 2002 are as follows:

Directors' Remuneration	Executive Directors RM	Non-Executive Directors RM
Fee	42,000	79,000
Emoluments	842,424	-
Benefits-in-kind	25,326	-
Total	909,750	79,000

Statement on Corporate Governance (Continued)

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The number of Directors whose remuneration during this financial period falls within the following bands is as follows:

Directors' Remuneration RM'000	NUMBER OF DIRECTORS	
	Executive	Non-Executive
Below 50	-	3
50 to 100	-	-
101 to 150	-	-
151 to 200	1	-
251 to 300	1	-
301 to 350	-	-
351 to 400	-	-
401 to 450	-	-
451 to 500	1	-



C. SHAREHOLDERS

Dialogue between Companies and investors

The Board believes in clear and regular communication with its shareholders and institutional investors. Besides the various announcements made during the financial year and release of financial results on a quarterly basis, the Board anticipates through its first Annual Report to provide shareholders with an overview of the Group's performance and its business activities.

In all circumstances, the Company is cautious not to provide undisclosed material information about the Company. The Company recognises the importance of timely and equal dissemination of information to shareholders. As such, it strictly adheres to the disclosure requirements of the KLSE.

Annual General Meeting

The Board understands that the Annual General Meeting is the principal forum for dialogue with shareholders. Hence opportunities will be made for shareholders to raise questions pertaining to the business activities of the Group. The Executive Chairman and where appropriate, the Managing Director will be responding to the shareholders' questions during the coming meeting. Each item of special business included in the notice of the meeting will be accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of issues involved. In respect of re-election of Directors, the Board will ensure that full information is disclosed through the notice of meeting regarding Directors who are retiring and who are willing to serve if re-elected.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting

In presenting the annual financial statements and quarterly announcements to the shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 15 of this annual report.



Statement on Corporate Governance (Continued)

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Internal Control

The Directors acknowledge their responsibilities for maintaining a sound system of internal control which is necessary to safeguard the Group's assets and shareholders' investment. In this respect, the Board affirms its overall responsibility for the Group's internal control system, which encompasses risk management practices as well as financial, operational and compliance controls.

Relationship with Auditors

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as detailed on pages 17 to 19 of this annual report. A summary of the activities of the Audit Committee during the year, including the evaluation of the internal audit process, is set out in the Audit Committee Report on page 19 of this annual report.

Compliance with the Code

Save as disclosed below, the Group has substantially complied with the Principles and Best Practices of the Code:-

- (a) Although there is no formal schedule on matters specifically reserved to the Board for decision, it is the practice for the Board to deliberate on all significant matters that affect the Group, such matters in those that concerns announcements to the KLSE and policy issues.



Directors' Responsibility Statement

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Directors' responsibility statement in respect of the preparation of the audited financial statements

The Directors are required by the Companies Act, 1965 to ensure that financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their results and cash flows for the financial year. The Directors consider that in presenting the financial statements, the Group has used appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgments and estimates.

The Directors have a general responsibility for ensuring the Group and the Company keep accounting records and financial statements, which disclose with reasonable accuracy the financial position of the Group and of the Company. The Directors have taken steps to ensure that such financial statements comply with the Companies Act, 1965, approved accounting standards in Malaysia and other regulatory provisions.

The Directors are also responsible for taking steps that are reasonably open to them to safeguard the assets of the Group and prevent and detect fraud and other irregularities.





Additional Compliance Information

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report



The following additional information is provided in compliance with the Listing Requirement of the Kuala Lumpur Stock Exchange:-

1. Utilisation of Proceeds Raised From Corporate Proposals

The gross proceeds raised from the Public Issue of 8,000,000 ordinary shares pursuant to the listing exercise of the Company on the Main Board of KLSE were fully utilised in the manner as stipulated in its Prospectus dated 28 March 2002.

2. Share Buybacks

During the financial year, there were no share buyback by the Company.

3. Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued during the year.

4. American Deposit Receipt ('ADR') or Global Deposit Receipt ('GDR') Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

5. Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant authorities.

6. Non-Audit Fees

There were no non-audit fees paid or payable to the external auditors for the financial year.

7. Profit Estimate, Forecast or Projection

No material variance arose between the audited results for the financial year and the unaudited results previously announced and the profit forecast as provided in the Prospectus dated 28 March 2002.

8. Profit Guarantee

During the financial year, there were no profit guarantee given by the Company.

9. Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries which involve Directors' and major shareholders' interest either still subsisting at the end of the financial year.

10. Revaluation Policy on Landed Properties

Landed properties of the Company are not revalued and are stated at cost less accumulated depreciation.

11. Recurrent Related Party Transactions

The details of the related party transactions are set out in note 29 to the financial statements.



Audit Committee Report

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

COMPOSITION OF THE AUDIT COMMITTEE

The members of the Audit Committee and their respective designations are as follows:-

NAME	DESIGNATION	DIRECTORSHIP
(a) Lim Ted Hing	Chairman	Independent Non-Executive Director
(b) Dr. Edmond Fernandez	Member	Independent Non-Executive Director
(c) Dato' Loo Pang Kee	Member	Managing Director

The Audit Committee was formed by the Board of Directors on 19 March 2002.

The Chairman of the Audit Committee, Lim Ted Hing is a Chartered Accountant with the Malaysian Institute of Accountants (MIA).

Terms of reference

The Audit Committee is governed by the following terms of reference:

1. Composition of the audit committee

The Audit Committee shall be appointed by the Board of Directors from among their numbers and shall comprise at least three directors, the majority of whom shall be independent of senior management and operating executives and unencumbered by any relationships that might, in the opinion of the Board of Directors, be considered conflict of interest. The members of the Audit Committee shall elect a chairman from among themselves who shall be an independent director.

At least one member of the audit committee:-

- (a) must be a member of the Malaysian Institute of Accountants (MIA); or
- (b) if he is not a member of the MIA, he must have at least 3 years' working experience and:-
 - (i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - (iii) fulfils such other requirements as prescribed by the Exchange.

No alternate director shall be appointed as a member of the audit committee.

2. Authority

The Audit Committee is authorised by the Board of Directors to:

- (a) investigate any activities within its terms of reference;
- (b) have the resources required to perform its duties;
- (c) have full and unrestricted access to any information and documents relevant to its activities;
- (d) have direct communication channels with the internal and external auditors and senior management of the Group;
- (e) be able to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary; and
- (f) be able to convene meetings with the external auditors, excluding the attendance of the executive member of the Committee, whenever deemed necessary.

3. Duties

The duties of the Committee should include the following:

- (a) to consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal;



Audit Committee Report (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report



- (b) to discuss with the external auditors before audit commences, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved;
- (c) to review the assistance given by the Company and its officers to the external and internal auditors;
- (d) to review the adequacy and the integrity of the Group's internal control systems and management information systems with the external auditors;
- (e) to review the quarterly and year-end financial statements of the Company prior to the approval by the Board; focusing particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) significant adjustments arising from the audit;
 - (iii) the going concern assumption;
 - (iv) compliance with applicable accounting standards approved by the Malaysian Accounting Standards Board ("MASB") and other legal requirements;
- (f) to discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
- (g) to review the external auditors' audit report, management letter and management's response;
- (h) to perform the following in respect of the internal audit function:
 - (i) review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - (ii) review the internal audit program, processes and results of the internal audit process and where necessary ensure that appropriate actions taken on the recommendations of the internal auditors;
 - (iii) review any appraisal or assessment of the performance of the internal audit function;
 - (iv) approve any appointment or termination of internal auditors; and
 - (v) inform itself of resignation of internal auditors and provide the resigning internal auditors an opportunity to submit reasons for resigning;
- (i) to consider any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (j) to consider the major findings of internal investigations and management's response; and
- (k) to consider other topics as defined by the Board.

4. Quorum and procedures for meetings

The Audit Committee meetings shall not be less than four times a year. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

Representatives of external auditors may be required to be in attendance at meetings where matters relating to the audit of the statutory accounts and/or the external auditors are to be discussed. However, at least once a year, the Audit Committee shall meet with the external auditors without any executive Board Members present.

The Committee shall meet at least annually with the internal auditors to discuss the internal audit findings for the financial year without any executive Board Members present.

Other appropriate officers of the Group may be invited to attend, except for those portions of the meetings where their presence is considered inappropriate, as determined by the Chairman of the Audit Committee.

The quorum for the meeting shall be any two members, one of whom shall be an independent director.

The Company Secretary shall be Secretary to the Audit Committee. The Secretary in conjunction with the Chairman, shall draw up agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee.

The Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

Audit Committee Report (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and also to the other members of the Board of Directors. The Audit Committee Chairman shall report on each meeting to the Board of Directors.

5. Retirement and resignation

In the event of any vacancy in an audit committee resulting in the non-compliance of subparagraph 15.10(1) of KLSE Listing Requirements, the vacancy must be filled within 3 months.

6. Review of the audit committee

The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every 3 years to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.



INTERNAL AUDIT

During the year, the Company had appointed Ernst & Young as the Group's Internal Auditor. The areas covered by the internal auditors include internal audit functions, review on the compliances with Malaysian Code on Corporate Governance and review of the Group's Risks Profile and Management.

MEETINGS AND SUMMARY OF ACTIVITIES

The Committee had held four meetings during the financial year. The attendance record of the Audit Committee members in each of the meetings is as follows:

NAME	MEETINGS ATTENDED	MAXIMUM POSSIBLE MEETINGS TO ATTEND
1. Lim Ted Hing	4	4
2. Dr. Edmond Fernandez	3	4
3. Dato' Loo Pang Kee	4	4

The main activities undertaken by the Committee were as follows:

- reviewed the unaudited Quarterly Financial Results of the Company and its disclosure requirements before recommending them for the Board's approval;
- reviewed the year end financial statements of the Company prior to submission to the Board for their consideration and approval. This review was to ensure that the financial statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable accounting standards approved by the MASB;
- reviewed the audit plans and service charter presented by the external auditors; and
- reviewed the internal audit program, processes and results of the internal audit processes.

Statements on Internal Control

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report



RESPONSIBILITY

The Board recognises that it is responsible for the Group's system of internal control and for reviewing its adequacy and integrity.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, present throughout the financial year under review and up to date of approval of the annual report and financial statements, and is in accordance with the guidance as contained in the publication -Statement on Internal Control Guidance for Directors of Public Listed Companies.

As with any internal control system, controls can only provide reasonable but not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives.

RISK MANAGEMENT FRAMEWORK AND CONTROL SELF - ASSESSMENT

The Board's primary objective and direction in managing the Group's risks are focused on the achievement of the Group's business objectives. The results of a Risk Assessment exercise undertaken by the management have been reviewed and approved by the Board. This risk assessment exercise resulted in the identification and evaluation of the principal risks affecting the achievement of the Group's business objectives. The effectiveness of the current controls in place to manage these risks had also been assessed with practical action plans to address any potential weakness. Further, the risk owners and measures to monitor risks were formally identified. Future risk assessments will be conducted annually, with the results presented to the Board through the Executive Directors. The Executive Directors are tasked with the responsibility of monitoring and reviewing strategic and significant operational matters of the Group.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Scheduled meetings at head office and operation sites were held to identify, discuss and resolve business and operational issues. The Board was aware of, and involved in, when necessary in resolving, any significant issues identified at those meetings. The Group is structured such that the head of each operating unit has clear reporting line. There is also proper segregation of duties to ensure safe custody of the Group's assets.

Three of the Board's members are Executive Directors and are actively involved in the day-to-day operations of the Group. The Group is in the process of establishing a Human Resource Function to ensure that all employees have a clear understanding of their roles and responsibilities and that the Group's operations are carried out in accordance with standards set and expected by the Board. There is a structured and formal employee appraisal system that ensures employees are remunerated based on their performance.

The Board reviews the Group's budget for each financial year. The budgeting process includes the preparation of budgets by individual operating units, which are approved at management level and ultimately by the Board. Actual performance and results are monitored against budgets, with reasons for significant variances identified and highlighted to management and the Board for the appropriate corrective measures.

INTERNAL AUDIT FUNCTION

During the financial year, the Group had outsourced its Internal Audit function to a reputable accounting firm, whose remit is to the Audit Committee. The Internal Audit function carried out a high-level risk assessment of the Group's business processes that are key to the achievement of its business objectives, in order to determine the focus areas of internal audit which will be carried out in the subsequent year. The Internal Audit plan was approved by the Audit Committee.

During the current financial year, the Internal Audit function also performed a high-level current state assessment of the Group's system of internal control vis-à-vis the requirements outlined in the Statement on Internal Control: Guidance for Directors of Public Listed Companies issued by the KLSE's Task Force on Internal Control. The Board has reviewed the findings and recommendations of this report. A programme of action plans to enhance the system of internal control has been approved by the Board and these enhancements are expected to be put in place during the next financial year.

Financial Statements

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Directors' Report

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are stated in note 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year under review.

RESULTS FOR THE FINANCIAL YEAR

	GROUP (11 months) RM	COMPANY (12 months) RM
Profit after tax	10,836,749	3,507,261
Minority interests	(721,113)	-
Net profit for the period/year	<u>10,115,636</u>	<u>3,507,261</u>

There were no material transfers to or from reserves or provisions during the financial year except those disclosed in the statements of changes in equity.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effect arising from the acquisition of subsidiary companies as disclosed in note 11 to the financial statements.

DIVIDENDS

At the forthcoming Annual General Meeting, a final dividend in respect of the current financial year ended 31 December 2002 of 5 sen per share, less 28% Malaysian income tax, amounting to a total net dividend of RM2,880,000 will be proposed for shareholders' approval. The financial statements for the financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2003.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Loo Ngin Kong
 Dato' Loo Pang Kee
 Wong Siew Ying
 Tengku Datuk Dr. Zainal Adlin Bin Tengku Mahamood
 Lim Ted Hing
 Dr. Edmond Fernandez

Directors' Report (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

The following Directors who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act, 1965, interest in shares of the Company as stated below:

	Ordinary shares of RM1 each				At 31.12.2002
	At 1.1.2002	At date of appointment	Bought During the year	Sold	
Interest in share of the Company					
Loo Ngin Kong	-	1,685,290	4,588,122	(965,596)	5,307,816
Dato' Loo Pang Kee	-	35,222,399	20,000	(30,926,742)	4,315,657
Wong Siew Ying	-	18,969,725	834,011	(16,055,280)	3,748,456
Tengku Datuk Dr. Zainal Adlin Bin Tengku Mahamood	1	-	20,000	-	20,001
Lim Ted Hing	-	-	20,000	-	20,000
Dr. Edmond Fernandez	-	-	20,000	-	20,000
Deemed interest in shares of the Company					
Dato' Loo Pang Kee	-	-	25,600,000	-	25,600,000
Wong Siew Ying	-	-	25,600,000	-	25,600,000
Tengku Datuk Dr. Zainal Adlin Bin Tengku Mahamood	-	-	5,240,000	(2,703,000)	2,537,000

The Directors, by virtue of their interests in shares in the Company, are also deemed to have interest in shares in all of its related companies to the extent the Company has an interest.

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement, to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than those disclosed in notes 6 and 29 to the financial statements.

SHARE CAPITAL

(a) Pursuant to the Extraordinary General Meeting of the Members on 30 January 2002:

- (i) the authorised share capital of the Company was increased from RM100,000 to RM500,000,000 by the creation of an additional 499,900,000 ordinary shares of RM1 each; and
- (ii) the issued and paid-up share capital of the Company was increased from RM51 to RM72,000,000 by an allotment of 71,999,949 ordinary shares of RM1 each to satisfy the total purchase consideration of RM99,819,984 for the acquisition of the following companies:
 - Berkat Setia Sdn. Bhd.,
 - Ngin Kong Holdings Sdn. Bhd.,
 - Natural Plantation Sdn. Bhd.,
 - Sebuda Sdn. Bhd. and
 - Seraya Plantation Sdn. Bhd.

(b) Pursuant to the restructuring and listing exercise approved by the Securities Commission on 27 December 2001, the Company had on 20 April 2002 allotted 8,000,000 new ordinary shares of RM1 each to Malaysian Public and identified investors at an issued price of RM1.30 per share.

The new allotments during the year rank pari passu in all respects with the existing shares.

Directors' Report (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

SIGNIFICANT EVENTS

- (a) Pursuant to the Extraordinary General Meeting of the Members on 30 January 2002, the authorised share capital of the Company was increased from RM100,000 to RM500,000,000 by the creation of an additional 499,900,000 ordinary shares of RM1 each.
- (b) As part of the restructuring and listing exercise approved by the Securities Commission on 27 December 2001, the Company had on 30 January 2002:
- (i) allotted 71,999,949 ordinary share of RM1 each in the Company to satisfy the total purchase consideration of RM99,819,984 for the acquisition of the following companies:

	Number of shares issued in settlement of purchase consideration	Total consideration RM
(a) Berkat Setia Sdn. Bhd.	7,853,311	10,887,749
(b) Ngin Kong Holdings Sdn. Bhd.	5,296,783	7,343,405
(c) Natural Plantation Sdn. Bhd.	56,594,347	78,461,817
(d) Sebuda Sdn. Bhd.	1,772,166	2,456,912
(e) Seraya Plantation Sdn. Bhd.	483,342	670,101
	<u>71,999,949</u>	<u>99,819,984</u>

- (ii) acquired 0.1% equity share capital of Soon Tai Enterprise Sdn. Bhd. comprising 1 ordinary share of RM1 each for a cash consideration of RM1; and
- (iii) acquired 0.2% equity share capital of Summer Focus Sdn. Bhd. comprising 2 ordinary shares of RM1 each for a cash consideration of RM2.
- (c) The Company had on 28 February 2002 entered into an Underwriting Agreement with Commerce International Merchant Bankers Berhad in respect of the underwriting of 3,000,000 ordinary shares of RM1 each in the Company in connection with the listing of the Company's shares on the Main Board of the Kuala Lumpur Stock Exchange (KLSE) as approved by the Securities Commission on 27 December 2001.
- (d) Pursuant to the Extraordinary General Meeting of the Members on 26 March 2002:
- (i) the Directors were authorised to allot and issue 8,000,000 new ordinary shares of RM1 each at an issue price of RM1.30 per share through an invitation by the Company for application by Malaysian Public and identified investors who shall subscribe by way of a Prospectus issued by the Company; and
- (ii) approval was given to the Company to seek the listing and quotation for its entire issued and paid-up capital of the Company of 80,000,000 ordinary shares of RM1 each to be listed and quoted on the Main Board of the KLSE.
- (e) On 28 March 2002, the Company issued a Prospectus relating to the Public Issue and Offer for Sale of the following:
- (i) 8,000,000 new ordinary shares of RM1 each for application by Malaysian Public and identified investors at an issued price of RM1.30 per share; and

Directors' Report (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

- (ii) 20,600,000 existing ordinary shares of RM1 each to Bumiputra investors approved by the Ministry of International Trade and Industry and 4,000,000 existing ordinary shares of RM1 each by private placement to identified investors at an issue price of RM1.30.
- (f) On 20 April 2002, the Company allotted 8,000,000 new ordinary shares of RM1 each to Malaysian Public and identified investors at an issue price of RM1.30 per share.
- (g) On 7 May 2002, the entire issued and paid-up capital of the Company was successfully listed and quoted on the Main Board of the KLSE.
- (h) On 21 October 2002, its subsidiary company, Growth Enterprise Sendirian Berhad, had entered into two sale and purchase agreements as follow:
 - (i) to acquire the entire issued and paid up share capital of Permata Alam Sdn. Bhd. for a cash consideration of RM4,250,000; and
 - (ii) to acquire the entire issued and paid up share capital of Sungai Kenali Sdn. Bhd. for a cash consideration of RM4,250,000.

These acquisitions had been concluded after year end upon full settlement of the purchase considerations.
- (i) On 8 November 2002, its subsidiary company, Growth Enterprise Sendirian Berhad had entered into a sale and purchase agreement to acquire the entire issued and paid up share capital of Kian Merculaba Sdn. Bhd. for a purchase consideration of RM2,430,029 with liabilities assumed amounting to RM5,620,700. The acquisition had been concluded after year end upon full settlement of the purchase consideration.
- (j) On 11 November 2002, its subsidiary company, Syarikat Sofrah Sdn. Bhd., had entered into a sale and purchase agreement to dispose of its leasehold plantation for a cash consideration of RM3,700,000. The transaction had been concluded after year end upon full settlement of the sale consideration.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that no provision for doubtful debts was necessary; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it necessary to make a provision for doubtful debts in respect of these accounts or the amount written off for bad debts inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

Directors' Report (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
 - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent liability or any other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares under option at 31 December 2002.

AUDITORS

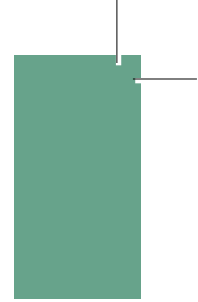
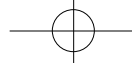
The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with
a resolution of the Directors,

Loo Ngin Kong, Director

Dato' Loo Pang Kee, Director

Sandakan, Sabah
Malaysia
Date : 23 April 2003



Statement by Directors Pursuant to Section 169(15) of the Companies Act, 1965

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

We, Loo Ngin Kong and Dato' Loo Pang Kee, being two of the Directors of NPC RESOURCES BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 29 to 60 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:

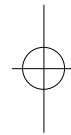
- (i) the financial position of the Group and of the Company as at 31 December 2002 and of the results of the Group and of the Company for the year ended on that date; and
- (ii) the cash flows of the Group and of the Company for the year ended 31 December 2002.

Signed on behalf of the Board in accordance with a resolution of the Directors,

Loo Ngin Kong, Director

Dato' Loo Pang Kee, Director

Sandakan, Sabah
Malaysia
Date : 23 April 2003



Statutory Declaration Pursuant to Section 169(16) of the Companies Act, 1965

I, Tan Vun Su, being the officer primarily responsible for the financial management of NPC RESOURCES BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 29 to 60 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

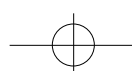
Subscribed and solemnly
declared by the abovenamed
Tan Vun Su at Sandakan in the
State of Sabah on

Tan Vun Su,

Group Accountant

Before me -

Date: 23 April 2003.



Auditors' Report To The Members of

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

We have audited the financial statements set out on pages 29 to 60. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 December 2002 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.

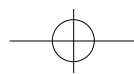
We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174 (3) of Act.

ERNST & YOUNG
AF: 0039
Chartered Accountants

CHONG YEW HOONG
1502/04/03 (J)
Partner

Sandakan
Date : 23 April 2003

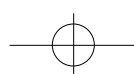


Income Statements for the year ended 31 December 2002

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

	Note	GROUP 2002 (11 months) RM	COMPANY 2002 (12 months) RM	COMPANY 2001 (12 months) RM
REVENUE	4	119,799,946	5,097,500	-
COST OF SALES		(102,392,008)	-	-
GROSS PROFIT		17,407,938	5,097,500	-
OTHER OPERATING INCOME		578,909	25,979	-
OTHER OPERATING EXPENSES		(600,130)	-	-
DISTRIBUTION COSTS		(1,308,994)	-	-
ADMINISTRATIVE EXPENSES		(2,178,833)	(192,998)	(2,999)
PROFIT/(LOSS) FROM OPERATIONS	5	13,898,890	4,930,481	(2,999)
FINANCE COSTS	7	(1,350,818)	-	-
PROFIT/(LOSS) BEFORE TAX		12,548,072	4,930,481	(2,999)
INCOME TAX EXPENSE	8	(1,711,323)	(1,423,220)	-
PROFIT/(LOSS) AFTER TAX		10,836,749	3,507,261	(2,999)
MINORITY INTERESTS		(721,113)	-	-
NET PROFIT/(LOSS) FOR THE PERIOD/YEAR		10,115,636	3,507,261	(2,999)
EARNING PER SHARE				
		Sen		
- Basic	9	14.07		
- Diluted	9	14.07		

The notes set out on pages 35 to 60 form an integral part of the financial statements.



Balance Sheets as at 31 December 2002

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

	Note	GROUP 2002 RM	COMPANY 2002 RM	COMPANY 2001 RM
ASSETS				
Property, plant and equipment	10	183,579,400	-	-
Investment in subsidiary companies	11	-	83,618,390	-
		<u>183,579,400</u>	<u>83,618,390</u>	<u>-</u>
CURRENT ASSETS				
Amount due from subsidiary companies	12	-	29,358,132	-
Inventories	13	7,537,405	-	-
Trade receivables		7,048,413	-	-
Other receivables	14	9,491,775	20,000	1,169,481
Tax refundable		200,637	4,080	-
Fixed deposits placed with licensed banks	15	84,585	-	-
Cash and bank balances		2,352,903	325	51
		<u>26,715,718</u>	<u>29,382,537</u>	<u>1,169,532</u>
LESS: CURRENT LIABILITIES				
Amount due to a subsidiary company	16	-	7,336	-
Amount due to bankers	17	19,608,335	-	-
Trade payables		11,072,205	-	-
Other payables	18	5,423,660	305,080	1,181,663
Hire purchase liabilities	19	1,939,248	-	-
Leasing liabilities	20	84,967	-	-
Provision for taxation		810,155	-	-
		<u>38,938,570</u>	<u>312,416</u>	<u>1,181,663</u>
NET CURRENT (LIABILITIES)/ ASSETS		<u>(12,222,852)</u>	<u>29,070,121</u>	<u>(12,131)</u>
		<u>171,356,548</u>	<u>112,688,511</u>	<u>(12,131)</u>

The notes set out on pages 35 to 60 form an integral part of the financial statements.

Balance Sheets

as at 31 December 2002 (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

	Note	GROUP 2002 RM	COMPANY 2002 RM	COMPANY 2001 RM
FINANCED BY:				
Share capital	21	80,000,000	80,000,000	51
Retained profit/(loss)	22	10,103,454	3,495,079	(12,182)
Share premium	23	29,193,432	29,193,432	-
Reserve on consolidation	24	11,175,985	-	-
		<u>130,472,871</u>	<u>112,688,511</u>	<u>(12,131)</u>
SHAREHOLDERS' EQUITY				
		14,665,868	-	-
MINORITY INTERESTS				
LONG TERM LIABILITIES				
Amount due to bankers	17	23,744,296	-	-
Hire purchase liabilities	19	1,790,489	-	-
Leasing liabilities	20	19,369	-	-
Deferred taxation	25	663,655	-	-
		<u>26,217,809</u>	<u>-</u>	<u>-</u>
		<u>171,356,548</u>	<u>112,688,511</u>	<u>(12,131)</u>
NET TANGIBLE ASSETS PER SHARE				
	26	<u>1.63</u>		

The notes set out on pages 35 to 60 form an integral part of the financial statements.

Statements of Changes in Equity

for the year ended 31 December 2002
NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

	Note	Share Capital RM	Share Premium RM	Reserve on Consolidation RM	(Loss)/ Retained Profit RM	Total RM
GROUP						
AT DATE OF ACQUISITION		51	-	11,656,200	(12,182)	11,644,069
ISSUE OF SHARES	21	79,999,949	30,220,035	-	-	110,219,984
REALISATION OF RESERVE ON CONSOLIDATION	24	-	-	(480,215)	-	(480,215)
NET LOSS NOT RECOGNISED IN THE INCOME STATEMENT - LISTING EXPENSES SET OFF AGAINST SHARE PREMIUM		-	(1,026,603)	-	-	(1,026,603)
NET PROFIT FOR THE PERIOD		-	-	-	10,115,636	10,115,636
BALANCE AT 31 DECEMBER 2002		80,000,000	29,193,432	11,175,985	10,103,454	130,472,871
COMPANY						
BALANCE AT 1 JANUARY 2001		51	-	-	(9,183)	(9,132)
LOSS FOR THE YEAR		-	-	-	(2,999)	(2,999)
BALANCE AT 31 DECEMBER 2001		51	-	-	(12,182)	(12,131)
ISSUE OF SHARES	21	79,999,949	30,220,035	-	-	110,219,984
NET LOSS NOT RECOGNISED IN THE INCOME STATEMENT - LISTING EXPENSES SET OFF AGAINST SHARE PREMIUM		-	(1,026,603)	-	-	(1,026,603)
NET PROFIT FOR THE YEAR		-	-	-	3,507,261	3,507,261
BALANCE AT 31 DECEMBER 2002		80,000,000	29,193,432	-	3,495,079	112,688,511

The notes set out on pages 35 to 60 form an integral part of the financial statements.

Cash Flow Statements for the year ended 31 December 2002

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

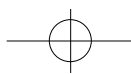
	GROUP 2002 (11 months) RM	COMPANY 2002 (12 months) RM	COMPANY 2001 (12 months) RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax	12,548,072	4,930,481	(2,999)
Adjustments for:			
Dividend income	-	(5,097,500)	-
Bad debts written off	3,180	-	-
Amortisation of plantation development expenditure	1,917,000	-	-
Depreciation of property, plant and equipment	4,275,195	-	-
Finance costs	1,350,818	-	-
Loss on disposal of equipment	57,823	-	-
Interest income	(39,663)	(25,979)	-
Gain on disposal of property, plant and equipment	(17,972)	-	-
Realisation of reserve on consolidation	(480,215)	-	-
Operating profit/(loss) before working capital changes	19,614,238	(192,998)	(2,999)
Increase in amount due from subsidiary companies	-	(6,850,484)	-
Increase in inventories	(2,159,126)	-	-
Increase in receivables	(304,531)	-	(93,858)
Increase in amount due to subsidiary company	-	7,336	-
Increase/(decrease) in payables	1,949,330	(876,583)	96,857
Cash generated from/(absorbed by) operations	19,099,911	(7,912,729)	-
Income tax paid	(1,152,165)	(1,427,300)	-
Interest paid	(268,359)	-	-
<i>Net cash from/(used in) operating activities</i>	<u>17,679,387</u>	<u>(9,340,029)</u>	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend income	-	5,097,500	-
Interest income	39,663	25,979	-
Increase in fixed deposit	(15,766)	-	-
Acquisition of subsidiary companies, net of cash and cash equivalents acquired (note 27)	(16,668,856)	(5,156,573)	-
Proceeds from disposal of property, plant and equipment	6,129,524	-	-
Proceeds from disposal of investment	3,063,976	-	-
Purchase of property, plant and equipment and additions to plantation development expenditure (note 27)	(13,323,294)	-	-
Interest capitalised under plantation development expenditure	(2,474,827)	-	-
Real Property Gains tax paid	(57,407)	-	-
<i>Net cash used in investing activities</i>	<u>(23,306,987)</u>	<u>(33,094)</u>	-

Cash Flow Statements for the year ended 31 December 2002 (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

	GROUP 2002 (11 months) RM	COMPANY 2002 (12 months) RM	COMPANY 2001 (12 months) RM
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid to minority interest	(162,000)	-	-
Proceeds from issuance of shares	10,400,000	10,400,000	-
Proceeds from drawdown of term loans	2,123,240	-	-
Proceeds from drawdown of Bankers' Acceptances	14,124,000	-	-
Repayment of term loans	(12,662,260)	-	-
Repayment of bankers' acceptances	(10,244,000)	-	-
Repayment of leasing liabilities	(181,639)	-	-
Repayment of hire purchase liabilities	(1,286,875)	-	-
Interest paid on hire purchase	(294,887)	-	-
Interest paid on leasing	(17,705)	-	-
Interest paid on term loans	(694,162)	-	-
Interest paid on Bankers' Acceptances	(75,705)	-	-
Payment of listing expenses	(1,026,603)	(1,026,603)	-
<i>Net cash from financing activities</i>	1,404	9,373,397	-
Net (decrease)/increase in cash and cash equivalents	(5,626,196)	274	-
Cash and cash equivalents at date of acquisition/beginning of year	51	51	51
Cash and cash equivalents at end of period/year (note 27)	(5,626,145)	325	51

The notes set out on pages 35 to 60 form an integral part of the financial statements.



Notes To The Financial Statements - 31 December 2002

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Group and of the Company have been prepared in accordance with the historical cost convention unless otherwise indicated in the significant accounting policies and comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards issued by the Malaysian Accounting Standards Board (MASB).

(b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to 31 December 2002. Particulars of its subsidiaries are set out in note 11 to the financial statements.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

(c) Investments in Subsidiary Companies

A subsidiary company is defined as a company in which the Group has a long term interest of more than 50% of the equity and whose financial and operating policy decisions are controlled by the Group.

Shares in subsidiary companies are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 1 (j).

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill/reserve on consolidation which were not previously recognised in the consolidated income statement.

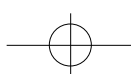
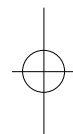
(d) Reserve on Consolidation

Reserve on consolidation represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of subsidiaries at the date of acquisition over the cost of acquisitions.

Reserve on consolidation is stated at cost less accumulated amount of reserve on consolidation already recognised as income. It is recognised as income on a systematic basis over the remaining weighted average useful life of the identifiable acquired depreciable assets.

(e) Depreciation of Property, Plant and Equipment

(i) Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with note 1(j).



Notes To The Financial Statements - 31 December 2002 (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

(ii) Long leasehold lands (with remaining lease period of more the 50 years) are stated at cost and not amortised. The effect on the non-amortisation of the long term leases is disclosed in note 10 to the financial statements.

Short leasehold land is amortised over the remaining period of the leases of 42 years.

Plantation development expenditure is amortised over the estimated productive lives of the plantations of 22 years.

(iii) All other property, plant and equipment are depreciated over their estimated useful lives by equal annual instalments. The estimated useful lives are as follows:

Buildings	10 - 50 years
Mill structure	20 years
Oil mill plant and machinery	5 - 12 years
Heavy equipment	5 - 12 years
Motor vehicles	5 - 12 years
Furniture, fittings and equipment	5 - 10 years

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(f) Plantation Development Expenditure

New planting expenditure incurred on land clearing and upkeep of trees to maturity is capitalised under plantation development expenditure. Indirect overheads which included administration expenses and finance cost incurred on immature plantation is also capitalised under plantation development expenditure until such time when the plantation attains maturity.

(g) Inventories

All categories of inventories are valued at the lower of cost and net realisable value. In arriving at the net realisable value, due allowance is made for all damaged, obsolete and slow moving items, where applicable.

Costs of crude palm oil and milled oil palm produce consist of direct material cost, direct labour cost, other direct charges and an appropriate proportion of factory overheads and are determined on the weighted average basis.

Costs of fresh fruit bunches, consumable stores and culverts consist of purchase cost and expenses in bringing them into stores and are determined on the weighted average basis.

Cost of oil palm nurseries is computed using the weighted average cost method and includes the actual cost of seedlings and upkeep expenses.

(h) Leased Plant and Equipment

Plant and equipment held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the Group are capitalised. The capital element of the related rental obligations is included in liabilities. The interest element of the rental obligations is written off to the income statement so as to produce a constant periodic rate of charge. These plant and equipment are depreciated over their expected useful lives on the basis outlined in note 1(e) (iii) above.

Notes To The Financial Statements - 31 December 2002 (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

(i) Provision for liabilities

Provisions are recognised when the Group and the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

(j) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets, other than inventories and financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is written off to the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any available previously recognised revaluation surplus for the same asset.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(k) Deferred Taxation

Deferred taxation is provided using the liability method for the tax effects of all material timing differences other than differences which are not expected to reverse in the foreseeable future. In accounting for timing differences, deferred tax debits are not accounted for unless there is reasonable expectation of their realisation.

(l) Revenue Recognition

Revenue of the Group derived from sales of fresh fruit bunches, crude palm oil and palm kernel are recognised upon delivery of goods to customers.

Dividend from subsidiary companies is recognised when the right to receive payment is established.

(m) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group or the Company has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

(i) Trade Receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

Notes To The Financial Statements - 31 December 2002 (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

(ii) Trade Payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iii) Interest-bearing Borrowings

Interest-bearing bank overdrafts and other facilities are recorded at the amount of proceeds received, net of transaction costs. Borrowing costs directly attributable to the acquisition and development of plantation are capitalised as part of the cost of the plantations, until such time as the plantation attain maturity. All other borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(n) Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are highly liquid investments which are readily convertible to cash with short periods to maturity and are subject to an insignificant risk of changes in value. They also include borrowings which are not subject to a term facility and are integral to the cash management function of the Group and of the Company.

2. SIGNIFICANT EVENTS

(a) Pursuant to the Extraordinary General Meeting of the Members on 30 January 2002, the authorised share capital of the Company was increased from RM100,000 to RM500,000,000 by the creation of an additional 499,900,000 ordinary shares of RM1 each.

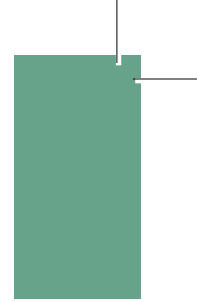
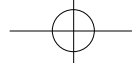
(b) As part of the restructuring and listing exercise approved by the Securities Commission on 27 December 2001, the Company had on 30 January 2002:

(i) allotted 71,999,949 ordinary share of RM1 each in the Company to satisfy the total purchase consideration of RM99,819,984 for the acquisition of the following companies:

	Number of shares issued in settlement of purchase consideration	Total consideration RM
(a) Berkat Setia Sdn. Bhd.	7,853,311	10,887,749
(b) Ngin Kong Holdings Sdn. Bhd.	5,296,783	7,343,405
(c) Natural Plantation Sdn. Bhd.	56,594,347	78,461,817
(d) Sebuda Sdn. Bhd.	1,772,166	2,456,912
(e) Seraya Plantation Sdn. Bhd.	483,342	670,101
	71,999,949	99,819,984

(ii) acquired 0.1% equity share capital of Soon Tai Enterprise Sdn. Bhd. comprising 1 ordinary share of RM1 each for a cash consideration of RM1.

(iii) acquired 0.2% equity share capital of Summer Focus Sdn. Bhd. comprising 2 ordinary shares of RM1 each for a cash consideration of RM2.



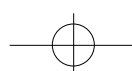
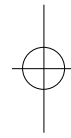
Notes To The Financial Statements - 31 December 2002 (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

- (c) The Company had on 28 February 2002 entered into an Underwriting Agreement with Commerce International Merchant Bankers Berhad in respect of the underwriting of 3,000,000 ordinary shares of RM1 each in the Company in connection with the listing of the Company's shares on the Main Board of the KLSE as approved by the Securities Commission on 27 December 2001.
- (d) Pursuant to the Extraordinary General Meeting of the Members held on 26 March 2002:
- (i) the Directors were authorised to allot and issue 8,000,000 new ordinary shares of RM1 each at an issue price of RM1.30 per share through an invitation by the Company for application by Malaysian Public and identified investors who shall subscribe by way of a Prospectus issued by the Company; and
 - (ii) approval was given to the Company to seek the listing and quotation for its entire issued and paid-up capital of the Company of 80,000,000 ordinary shares of RM1 each to be listed and quoted on the Main Board of the KLSE.
- (e) On 28 March 2002, the Company issued a Prospectus relating to the Public Issue and Offer for Sale of the following:
- (i) 8,000,000 new ordinary shares of RM1 each for application by Malaysian Public and identified investors at an issued price of RM1.30 per share; and
 - (ii) 20,600,000 existing ordinary shares of RM1 each to Bumiputra investors approved by the Ministry of International Trade and Industry and 4,000,000 existing ordinary shares of RM1 each by private placement to identified investors at an issue price of RM1.30.
- (f) On 20 April 2002, the Company allotted 8,000,000 new ordinary shares of RM1 each to Malaysian Public and identified investors at an issue price of RM1.30 per share.
- (g) On 7 May 2002, the entire issued and paid-up capital of the Company was successfully listed and quoted on the Main Board of the KLSE.
- (h) On 21 October 2002, its subsidiary company, Growth Enterprise Sendirian Berhad, had entered into two sale and purchase agreements as follow:
- (i) to acquire the entire issued and paid up share capital of Permata Alam Sdn. Bhd. for a cash consideration of RM4,250,000; and
 - (ii) to acquire the entire issued and paid up share capital of Sungai Kenali Sdn. Bhd. for a cash consideration of RM4,250,000.
- These acquisitions had been concluded after year end upon full settlement of the purchase considerations.
- (i) On 8 November 2002, subsidiary company, Growth Enterprise Sendirian Berhad had entered into a sale and purchase agreement to acquire the entire issued and paid up share capital of Kian Merculaba Sdn. Bhd. for a purchase consideration of RM2,430,029 with liabilities assumed amounting to RM5,620,700. The acquisition had been concluded after year end upon full settlement of the purchase consideration.
- (j) On 11 November 2002, its subsidiary company, Syarikat Sofrah Sdn. Bhd., had entered into a sale and purchase agreement to dispose of its plantation land for a cash consideration of RM3,700,000. The transaction had been concluded after year end upon full receipt of the sale consideration.

3. GENERAL

The Company is a public limited liability company, incorporated in and domiciled in Malaysia and is listed on the Main Board of the KLSE. The financial statements of the Group and of the Company are expressed in Ringgit Malaysia.



Notes To The Financial Statements - 31 December 2002 (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

The registered office and principal place at which business are carried out is located at Lot 8 & 9, T3 Taman Tshun Ngen, Mile 5, Jalan Labuk, 90000 Sandakan, Sabah.

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are stated in note 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

4. REVENUE

	GROUP 2002 (11 months) RM	COMPANY 2002 (12 months) RM	COMPANY 2001 (12 months) RM
Revenue comprises:			
Sales of crude palm oil	106,936,296	-	-
Sales of palm kernel	12,607,745	-	-
Sales of fresh fruit bunches	255,905	-	-
Dividend	-	5,097,500	-
	<u>119,799,946</u>	<u>5,097,500</u>	<u>-</u>

5. PROFIT/(LOSS) FROM OPERATIONS

This is stated after charging:

Amortisation of plantation development expenditure (note 10)	1,930,003	-	-
Auditors' remuneration			
- statutory audit	98,900	15,000	1,500
- underprovision in respect of prior year	1,200	-	-
Bad debts written off	3,180	-	-
Depreciation of property, plant and equipment (note 10)	4,262,192	-	-
Directors' remuneration			
- Directors of the Company			
- fees	115,000	109,000	-
- emoluments	421,212	-	-
- Director of certain subsidiary companies			
- emoluments	27,761	-	-
- Former directors of a subsidiary company			
- fees	5,000	-	-
Equipment hire	12,372	-	-
Land rental	61,250	-	-
Loss on disposal of equipment	57,823	-	-
Management fees	-	1,200	-
and crediting:			
Gain on disposal of property, plant and equipment	(17,972)	-	-
Interest income	(37,337)	(25,979)	-
Interest income on fixed deposits	(2,326)	-	-
Management fees received	(8,000)	-	-
Realisation of reserve on consolidation	(480,215)	-	-
Rental income	(70,700)	-	-

Notes To The Financial Statements - 31 December 2002 (Continued)
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6. DIRECTORS' REMUNERATION

	GROUP 2002 (11 months) RM	COMPANY 2002 (12 months) RM	COMPANY 2001 (12 months) RM
Directors of the Company			
Executive			
- emoluments	842,424	-	-
- fees	42,000	30,000	-
	<u>884,424</u>	<u>30,000</u>	<u>-</u>
Non Executive			
- fees	79,000	79,000	-
	<u>79,000</u>	<u>79,000</u>	<u>-</u>
Other Directors			
Executive			
- emoluments	27,761	-	-
	<u>27,761</u>	<u>-</u>	<u>-</u>
Non Executive			
- fees	10,000	-	-
	<u>10,000</u>	<u>-</u>	<u>-</u>
Total	<u>1,001,185</u>	<u>109,000</u>	<u>-</u>

Other than the directors' remuneration stated above, the value of benefits-in-kind provided to the Executive Directors of the Group amounted to RM37,989.

7. FINANCE COSTS

	GROUP 2002 (11 months) RM
Interest on -	
Bankers' Acceptances	75,705
Bank overdrafts	268,359
Bank loans	694,162
Hire purchase	294,887
Leasing	17,705
	<u>1,350,818</u>

Notes To The Financial Statements - 31 December 2002 (Continued)

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8. INCOME TAX EXPENSE

	GROUP 2002 (11 months) RM	COMPANY 2002 (12 months) RM	COMPANY 2001 (12 months) RM
(a) The income tax expense is made up as follows:			
On the profit for the period/year:			
Malaysian income tax	1,603,928	1,423,220	-
Prior year items:			
Underprovision of Malaysian income tax	49,988	-	-
Real Property Gains Tax	57,407	-	-
	<u>1,711,323</u>	<u>1,423,220</u>	<u>-</u>

(b) The income tax expense of the Group varies from the amount of income tax determined by applying the Malaysian income tax rate of 28% to profit before tax mainly because of:

- (i) utilisation of unabsorbed capital and agriculture allowances and tax losses brought forward resulting in a tax saving of approximately RM1,376,000;
- (ii) availability of reinvestment allowances resulting in tax saving of approximately RM176,400; and
- (iii) different treatment of certain expenses for accounting and taxation purpose.

(c) As at 31 December 2002, the Group has unutilised tax losses, unabsorbed capital and agriculture allowances and re-investment allowance amounting RM10,260,000, RM13,255,000 and RM89,000 respectively which, subject to the agreement with the Inland Revenue Board, can be carried forward and utilised to offset against future business profits of the Group.

(d) The income tax expense of the year for the Company is in respect of dividend income.

9. EARNINGS PER SHARE - GROUP

The basic and diluted earnings per share is calculated by dividing the Group's profit after minority interests and tax with the weighted average of 80,000,000 ordinary shares in issue during the financial period.

	2002 RM
Consolidated profit after minority interests and tax	10,115,636
Weighted average number of ordinary shares in issue	<u>71,890,415</u>
Basic and diluted earnings per ordinary share (Sen)	<u>14.07</u>

Notes To The Financial Statements - 31 December 2002 (Continued)

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10. PROPERTY, PLANT AND EQUIPMENT

GROUP	Leasehold land and buildings RM	Mill structure RM	Plantation development expenditure RM	Oil mill plant and machinery RM	Heavy equipment RM	Motor vehicles RM	Furniture, fittings and equipment RM	Capital work-in-progress RM	Total RM
Cost -									
At date of acquisition	73,762,194	22,312,169	79,287,973	23,023,510	8,247,564	1,511,350	3,573,078	399,668	212,117,506
Additions	1,770,813	201,078	9,659,323	3,034,269	1,532,469	868,760	313,453	576,923	17,957,088
Disposals	(6,432,388)	-	-	(136,422)	-	-	(5,656)	-	(6,574,466)
Reclassifications	371,478	-	452,770	14,846	-	5,240	-	(844,334)	-
At 31 December 2002	69,472,097	22,513,247	89,400,066	25,936,203	9,780,033	2,385,350	3,880,875	132,257	223,500,128
Accumulated Depreciation -									
At date of acquisition	3,673,619	7,461,220	5,553,295	10,006,921	4,498,304	827,192	1,761,760	-	33,782,311
Charge for the period	379,166	1,021,299	1,930,003	1,596,215	1,065,114	236,395	315,316	-	6,543,508
Disposals	(268,670)	-	-	(136,421)	-	-	-	-	(405,091)
At 31 December 2002	3,784,115	8,482,519	7,483,298	11,466,715	5,563,418	1,063,587	2,077,076	-	39,920,728
Net Book Value -									
At 31 December 2002	65,687,982	14,030,728	81,916,768	14,469,488	4,216,615	1,321,763	1,803,799	132,257	183,579,400

Notes To The Financial Statements - 31 December 2002 (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

GROUP

Leasehold lands and buildings comprise:-

	Cost RM	Accumulated Depreciation RM	Net Book Value RM
Long leasehold land	60,471,906	-	60,471,906
Short leasehold land	1,054,400	253,740	800,660
Buildings	7,945,791	3,530,375	4,415,416
	<u>69,472,097</u>	<u>3,784,115</u>	<u>65,687,982</u>

Depreciation of property, plant and equipment is taken up in the financial statements as follows:

	GROUP 2002 (11 months) RM
Written off to income statements	6,192,195
Capitalised under plantation development expenditure	351,313
	<u>6,543,508</u>

Plantation development expenditure capitalised during the financial period included the following:

	GROUP 2002 (11 months) RM
Depreciation of property, plant and equipment	351,313
Directors' remuneration	
- Directors of the Company	
- fees	6,000
- emoluments	421,212
- Former directors of a subsidiary company	
- fees	5,000
Equipment hiring charges	121,504
Interest on term loans	2,043,380
Interest on bank overdrafts	391,637
Interest on hire purchase	34,911
Interest on leasing	4,899
Rental	528
	<u>6,543,508</u>

Notes To The Financial Statements - 31 December 2002 (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

GROUP

The plant and equipment acquired under leasing and hire purchase arrangements are as follows:

	Oil mill plant and machinery RM	Heavy equipment RM	Motor vehicles RM	Furniture, fittings and equipment RM	Total RM
Leasing					
Cost	-	264,750	-	-	264,750
Accumulated Depreciation	-	(79,538)	-	-	(79,538)
Net Book Value	-	185,212	-	-	185,212
Hire purchase					
Cost	2,141,380	2,974,150	1,217,500	53,000	6,386,030
Accumulated Depreciation	(231,184)	(574,815)	(153,050)	(7,067)	(966,116)
Net Book Value	1,910,196	2,399,335	1,064,450	45,933	5,419,914

Property, plant and equipment of the Group with a total net book value amounting to RM118,831,550 have been charged to banks as securities for banking facilities granted to the Group. The details of the bank facilities are stated in note 17 to the financial statements.

The financial effect of non-amortisation of long leasehold land as stated in note 1(e)(ii) on the financial results of the Group is an increase in amortisation charge of RM742,941.

11. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY 2002 RM
Unquoted shares - at cost	83,618,390

During the year, the Company acquired its subsidiary companies for a total purchase consideration of RM83,618,390 satisfied by way of the following:

	COMPANY 2002 RM
Issuance of 56,594,347 ordinary shares of RM1.00 each at a premium of RM0.386 per share	78,461,817
Cash payments	5,156,573
	83,618,390

Notes To The Financial Statements - 31 December 2002 (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

The particulars of subsidiary companies acquired, which are incorporated in Malaysia, at 31 December 2002 are:

Subsidiary companies	Principal activities	Effective interest held by the Group 2002 %
Natural Plantation Sdn. Bhd.	Operation of an oil palm plantation and investment holding	100
<u>Subsidiaries of Natural Plantation Sdn. Bhd.</u>		
Syarikat Emashijau Sdn. Bhd.	Provision of management services on purchasing of consumable stores	100
Wenow Enterprise Sdn. Bhd.	Trading of fresh fruit bunches	100
Summer Focus Sdn. Bhd.	Plantation development contractor	100
Growth Enterprise Sendirian Berhad	Operation of oil palm plantations	100
Ngin Kong Holdings Sdn. Bhd.	Investment holding and provision of management services	100
<u>Subsidiaries of Growth Enterprise Sendirian Berhad</u>		
Ballerina Sdn. Bhd.	Operation of an oil palm plantation	100
Bintang Kinabalu Plantation Sdn. Bhd.	Operation of oil palm plantations	100
Intan Ramai Sdn. Bhd.	Operation of an oil palm plantation which is currently under development	100
Miasa Plantation Sdn. Bhd.	Operation of an oil palm plantation	100
Sinar Ramai Sdn. Bhd.	Operation of an oil palm plantation which is currently under development	100
Soon Tai Enterprise Sdn. Bhd.	Operation of an oil palm plantation	100
Syarikat Sofrah Sdn. Bhd.	Operation of an oil palm plantation	100
Transglobe Enterprise Sdn. Bhd.	Operation of an oil palm plantation	100
Kidat Sendirian Berhad	Provision of transportation services	100
Telupid Kelapa Sawit Sdn. Bhd.	Operation of oil palm plantations	70
Berkat Setia Sdn. Bhd.	Operation of palm oil mill and oil palm plantations	95.5
Agrisa Trading Sdn. Bhd.	Operation of an oil palm plantation	95.5
Seraya Plantation Sdn. Bhd.	Operation of an oil palm plantation	100
Sebuda Sdn. Bhd.	Operation of an oil palm plantation	100

Notes To The Financial Statements - 31 December 2002 (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

Subsidiary companies	Principal activities	Effective interest held by the Group 2002 %
Bonus Indah Sdn. Bhd.	Operation of an oil palm plantation	70
Syarikat Jejco Sdn. Bhd.	Operation of an oil palm plantation	100
Subsidiaries of Ngin Kong Holdings Sdn. Bhd.		
Dat Soon Trading Sendirian Berhad	Trading of fresh fruit bunches	100
Deltafort Sdn. Bhd.	Subleasing of its leasehold land	100
Mature Land Sdn. Bhd.	Subleasing of its leasehold land	100
Sungai Ruku Oil Palm Plantation Sdn. Bhd	Operation of palm oil mill and oil palm plantations	100
Ladang Zupakeja Sdn. Bhd.	Operation of an oil palm plantation	73.5

The effects of the aforementioned acquisitions on the financial results of the Group during the financial period are shown below:-

	GROUP 2002 RM
Revenue	119,799,946
Operating cost	(107,084,855)
Profit before tax	12,715,091
Income tax expense	(1,715,403)
Profit after tax	10,999,688
Minority interests	(721,113)
Increase in net profit of the Group	<u>10,278,575</u>

Notes To The Financial Statements - 31 December 2002 (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

The effects of the aforementioned acquisitions on the financial position of the Group as at the end of the financial period are shown below:

	GROUP 2002 RM
Property, plant and equipment	183,579,400
Trade receivables	7,048,413
Other receivables	9,471,775
Inventories	7,537,405
Tax refundable	196,557
Fixed deposits	84,585
Cash and bank balances	2,352,578
Trade payables	(11,072,205)
Other payables	(5,118,580)
Hire purchase liabilities	(3,729,737)
Leasing liabilities	(104,336)
Provision for taxation	(810,155)
Deferred taxation	(663,655)
Amount due to bankers	(43,352,631)
Minority interests	(14,665,868)
	<hr/>
Increase in Group's net assets	130,753,546

12. AMOUNT DUE FROM SUBSIDIARY COMPANIES

	COMPANY 2002 RM	COMPANY 2001 RM
Issuance of 15,405,602 ordinary shares of RM1.00 each at a premium of RM0.386 per share as settlement of purchase consideration for acquisition of subsidiary companies	21,358,167	-
Advances	7,999,965	-
	<hr/>	<hr/>
	29,358,132	-

The advances are unsecured and interest-free with no fixed terms of repayment.

13. INVENTORIES

	GROUP 2002 RM
At cost -	
Fresh fruit bunches	17,391
Oil palm nurseries	152,891
Consumable stores	1,316,380
Crude palm oil and palm kernel	5,981,765
Culverts	68,978
	<hr/>
	7,537,405

There were no inventories stated at net realisable value as at 31 December 2002.

Notes To The Financial Statements - 31 December 2002 (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

14. OTHER RECEIVABLES

These include deposits amounting to RM3,050,000 paid for the acquisition of three companies as referred to in notes 2(h) and 2(i) to the Financial Statements.

15. FIXED DEPOSITS PLACED WITH LICENSED BANKS

Fixed deposits of the Group amounting to RM79,715 are held under lien to secure bank guarantees issued in favour of third parties on behalf of the Group.

16. AMOUNT DUE TO A SUBSIDIARY COMPANY

This represents unsecured and interest-free advances from a subsidiary company with no fixed terms of repayment.

17. AMOUNT DUE TO BANKERS

	GROUP 2002 RM
Bankers' Acceptances, secured	4,880,000
Bank overdrafts, secured	7,983,918
Bank loans, secured	22,796,230
Islamic bank loans, secured	7,692,483
	43,352,631

	Bankers' Acceptances/ Bank overdrafts RM	Loans RM	Total RM
Maturity of borrowings			
Within one year	12,863,918	5,932,736	18,796,654
More than one year and less than two years	-	7,148,936	7,148,936
More than two years and less than five years	-	12,840,945	12,840,945
Five years or more	-	4,566,096	4,566,096
	12,863,918	30,488,713	43,352,631
Analysed as:			
- due within 12 months	12,863,918	6,744,417	19,608,335
- due after 12 months	-	23,744,296	23,744,296
	12,863,918	30,488,713	43,352,631

An Islamic bank loan amounting to RM999,085 was fully settled subsequent to year end upon disposal of leasehold plantation of a subsidiary company.

Notes To The Financial Statements - 31 December 2002 (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

The effective weighted average interest rates for the borrowings were as follows:

	GROUP 2002 %
Bankers' Acceptances	4.55 - 6.62
Bank overdrafts	6.30 - 9.30
Bank loans	4.10 - 9.50
Islamic bank loans	6.00 - 8.92

The bank loans are repayable by 36 to 84 monthly instalments.

The Islamic bank loans are repayable by 48 to 60 monthly instalments.

The bank overdrafts and bankers' acceptances are secured by:

- (a) legal charges over several parcels of leasehold land and plantations of the Group together with the palm oil mill erected thereon;
- (b) debentures incorporating fixed and floating charges over assets of certain subsidiary companies;
- (c) joint and several guarantees issued by certain Directors of the Company and some third parties; and
- (d) corporate guarantees given by the Company.

The term loans and Islamic bank loans are secured by:

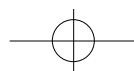
- (a) legal charges over several parcels of leasehold land and plantations of the Group together with the palm oil mill erected thereon;
- (b) debentures incorporating fixed and floating charges over the assets of certain subsidiary companies;
- (c) joint and several guarantees issued by certain Directors of the Company and some third parties; and
- (d) corporate guarantee given by the Company.

18. OTHER PAYABLES

These include a deposit amounting to RM1,110,000 received in relation to the disposal of leasehold plantation of a subsidiary company as referred to in note 2(j) to the Financial Statements.

19. HIRE PURCHASE LIABILITIES

	GROUP 2002 RM
Hire purchase payments:-	
- within 1 year	2,298,736
- more than 1 year and less than 2 years	1,378,928
- more than 2 years and less than 5 years	568,147
- more than 5 years	-
	<hr/>
	4,245,811
Less: Future interest charges	(516,074)
	<hr/>
Present value of hire purchase liabilities	3,729,737



Notes To The Financial Statements - 31 December 2002 (Continued)
 NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

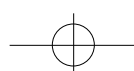
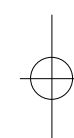
	GROUP 2002 RM
Present value of hire purchase liabilities:	
- within 1 year	1,939,248
- more than 1 year and less than 2 years	1,394,262
- more than 2 years and less than 5 years	396,227
- more than 5 years	-
	<hr/>
	3,729,737
	<hr/>
Analysed as:	
- due within 12 months	1,939,248
- due after 12 months	1,790,489
	<hr/>
	3,729,737
	<hr/>

The interest rate of hire purchase liabilities for the financial period range between 4.00% to 9.50%.

20. LEASING LIABILITIES

	GROUP 2002 RM
Lease payments:-	
- within 1 year	93,568
- more than 1 year and less than 2 years	19,896
- more than 2 years and less than 5 years	-
- more than 5 years	-
	<hr/>
	113,464
Less: Future interest charges	(9,128)
	<hr/>
Present value of leasing liabilities	104,336
	<hr/>
Present value of leasing liabilities:	
- within 1 year	84,967
- more than 1 year and less than 2 years	19,369
- more than 2 years and less than 5 years	-
- more than 5 years	-
	<hr/>
	104,336
	<hr/>
Analysed as:	
- due within 12 months	84,967
- due after 12 months	19,369
	<hr/>
	104,336
	<hr/>

The interest rate of leasing liabilities for the financial period range between 6.50% to 8.00%.



Notes To The Financial Statements - 31 December 2002 (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

21. SHARE CAPITAL

	COMPANY 2002 RM	COMPANY 2001 RM
Authorised:		
Ordinary shares of RM1 each		
Balance at beginning of year	100,000	100,000
Created during the year	499,900,000	-
Balance at end of year	500,000,000	100,000
Issued and fully paid:		
Ordinary shares of RM1 each		
Balance at beginning of year	51	51
Issue of shares for		
- acquisition of subsidiary companies	71,999,949	-
- cash	8,000,000	-
Balance at end of year	80,000,000	51

During the year, the authorised share capital of the Company was increased from RM100,000 to RM500,000,000 by the creation of an additional 499,900,000 ordinary shares of RM1 each in the Company.

Subsequent to the increase in the authorised share capital, the issued and paid-up share capital of the Company was increased from RM51 to RM80,000,000 by the following share allotments:

- (i) 71,999,949 ordinary shares of RM1 each at an issue price of RM1.39 each to satisfy the purchase consideration of acquisition of subsidiary companies; and
- (ii) 8,000,000 ordinary shares of RM1 each at an issue price of RM1.30 per share for cash.

The newly issued shares rank pari passu in all respects with the existing shares.

22. RETAINED PROFIT/(LOSS)

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends out of its entire retained profit as at 31 December 2002.

Notes To The Financial Statements - 31 December 2002 (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

23. SHARE PREMIUM

	GROUP 2002 RM	COMPANY 2002 RM	COMPANY 2001 RM
The share premium arose due to the following:			
Issuance of 71,999,949 ordinary shares at a premium of RM0.386 per share	27,820,035	27,820,035	-
Issuance of 8,000,000 ordinary shares at a premium of RM0.30 per share	2,400,000	2,400,000	-
	30,220,035	30,220,035	-
Less: Listing expenses set off against share premium	1,026,603	1,026,603	-
	29,193,432	29,193,432	-

24. RESERVE ON CONSOLIDATION

	GROUP 2002 RM
At date of acquisition	11,656,200
Realised as income during the financial period	(480,215)
Balance at end of period	11,175,985

The reserve on consolidation relates to expectations of future expenses that are identified in the Group's plan for the acquisition amounted to RM8,019,866 and it is recognised as income in the income statement in accordance to the policy stated in note 1(d) to the financial statements.

	GROUP 2002 RM
Amount of reserve on consolidation relates to expectations of future expenses	
At date of acquisition	8,019,866
Less: Amount recognised as income during the financial period	(480,215)
At end of period	7,539,651

Notes To The Financial Statements - 31 December 2002 (Continued)
 NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

25. DEFERRED TAXATION

	GROUP 2002 RM
(a) Balance at date of acquisition and end of period	663,655
<p>Deferred taxation provided for in the financial statements is in respect of the excess of capital and agriculture allowances over depreciation.</p>	
(b) Details of potential deferred tax liabilities not provided for in the financial statements, under the liability method, are as follow:	
	GROUP 2002 RM
Capital and agriculture allowances in excess of depreciation of property, plant and equipment	71,387,667
Excess of fair value of leasehold plantations of subsidiaries acquired during the period over their respective carrying amounts in subsidiaries' financial statements	75,681,946
Unutilised tax losses	(10,259,200)
Unabsorbed capital and agriculture allowances	(13,255,600)
	<u>123,554,813</u>
Potential deferred tax liability not taken up in the financial statements	<u>21,938,984</u>

26. NET TANGIBLE ASSETS PER SHARE

The net tangible assets per share is calculated by dividing the shareholders' equity by 80,000,000 ordinary shares of the Company in issue as at 31 December 2002.

Notes To The Financial Statements - 31 December 2002 (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

27. NOTES TO CASH FLOW STATEMENTS

GROUP

(a) Acquisition of Subsidiary Companies

On 30 January 2002, the Group acquired certain subsidiary companies in relation to its restructuring exercise. The fair values of assets and liabilities assumed were as follows:

	2002 RM
Investments	3,063,976
Property, plant and equipment	178,335,195
Inventories	5,378,279
Receivables	12,906,790
Fixed deposits held under lien	63,949
Cash and bank balances	(11,141,602)
Tax refundable	412,703
Amount due to bankers	(42,027,733)
Payables	(13,364,872)
Provision for taxation	(520,470)
Hire purchase liabilities	(3,302,612)
Leasing liabilities	(192,321)
Deferred taxation	(663,655)
Minority interests	(14,106,755)
	114,840,872
Fair value of net assets acquired	114,840,872
Less: Reserve on consolidation	(11,656,200)
	103,184,672
Total purchase consideration	103,184,672
Less: Amount satisfied by issuance of shares	(99,819,984)
	3,364,688
Amount satisfied by cash payments	3,364,688
Incidental cost of acquisition	2,162,566
	5,527,254
	11,141,602
Cash and cash equivalents acquired from subsidiary companies	11,141,602
- Cash and bank balances	(142,645)
- Fixed deposits	(18,275)
- Bank overdrafts	11,302,522
	11,141,602
Cash flow on acquisition, net of cash and cash equivalents acquired	16,668,856

Notes To The Financial Statements - 31 December 2002 (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

(b) Property, Plant and Equipment

During the period, the Group acquired property, plant and equipment with a total cost of RM17,957,088 as follows:

	GROUP 2002 (11 months) RM
Assets acquired under leasing arrangement	93,654
Assets acquired under hire purchase arrangement	1,714,000
Depreciation of property, plant and equipment capitalised	351,313
Finance costs capitalised	2,474,827
Cash payments made for acquisition of property, plant and equipment	13,323,294
	17,957,088

(c) Cash and Cash Equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	GROUP 2002 RM	COMPANY 2002 RM	COMPANY 2001 RM
Fixed deposits	84,585	-	-
Cash and bank balances	2,352,903	325	51
Bank overdrafts (note 17)	(7,983,918)	-	-
	(5,546,430)	325	51
Less: Fixed deposits held under lien (note 15)	(79,715)	-	-
	(5,626,145)	325	51

COMPANY

Acquisition of Subsidiary Companies

During the year, the Company acquired its subsidiary companies for a total purchase consideration of RM83,618,390 satisfied by way of the following:

	2002 RM
Issuance of 56,594,347 ordinary shares of RM1.00 each at a premium of RM0.386 per share	78,461,817
Cash payments	5,156,573
	83,618,390

28. DIVIDEND

The Board of Directors proposed a final dividend of 5 sen per share, less 28% Malaysian income tax, amounting to a total net dividend of RM2,880,000 in respect of the current financial year ended 31 December 2002 for the approval of shareholders at the forthcoming Annual General Meeting. The financial statements for the financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the next financial year ending 31 December 2003.

Notes To The Financial Statements - 31 December 2002 (Continued)

NPC Resources Berhad (502313-P) | Laporan Tahunan 2002 Annual Report

29. RELATED PARTY TRANSACTIONS

GROUP

	2002 Amount of transactions (11 months) RM	2002 Outstanding amount RM
Transactions with a company in which a Director of the Company, Dato' Loo Pang Kee, is also a director:		
Ladang Hassan & Loo Sdn. Bhd.		
- Management fees received	6,000	-
- Sales of culvert and cement	4,044	-
- Transportation income	25,479	-
- Purchase of fresh fruit bunches	236,819	-
Transactions with a company in which certain Directors of the Company, Loo Ngjin Kong and Wong Siew Ying, are also directors:		
Kinabalu Agricultural Sdn. Bhd.		
- Management fees received	2,000	-
- Transportation income	60,459	-
- Purchase of fresh fruit bunches	619,262	-
Transactions with a Director of the Company, Loo Ngjin Kong:		
Rental expense	34,000	-
Purchase of fresh fruit bunches	29,597	-
Transactions entered into pursuant to the restructuring and listing exercise:		
Proceeds from disposal of property, plant and equipment to Pedomas Pasifik Sdn. Bhd., a company in which certain Directors of the Company, Loo Ngjin Kong, Dato' Loo Pang Kee and Wong Siew Ying are also directors	1,612,934	-
Proceeds from disposal of property, plant and equipment to CMH Loo Sdn. Bhd., a company in which certain Directors of the Company, Loo Ngjin Kong and Wong Siew Ying, are also directors	700,936	-
Proceeds from disposal of investment to Everise Victory Sdn. Bhd., a company in which a Director of the Company, Loo Ngjin Kong, is also a director	3,062,976	-
Proceeds from disposal of property, plant and equipment to		
- Loo Ngjin Kong	1,332,513	-
- Wong Siew Ying	315,674	-
- Dato' Loo Pang Kee	2,161,809	-
	2,161,809	-

Notes To The Financial Statements - 31 December 2002 (Continued)

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<u>COMPANY</u>	<u>2002</u> Amount of transactions RM	<u>2002</u> Outstanding amount RM	<u>2001</u> Amount of transactions RM	<u>2001</u> Outstanding amount RM
Management fees paid to related company				
- Syarikat Emashijau Sdn. Bhd.	1,200	1,200	-	-
Advances to a subsidiary company				
- Natural Plantation Sdn. Bhd.	5,061,837	4,296,845	-	-
Net dividend receivable from a subsidiary company				
- Natural Plantation Sdn. Bhd.	3,670,200	3,670,200	-	-
Transactions entered into pursuant to the restructuring and listing exercise:				
Issuance of Company's ordinary shares as settlement of purchase consideration for acquisition of subsidiary companies on behalf of				
- Natural Plantation Sdn. Bhd.	7,343,405	7,343,405	-	-
- Growth Enterprise Sendirian Berhad	14,014,762	14,014,762	-	-
Acquisition of shares in subsidiary companies from Directors of the Company				
- Loo Ngin Kong	2,336,468	-	-	-
- Dato' Loo Pang Kee	48,831,969	-	-	-
- Wong Siew Ying	26,299,430	-	-	-
Acquisition of shares in a subsidiary company from a Director of certain subsidiary companies				
- Loo Mun Kin	1,667,313	-	-	-

All related party transactions were entered into upon terms and conditions mutually agreed between the relevant parties.

30. CAPITAL COMMITMENTS

	<u>GROUP</u> 2002 (11 months) RM	<u>COMPANY</u> 2002 (12 months) RM	<u>COMPANY</u> 2001 (12 months) RM
Expenditure contracted for	410,000	-	-
Amount approved and contracted for:			
- Acquisition of subsidiary companies	7,880,029	-	99,819,987

Notes To The Financial Statements - 31 December 2002 (Continued)

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31. CONTINGENT LIABILITIES - UNSECURED

	COMPANY 2002 RM	COMPANY 2001 RM
Corporate guarantees given as securities for banking facilities granted to subsidiary companies	30,015,179	-

32. SEGMENTAL INFORMATION

No segmental information is being presented as the Group is operating principally in the oil palm industry and within the country.

33. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the Group's business operations whilst managing its interest rate, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is to not engage in speculative transactions.

(b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing borrowings. The Group monitors the interest rate on borrowings closely to ensure that the borrowings are maintained at favourable rates.

(c) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

The normal trade credit term granted to the Group range between 30 - 90 days.

(d) Credit risk

Credit risk is managed by the application of credit approvals, credit limits and monitoring procedures. Credit risks are minimised and monitored through the Group's associations to business partners with current proven track records. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures.

The Group's normal credit term is within 30 days.

The Group's concentration of credit risk mainly arise from exposures to a few debtors.

(e) Fair value

The financial assets and financial liabilities of the Group and of the Company comprise cash and cash equivalents, trade and other receivables/payables, investment in subsidiary companies, amounts due to/from related corporations and borrowings.

The fair values of the financial assets and financial liabilities as at the balance sheet date approximate their carrying amounts as shown in the balance sheets, except for the amounts due to/from related corporations as stated in notes 12 and 16 to the financial statements and investment in subsidiary companies.

Notes To The Financial Statements - 31 December 2002 (Continued)

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The amounts due to/from related corporations are not carried at fair value at the balance sheet date as it is not practical to estimate their fair values due principally to a lack of fixed repayment terms entered by the parties involved and without incurring excessive costs. However, the Company does not anticipate the carrying amounts recorded in the balance sheets to be significantly different from the value that would eventually be received and settled.

Investment in subsidiary companies is not carried at fair value as it is not practical to estimate the fair value of the Company's investment in subsidiary companies because of lack of quoted market price and the inability to estimate fair value without incurring excessive cost. However, the Company believes that the carrying amount represents the recoverable values.

The nominal amount and fair value of the contingent liabilities of the Company not recognised in the balance sheet as at 31 December 2002 are RM30,015,179 and RM17,146,539 respectively.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and Cash Equivalents, Trade and Other Receivables/Payables

The carrying amounts approximate fair values due to the relatively short maturity term of these financial instruments.

(ii) Borrowings

The carrying amounts of borrowings as reflected in the balance sheets approximate to its fair value.

34.EMPLOYEES INFORMATION

	GROUP 2002 (11 months) RM	COMPANY 2002 (12 months) RM	COMPANY 2001 (12 months) RM
Staff costs	8,044,308	-	-

The total number of employee of the Group as at 31 December 2002 was 1,291.

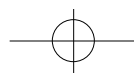
The Company had no employee as at 31 December 2002 and 2001.

35.COMPARATIVE FIGURES

There is no comparative figures for the financial statements of the Group as this is its first set of financial statements.

36.AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2002 was authorised for issue in accordance with a resolution of the Board of Directors on 23 April 2003.



Shareholding Statistics As at 30 April 2003

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SHARE CAPITAL

Paid-Up & Issued Share Capital	:	80,000,000
Authorised Share Capital	:	500,000,000
Type of Shares	:	Ordinary shares of RM1.00 each
No. of shareholders	:	1,446
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of holdings	No. of Holders	% of Holders	Total Holdings	% of Holdings
1 to 999	38	2.63	535	0.01
1,000 to 10,000	1,234	85.34	2,995,839	3.74
10,001 to 100,000	126	8.71	3,904,001	4.88
100,001 to 3,999,999*	45	3.11	29,808,113	37.26
4,000,000 and above**	3	0.21	43,291,512	54.11
Total	1,446	100.00	80,000,000	100.00

Notes: * Less than 5% of issued holdings
** 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS

According to the Register maintained under Section 69L of the Companies Act, 1965, the substantial shareholders' interests in shares of the Company (excluding bare trustees) are as follows:-

	Direct interests	Ordinary shares of RM1.00 each		%
		%	Indirect interests	
Jubilant Ventures Sdn Bhd	25,600,000	32.00	-	-
Koh Kin Lip	12,883,696	16.10	-	-
Loo Ngin Kong	5,307,816	6.63	-	-
Dato' Loo Pang Kee	4,315,657	5.39	25,600,000*	32.00
Wong Siew Ying	3,748,456	4.69	25,600,000*	32.00

Note: * held through Jubilant Ventures Sdn. Bhd.

DIRECTORS' INTERESTS

According to the Register maintained under Section 134 of the Companies Act, 1965, the directors' interests in shares of the Company are as follows:-

Name of Directors	Direct interests	Ordinary shares of RM1.00 each		%
		%	Indirect interests	
Loo Ngin Kong	5,307,816	6.63	-	-
Dato' Loo Pang Kee	4,315,657	5.39	25,600,000*	32.00
Wong Siew Ying	3,748,456	4.69	25,600,000*	32.00
Tengku Datuk Dr. Zainal Adlin Bin Tengku Mahamood	20,001	0.03	2,302,000**	2.88
Lim Ted Hing	20,000	0.03	-	-
Dr. Edmond Fernandez	20,000	0.03	-	-

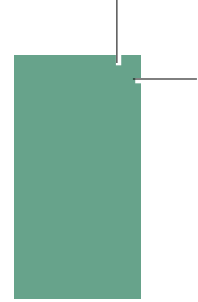
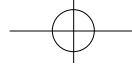
Notes: * held through Jubilant Ventures Sdn. Bhd.
** held through Rantau Jiwa Sdn. Bhd.

Shareholding Statistics As at 30 April 2003 (Continued)

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THIRTY (30) LARGEST SHAREHOLDERS:

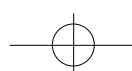
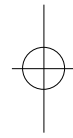
No.	Name	No. of Shares Held	%
1	Jubilant Ventures Sdn Bhd	25,600,000	32.00
2	Koh Kin Lip	12,383,696	15.48
3	Loo Ngin Kong	5,307,816	6.63
4	Wong Siew Ying	3,748,456	4.69
5	Loo Pang Chieng	3,000,000	3.75
6	Perdana Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Loo Pang Kee	2,620,000	3.28
7	Perdana Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Rantau Jiwa Sdn Bhd	2,302,000	2.88
8	Dato' Loo Pang Kee	1,695,657	2.12
9	Seah Sen Onn @ David Seah	1,500,000	1.88
10	Employees Provident Fund Board	1,146,000	1.43
11	Lembaga Tabung Angkatan Tentera	1,000,000	1.25
12	AMMB Nominees (Tempatan) Sdn Bhd Meridian Asset Management Sdn Bhd for Malaysian Assurance Alliance Bhd (1/154-6)	892,000	1.12
13	RC Nominees (Tempatan) Sdn Bhd Eon Finance Berhad for Mohd Zain Bin Ibrahim (JRL)	800,000	1.00
14	OSK Nominees (Tempatan) Sdn Berhad OSK Capital Sdn Bhd for Abd Karim Bin Abdul Ghani @ Karim Ghani	777,800	0.97
15	Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad for Saham Amanah Sabah (ACC 1-984710)	760,000	0.95
16	Bank Pembangunan Dan Infrastruktur Malaysia Berhad	750,000	0.94
17	AMMB Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Bhd for Annuity Par (1/185-6)	743,000	0.93
18	Quek Siew Hau	500,000	0.63
19	Song Kim Weng	500,000	0.63
20	Hong Leong Finance Berhad Pledged Securities Account for Koh Kin Lip	500,000	0.63
21	AMMB Nominees (Tempatan) Sdn Bhd Meridian Asset Management Sdn Bhd for Kumpulan Wang Amanah Pencen (1/184-8)	417,000	0.52
22	HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad for Apex Malaysia Growth Trust	414,000	0.52
23	Bank Kerjasama Rakyat Malaysia Berhad as beneficial owner	384,000	0.48
24	AMMB Nominees (Tempatan) Sdn Bhd Meridian Asset Management Sdn Bhd for Malaysian Assurance Alliance Bhd (A/C2 1/137-6)	380,000	0.48
25	Koh Siew Kong	350,000	0.44
26	Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad for Amanah Saham Bank Islam Tabung Pertama (N14011940160)	349,000	0.44
27	Lim Kah Eng	339,000	0.42
28	BHLB Trustee Berhad Apex Small Cap Fund	335,000	0.42
29	Bumiputra-Commerce Trustee Berhad Amanah Saham Darul Iman	285,000	0.36
30	Wong Kie Yik	250,000	0.31



List of Properties As at 31 December 2002

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DESCRIPTION/ LOCATION	LAND AREA HECTARES (UNLESS OTHERWISE STATED)	TENURE (YEARS)	AGE OF BUILDINGS (YEARS)	USAGE	NET BOOK VALUE AS AT 31/12/02 RM	DATE ACQUIRED
Plantation land						
Growth estate, KM 70,Sandakan- Telupid-Kota Kinabalu Highway,District of Labuk-Sugut, Sabah	183.05	99 years lease expiring 31 December 2077 and 31 December 2086	N/A	Oil palm plantation	3,393,708	2002
Growth estate, Mile 62, Sandakan-Telupid- Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	67.86	99 years lease expiring 31 December 2096	N/A	Oil palm plantation	533,003	2002
Soon Tai estate, KM 71,Sandakan- Telupid-Kota Kinabalu Highway,District of Labuk-Sugut, Sabah	38.03	99 years lease expiring 31 December 2077	N/A	Oil palm plantation	684,833	2002
Jejco estate, KM 71,Sandakan- Telupid-Kota Kinabalu Highway,District of Labuk-Sugut, Sabah	40.71	99 years lease expiring 31 December 2077	N/A	Oil palm plantation	702,532	2002
Bintang estate, KM 71,Sandakan- Telupid-Kota Kinabalu Highway,District of Labuk-Sugut, Sabah	195.47	99 years lease expiring 31 December 2078	N/A	Oil palm plantation	5,038,886	2002
Ballerina estate, KM 80,Sandakan- Telupid-Kota Kinabalu Highway,District of Kinabatangan, Sabah	163.13	99 years lease expiring 31 December 2077	N/A	Oil palm plantation	3,445,400	2002
Ballerina estate, Mile 78, Telupid Road, District of Beluran, Sabah	30.51	99 years lease expiring 31 December 2095	N/A	Oil palm plantation	212,599	2002
Sebuda estate, KM 80,Sandakan- Telupid-Kota Kinabalu Highway,District of Kinabatangan, Sabah	316.00	99 years lease expiring 31 December 2078	N/A	Oil palm plantation	5,603,240	2002



List of Properties As at 31 December 2002 (Continued)

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DESCRIPTION/ LOCATION	LAND AREA HECTARES (UNLESS OTHERWISE STATED)	TENURE (YEARS)	AGE OF BUILDINGS (YEARS)	USAGE	NET BOOK VALUE AS AT 31/12/02 RM	DATE ACQUIRED
Telupid estates, KM 80 & KM100, Sandakan-Telupid- Kota Kinabalu Highway, Districts of Kinabatangan & Labuk-Sugut, Sabah	1,379.95	99 years lease expiring 31 December 2078	N/A	Oil palm plantation	29,146,511	2002
Bonus Indah estate, KM 111, Sandakan- Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	999.60	99 years lease expiring 31 December 2091	N/A	Oil palm plantation	22,343,434	2002
Berkat estate, KM 111, Sandakan- Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	432.50	99 years lease expiring 31 December 2083 and 31 December 2093	N/A	Oil palm plantation	4,872,992	2002
Natural estate, KM 124, Sandakan- Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	102.19	99 years lease expiring 31 December 2079	N/A	Oil palm plantation	2,343,104	2002
Miasa estate, KM 124, Sandakan- Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	440.90	99 years lease expiring 31 December 2079 and 31 December 2081	N/A	Oil palm plantation	8,830,446	2002
Seraya estate, KM 124, Sandakan- Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	181.79	99 years lease expiring 31 December 2080	N/A	Oil palm plantation	3,815,992	2002
Transglobe estate, KM 124, Sandakan- Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	302.80	99 years lease expiring 31 December 2082	N/A	Oil palm plantation	6,372,055	2002
Sinar Ramai estate, KM 143, Sandakan- Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	192.30	99 years lease expiring 31 December 2086	N/A	Oil palm plantation	1,847,117	2002

List of Properties As at 31 December 2002 (Continued)

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DESCRIPTION/ LOCATION	LAND AREA HECTARES (UNLESS OTHERWISE STATED)	TENURE (YEARS)	AGE OF BUILDINGS (YEARS)	USAGE	NET BOOK VALUE AS AT 31/12/02 RM	DATE ACQUIRED
Intan Ramai estate, KM 143, Sandakan- Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	228.10	99 years lease expiring 31 December 2086	N/A	Oil palm plantation	2,674,172	2002
Deltafort estate, KM 87, Segaliud Lokan, District of Kinabatangan, Sabah	400.30	99 years lease expiring 31 December 2087	N/A	Oil palm plantation & plantable reserve	5,328,843	2002
Mature Land estate, Koyah, District of Kinabatangan, Sabah	202.40	99 years lease expiring 31 December 2093	N/A	Oil palm plantation	3,927,952	2002
Zupakeja estate, Sepagaya, District of Sandakan, Sabah	202.10	99 years lease expiring 31 December 2079	N/A	Oil palm plantation	3,599,660	2002
SROPP estates and 7.7 hectares of durian orchard, KM 73, Sandakan- Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	224.94	99 years lease expiring 31 December 2077 and 31 December 2080	N/A	Oil palm plantation	4,681,420	2002
SROPP estate, Segaliud Lokan, District of Kinabatangan, Sabah	40.47	99 years lease expiring 31 December 2077	N/A	Oil palm plantation	1,056,189	2002
SROPP estate, KM30 Labuk Road District of Sandakan, Sabah	39.02	99 years lease expiring 31 December 2060	N/A	Oil palm plantation	1,725,644	2002
Sofrah estate, Sungai Tendok, District of Sandakan, Sabah	215.14	99 years lease expiring 31 December 2082 and 31 December 2079	N/A	Oil palm plantation	3,552,265	2002

List of Properties As at 31 December 2002 (Continued)

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DESCRIPTION/ LOCATION	LAND AREA HECTARES (UNLESS OTHERWISE STATED)	TENURE (YEARS)	AGE OF BUILDINGS (YEARS)	USAGE	NET BOOK VALUE AS AT 31/12/02 RM	DATE ACQUIRED
Agrisa estate, Ulu Segama, District of Lahad Datu, Sabah	394.50	99 years lease expiring 31 December 2085	N/A	Oil palm plantation	5,826,304	2002
Other landed properties						
Ballerina, 2 adjoining double storey shophouses with a built-up area of 782.13m ² , Lot 8 & 9, Taman Tshun Ngen, Mile 5, Labuk Road, District of Sandakan, Sabah Approximate age of buildings = 28 years	395.55m ²	999 years lease expiring 9 July 2887	28	Office building	906,707	2002
Growth, a renovated double storey intermediate terraced house with a built-up area of 220m ² , No. 7, Jalan Terasek 2, Bangsar Baru, 59100 Kuala Lumpur	173.72m ²	Term in perpetuity	11	Staff accommodation	761,191	2002
SROPP palm oil mill with a built-up area of 6,232m ² , KM 87, Segaliud-Lokan, Sandakan-Lahad Datu Highway, District of Kinabatangan, Sabah	35.39	99 years lease expiring 31 December 2077	8	Palm oil mill	7,463,251	2002
Berkat palm oil mill, with a built-up area of 4,193.80m ² , KM 70, Sandakan-Telupid-Kota Kinabalu Highway, District of Labuk-Sugut, Sabah	4.05	60 years lease expiring 31 December 2044	17	Palm oil mill	5,612,015	2002
TOTAL					<u>146,301,465</u>	



Form of Proxy

No. of shares held

I/We, _____
of _____
being a Member/Members of the NPC Resources Berhad, hereby appoint _____
of _____
or failing him, _____
of _____

or failing him the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Third Annual General Meeting of the Company, to be held at Masokoh, Level 1, Nexus Resort Karambunai, Off Sepangar Bay, Kota Kinabalu, Sabah on 30 June 2003 at 10.30 am or any adjournment thereof.

I/We direct my/our proxy to vote for or against the Resolutions to be proposed at the Meeting as hereinunder indicated.

No.	Resolutions	For	Against
1.	To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2002.		
2.	To declare a first and final dividend of 5 sen per share in respect of the financial year ended 31 December 2002.		
3.	To re-elect the following Directors:- - Tengku Datuk Dr Zainal Adlin Bin Tengku Mahamood		
4.	- Loo Ngin Kong		
5.	To approve the Directors' fees of RM109,000 for the financial year ended 31 December 2002.		
6.	To re-appoint Ernst & Young as Auditors and to authorise the Directors to fix their remuneration.		
7.	Authority to issue shares pursuant to Section 132D, Companies Act, 1965.		

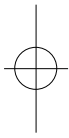
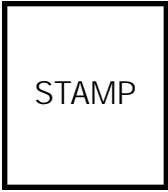
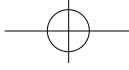
(Please indicate with an "X" in the appropriate box against each resolution how you wish your proxy to vote. If this form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit).

Dated this _____ day _____ of 2003

Signature(s) of Member(s)

Notes:

- A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but does not need to be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 need not be complied with.
- Where a member appoints two (2) or more proxies to attend and vote at the same Meeting, such appointment shall be invalid unless the member specifies the proportion of his (her) holdings to be represented by each proxy.
- The instrument appointing a proxy shall be in writing or if such appointor is a corporation either under its Common Seal or the hands of its officers or attorney duly authorized.
- The instrument appointing a proxy shall be deposited at the Registered Office of the Company at Lot 8 & 9, T3, Taman Tshun Ngen, Mile 5, Jalan Labuk, 90000 Sandakan, Sabah, not less than 48 hours before the time for holding the Meeting or any adjournment thereof.



The Company Secretary
NPC RESOURCES BERHAD (502313-P)
Lot 8 & 9, T3
Taman Tshun Ngen
Mile 5, Jalan Labuk
90000 Sandakan
Sabah

