

Financial Year End	31/12/2012
Report Period Ending	30/09/2012
Reporting Quarter	3Q-2012

**MALAYSIA EQUITY
NPC RESOURCES BHD**

RESULTS REPORT

Recommendation	HOLD
Target Price (MYR)	2.30
Current Price (MYR)	2.25

Industry Group	Agriculture
Industry Sub Group	Agricultural Operations

Key Company Statistics	
Bloomberg Ticker	NPC MK
Bursa Stock Code	5047
Issued Capital (mn shares)	120.0
Market Capitalisation (MYR mn)	270.0
52 week High (MYR)	2.78
52 week Low (MYR)	2.10
Average Volume (3 month) '000	1.6
1 Yr Return (%)	7.0

Major Shareholders (%)	
Jubilant Ventures Sdn Bhd	32.0
Koh Kin Lip	16.5
Loo Pang Kee	8.5

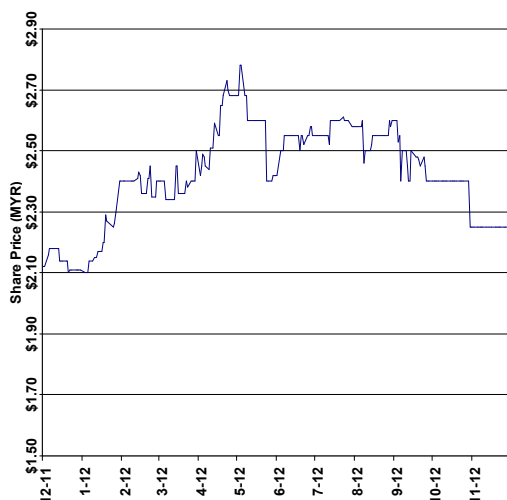
FTSE-BURSA INDEX MEMBERSHIP

FBMKLCI	FBM70	FBMEMAS	FBMHJRAH
No	No	No	No

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SHARE PRICE LAST 12 MONTHS (MYR)



YTD 3Q FY12 revenue decreased 7.7% vs. YTD 3Q FY11, whilst PBT decreased by 54.7% over the same period. YTD 3Q FY12 CPO selling prices were 6.4% lower than average selling prices prevailing over the period YTD 3Q FY11. YTD 3Q FY12 FFB production at NPC was 14.7% lower than YTD 3Q FY11. Higher costs are making themselves felt at many of the plantation companies, and NPC is no exception. Assuming weather conditions are not terribly adverse in the quarters ahead, FFB production will average about 11,000-13,000 MT per month. Looking ahead, revenue growth will be driven mainly by CPO prices.

INVESTMENT RISKS

Risks to our recommendation and target price include: i) a sharp reversal in CPO prices, ii) further increases in the MYR exchange rate, iii) an increase in the general level of interest rates, and iv) a sharp slowdown in the general level of economic activity in Malaysia or among the economies of the major CPO importers: China, India, Pakistan, Europe and the US. Investors can take some comfort in the fact that vegetable oils are among the most resilient of food related commodities.

RECOMMENDATION

We maintain our HOLD recommendation on NPC Resources Bhd ("NPC") and reduce our fair value estimate to MYR 2.30. Value investors will be attracted by prospects for profit growth once the newly acquired acreage in Sabah is planted and bears fruit (see page 5). Looking ahead, average ROE is likely to be maintained at levels of 5-6%, whilst P-BV stands on 0.9x current year book value.

Revenue growth will depend largely on trends in CPO prices which may remain range bound between MYR 2,200 - 2,700 per ton through 1H 2013. However, NPC's shares should retain their value with limited downside risk. NPC is one of the few names in the plantation sector that can be purchased near book value. NPC will become more interesting when contributions from Indonesia appear in two to three years. Contributions from the Sabah acreage may appear FY 2016 - FY 2017.

COMPANY PROFILE

NPC's major line of business is the cultivation and refining of palm oil. The roots of the company began in 1981 with a plantation of 162 ha; today the company operates over 7,000 ha of mature acreage. Newly planted acreage in Indonesia is expected to begin yielding FFB in FY 2014 - FY 2015. NPC converted to a public limited company in May 2000, prior to listing in May 2002.

ANNUAL RESULTS AND METRICS (MYR mn)

FY Dec	2010	2011	2012F	2013F
Revenue	396.3	459.3	416.9	362.7
Revenue g (%)	26.0	15.9	-9.2	-13.0
Net Profit	34.9	33.6	17.5	18.4
Net Profit g (%)	7.7	-3.7	-48.0	5.3
Dividends	3.6	4.8	2.4	1.0
Owners' Equity	267.7	296.8	306.9	324.4
Total Liabilities	133.0	159.3	219.0	244.6
Debt/Equity (%)	49.7	53.7	71.3	75.4
EPS (sen)	29.1	28.0	14.6	15.4
P-S (x)	0.7	0.6	0.6	0.7
P-E (x)	7.9	7.5	15.4	14.6
P-BV (x)	1.0	0.9	0.9	0.8
ROE %	13.0	11.3	5.7	5.7

MALAYSIA EQUITY
NPC RESOURCES BHD

QUARTERLY RESULTS TABLE (All figures in MYR mn unless otherwise indicated)

FY Dec	3Q-12	3Q-11	Q-o-Q %chg	YTD FY12	YTD FY11	Y-o-Y %chg
Revenue	118.1	132.6	-11.0	308.9	334.7	-7.7
Operating Profit	8.5	19.3	-55.8	20.4	41.7	-51.0
Other Income	2.0	1.4	43.8	4.0	2.8	42.5
Share of Associates	0.0	0.0	na	0.0	0.0	na
Depreciation/Amort'n	-2.9	-2.8	3.9	-8.5	-8.0	6.2
Finance Costs	-0.9	-1.2	-22.4	-3.0	-3.2	-6.2
Pre Tax Profit	7.6	18.1	-58.0	17.4	38.5	-54.7
Tax	-2.0	-4.5	-55.3	-4.6	-10.2	-55.1
Minority Interest	-0.4	-1.2	na	-0.9	-2.8	na
Net Profit to S'holders	5.3	12.5	-57.7	12.0	25.5	-53.1
Dividends	-2.4	-4.8	-50.0	-2.4	-4.8	-50.0
EPS (sen)	4.4	10.4	-57.7	10.0	21.2	-53.1
DPS (sen)	-2.0	-4.0	-50.0	-2.0	-4.0	-50.0
Operating Margin (%)	7.2	14.6	-50.4	6.6	12.5	-47.0
Net Margin (%)	4.5	9.4	-52.5	3.9	7.6	-49.2
Effective tax rate (%)	26.1	24.6	6.4	26.3	26.5	-0.7
NTA/share (RM)				2.52	2.43	4.1

Comments
YTD 3Q FY12 Revenue decreased 7.7% vs. YTD 3Q FY11. FFB production fell by 14.7% whilst CPO prices fell 6.4% over the period indicated above.
YTD 3Q FY12 PBT decreased 54.7% vs. YTD 3Q FY11, as higher material and maintenance costs reduced operating margins.
Net margins reduced in sympathy with lower operating margins and higher effective tax rates.

COMPETITOR'S METRICS (All figures in MYR mn unless otherwise indicated)

Current Year Ending*	NPC Resources Bhd Dec-12	United Malacca Bhd Apr-12	Sarawak Plantations Bhd Dec-12	Cepatwawa san Group Bhd Dec-12
Revenue	416.9	211.0	479.0	229.0
Net Profit	17.5	76.0	72.0	25.4
Owners' Equity	306.9	1,078.4	607.9	411.6
Dividends	2.4	55.7	28.0	5.0
Market Cap	270.0	1,410.0	725.2	298.9
P-S (x)	0.6	6.7	1.5	1.3
P-E (x)	15.4	18.6	10.1	11.8
P-BV (x)	0.9	1.3	1.2	0.7
Div Yield (%)	0.9	4.0	3.9	1.7
Net Margins (%)	4.2	36.0	15.0	11.1
ROE (%)	5.7	7.0	11.8	6.2
Payout Ratio (%)	13.7	73.3	38.9	19.7

*Consensus data used for peers where available

MALAYSIA EQUITY
NPC RESOURCES BHD**PROFIT & LOSS (All figures in MYR mn unless otherwise indicated)**

FY Dec	2010	2011	2012F	2013F
Revenue	396.3	459.3	416.9	362.7
Operating Profit	53.2	54.6	30.0	33.3
Other Income	3.2	3.6	6.0	7.1
Share of Associates	0.0	0.0	0.0	0.0
Depreciation/Amortization	-10.1	-10.7	-11.3	-11.2
Finance Costs	-2.1	-4.4	-4.6	-7.0
Pre Tax Profit	51.0	50.2	25.3	26.3
Tax	-13.7	-13.0	-6.6	-6.6
Minority Interest	-2.5	-3.5	-1.3	-1.3
Net Profit to Shareholders	34.9	33.6	17.5	18.4
Operating Margin (%)	13.4	11.9	7.2	9.2
PBT Margin (%)	12.9	10.9	6.1	7.3
Net Margin (%)	8.8	7.3	4.2	5.1
Effective Tax Rate (%)	26.8	26.0	25.9	25.0

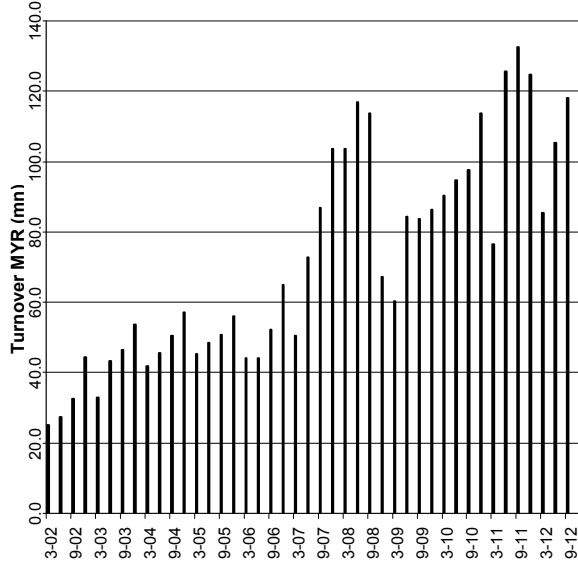
BALANCE SHEET (All figures in MYR mn unless otherwise indicated)

FY Dec	2010	2011	2012F	2013F
Total Assets	404.1	458.4	527.4	570.5
Fixed Assets	182.1	180.2	223.0	225.3
Current Assets	53.8	102.8	79.8	70.5
Other LT Assets	168.2	175.4	224.6	234.9
Current Liabilities	70.9	72.1	106.6	119.0
LT Liabilities	62.0	87.2	112.4	125.5
Total Liabilities	133.0	159.3	219.0	244.6
Share Capital	120.0	120.0	120.0	120.0
Minority Interest	3.4	2.3	1.5	1.5
Owners' Equity	267.7	296.8	306.9	324.4
Total Equity	271.1	299.2	308.5	325.9
Total Liabilities & Equity	404.1	458.4	527.4	570.5

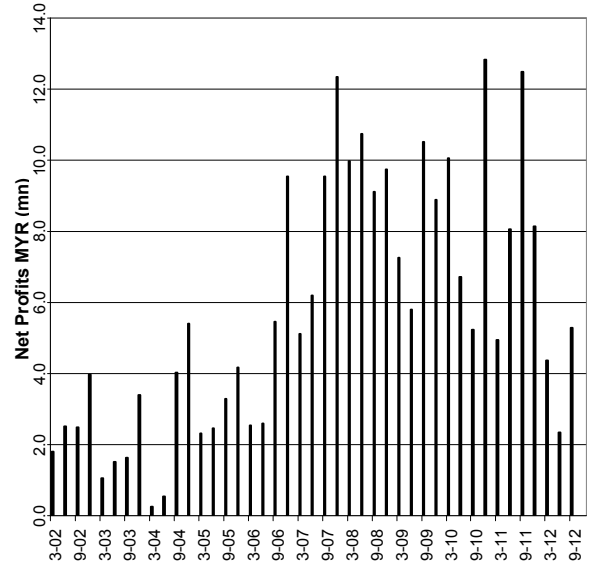
PER SHARE DATA (All figures in sen unless otherwise indicated)

FY Dec	2010	2011	2012F	2013F
Revenue	330.3	382.7	347.4	302.3
Cash Flow	37.5	37.0	24.0	24.7
Earnings	29.1	28.0	14.6	15.4
Dividends	3.0	4.0	2.0	0.8
Book Value	223.1	247.4	255.8	270.3
Payout (%)	10.3	14.3	13.7	5.4
P-S (x)	0.7	0.6	0.6	0.7
P-CF (x)	6.2	5.7	9.4	9.1
P-E (x)	7.9	7.5	15.4	14.6
P-BV (x)	1.0	0.9	0.9	0.8
Dividend Yield (%)	1.3	1.9	0.9	0.4
ROE (%)	13.0	11.3	5.7	5.7
Total Debt/Equity (%)	49.7	53.7	71.3	75.4

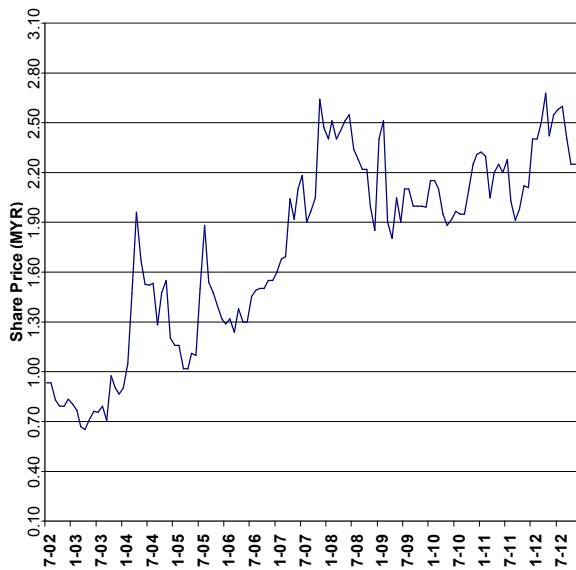
REVENUE - QUARTERLY LAST 10 YEARS (MYR mn)



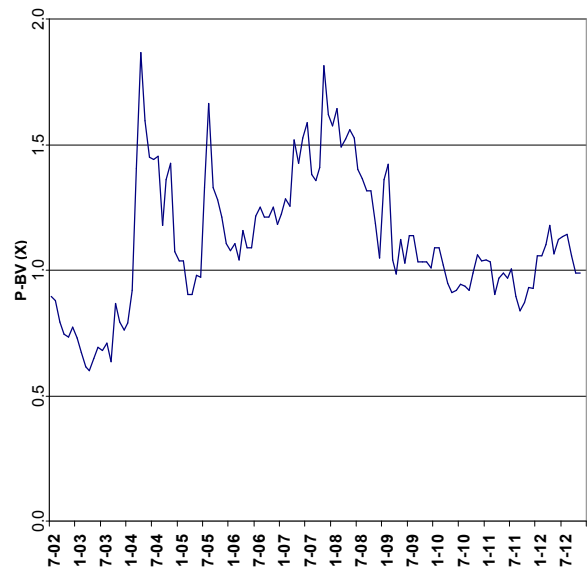
NET PROFIT - Q' TERLY LAST 10 YRS (MYR mn)



SHARE PRICE - MONTHLY LAST 10 YEARS (MYR)



P-BV (X) - MONTHLY LAST 10 YEARS



**MALAYSIA EQUITY
NPC RESOURCES BHD**

RECENT COMPANY NEWS

In late June 2012, Sungai Kenali Sdn Bhd, a wholly owned subsidiary of NPC Resources Berhad, acquired 9,905.8 acres of agricultural land at Banggi Island, District of Kudat in the State of Sabah. The price paid was MYR 29.7 mn, which works out to about MYR 7,408 per ha. This acquisition will be funded mainly by borrowings. Total Debt/Owner Equity has risen from 54% 4Q 2011 to 71% 3Q 2012.

ANALYST'S RECOMMENDATION RECORD

Ticker	Date	Recommendation	FairValue	Price At Date of Recommendation	% Price Change Since Prior Recommendation
NPC MK Equity	28-Feb-11	BUY	2.80	2.30	
NPC MK Equity	11-Apr-11	BUY	2.80	2.16	-6.1%
NPC MK Equity	26-May-11	BUY	2.80	2.25	4.2%
NPC MK Equity	25-Aug-11	BUY	2.80	1.99	-11.6%
NPC MK Equity	23-Nov-11	BUY	2.80	2.05	3.0%
NPC MK Equity	23-Feb-12	BUY	2.80	2.45	19.5%
NPC MK Equity	28-May-12	BUY	2.80	2.40	-2.0%
NPC MK Equity	30-Aug-12	HOLD	2.80	2.60	8.3%
NPC MK Equity	28-Nov-12	HOLD	2.30	2.25	-13.5%
Return Since Inception of Coverage					1.9%

**ANALYST'S DISCLOSURE**

BUY: Share price may exceed 10% over the next 12 months

TRADING BUY: Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain

HOLD: Share price may fall within the range of +/- 10% over the next 12 months

TAKE PROFIT: Target price has been attained. Look to accumulate at lower levels

SELL: Share price may fall by more than 10% over the next 12 months

NOT RATED (NR): Stock is not within regular research coverage

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