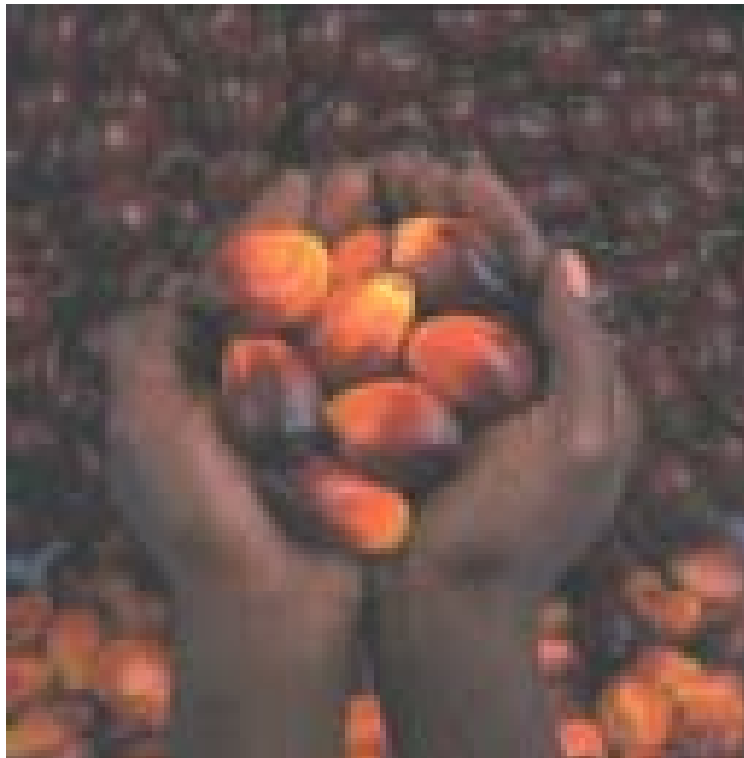


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# New Britain Palm Oil Limited 2003 Report to Shareholders

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*New Britain Palm Oil Limited (NBPOL)  
is Papua New Guinea's largest oil palm plantation  
and milling operation.*

*NBPOL has continued to consolidate its position in the region  
by expanding its core activities of palm oil production.  
NBPOL continues to pursue its objective of enhancing shareholder value,  
it also places high value on its social obligations to the community  
by seeking to achieve the highest standards  
of environmental management  
and working in sensitive cooperation with all sectors.*

# NEW BRITAIN PALM OIL LIMITED

## *ANNUAL REPORT YEAR ENDED 31 DECEMBER 2003*

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### NEW BRITAIN PALM OIL LIMITED

#### Directors



Hj Ahamad Mohamad,  
Chairman



N M Thompson,  
Managing Director



Dato Mohd Ismail Che Rus



Mrs Winifred Kamit



Tan Sri' Dr Arshad Ayub

#### Secretary



Sheik Sharafuddin Sheik Mohd



H. Waninara

# Corporate Directory

## NEW BRITAIN PALM OIL LIMITED

### **Directors (as at 31 December 2003)**

Hj Ahamad Mohamad, Chairman  
N.M. Thompson, Managing Director  
Tan Sri' Dr Arshad Ayub  
Dato Mohd Ismail Che Rus  
Mrs Winifred Kamit  
Sheik Sharuffudin Sheik Mohd

### **Secretary**

H. Waninara

### **Country of Incorporation**

Papua New Guinea

### **Registered Office and Address for Service**

c/- Bebere Plantation  
Mosa  
Kimbe, West New Britain Province  
Papua New Guinea  
Telephone 985 2177

### **Share Registry**

Computershare Registry Services Pty Limited  
c/- Deloitte Touche Tohmatsu  
Level 12 Deloitte Tower  
Douglas Street  
Port Moresby – Papua New Guinea  
Telephone 321 1888

### **Auditors**

PricewaterhouseCoopers  
Level 6, Credit House  
Cuthbertson Street, Port Moresby  
Papua New Guinea

### **Bankers**

Bank of South Pacific  
ANZ Banking Group

### **Solicitors**

Blake Dawson Waldron Lawyers

### **Stock Exchange**

Port Moresby Stock Exchange

## Stock Exchange listing requirements

### Members and Voting Rights.

The twenty largest shareholders in New Britain Palm Oil Limited held 97.82% of the paid up capital at December 31, 2003. There are 120 million ordinary 25 toea fully paid shares issued.

#### Top twenty shareholders:

Name	Number of shares held	% of total
Kulim (Malaysia) Berhad	96,000,000	80.03
West New Britain Provincial Government	18,000,000	15.01
N.M. Thompson	523,000	0.43
New Britain Nominees Limited	471,835	0.39
New Britain Palm Oil Foundation Ltd	399,800	0.31
D.L.M. Dann	311,600	0.26
I.A. Dickson	276,800	0.23
C.M.D. Thor	218,800	0.18
A.J. Morrow	193,300	0.16
Brenda Senior	154,000	0.13
F.J. Lewis	150,000	0.13
D.A.Jure-Le Manac'h	122,200	0.10
National Superannuation Fund	110,244	0.09
G.R. Wheller	79,000	0.07
Simon Lord	73,600	0.06
J.D. Benseman	72,000	0.06
Honde Laulimi Land Group	68,500	0.06
Kedopoho Land Group	68,500	0.06
R.H. Putland	60,000	0.05
AGMARK Pacific Ltd	52,500	0.04

#### Distribution of shares:

The distribution of shareholders at that date was:

Range of holdings	Number of holders
1-1,000	2,066
1,001-5,000	186
5,001-10,000	28
10,001-100,000	53
100,001- and over	14
<b>Total</b>	<b>2,347</b>

#### Marketable Parcels:

All parcels held by shareholders are marketable parcels.

#### Voting Rights:

At General Meetings all shareholders are entitled to vote. In the case of a vote taken on a show of hands or by voice, each shareholder has one vote. In the case of a poll (which may be called by any five shareholders or a shareholder or group of shareholders who in aggregate hold at least 10% of the total voting rights there is one vote for every share held.

#### Nomination of Office of Director

No person other than a retiring Director is eligible for election as a Director at a General Meeting unless notice pursuant to Clause 15.10 of the Constitution is lodged at the registered office of the Company at least 30 days before the meeting.

## Corporate Practices and Conduct

The Directors are aware of the responsibility placed on them in terms of Corporate Governance and to this end have established committees to deal with issues as they arise. The Directors recognise the need for the highest standards of behaviour and accountability.

### Audit Committee

#### Members:

Tan Sri' Datuk Arshad Ayub (Chairman)  
Ahamad Mohamad  
Winifred Kamit

#### Objectives

- To review the integrity of published financial information.
- To review the effectiveness of the Company's internal systems and controls.
- To provide a link between the Board and the Company's auditors.
- To act as necessary in any matters relating to the financial affairs of the Company where appropriate.

### Remuneration Committee

#### Members:

Ahamad Mohamad (Chairman)  
Tan Sri' Datuk Arshad Ayub  
Winifred Kamit

#### Objective

- To establish suitable remuneration levels for senior executives.

### Nomination Committee

#### Members

Ahamad Mohamad (Chairman)  
Tan Sri' Datuk Arshad Ayub  
Winifred Kamit

#### Objective:

- To select suitably qualified persons to be nominated as Directors to fill vacancies from time to time.

### Environment Committee

In view of the importance that the Company places on protection of the environment and the establishment of the best procedures for the protection of the environment the Board has created this Committee to ensure full compliance with the Environmental laws and regulations affecting the company.

#### Members:

Winifred Kamit  
Dato Mohd Ismail Che Rus  
N.M. Thompson

#### Objectives

- To ensure that land management practices are consistent with the long term productivity of the re-source, so that the land remains suitable for agriculture use.
- To prevent degradation and erosion any land under Company control.
- To conserve and maintain the quality of ground and surface water.
- To manage the impact of development on such critical habitats as coastal wetlands, estuaries, rivers and streams, to ensure that any possible pollution and its effects are minimised.
- To direct innovative measures to reduce the effects that any industry by-products may have on the environment.

## A Five Year Summary of Growth

NBPOL has been able to show good growth in the past through its expansion plans as evidenced below:

(all amounts in K'000's)

	2003	2002	2001	2000	1999
<b>Financial Performance</b> year 31 Dec					
Revenue	<b>340,099</b>	319,111	206,676	229,030	240,195
Profit from ordinary activities	<b>109,223</b>	101,709	37,289	63,495	95,531
Profit after tax	<b>76,654</b>	68,001	6,844	47,464	70,604
Cash flow from operating activities	<b>118,041</b>	60,732	44,206	64,822	103,041
Average price cpo (US\$ per tonne (cif))	<b>446</b>	387	297	346	500
Average price pko (US\$ per tonne (cif))	<b>467</b>	436	317	494	727
<b>At Year End</b>					
Share Capital	<b>30,000</b>	30,000	30,000	30,000	30,000
Shareholders Equity	<b>262,838</b>	238,433	210,807	196,378	189,737
Working Capital	<b>61,764</b>	93,840	62,764	42,116	66,947
Total Assets	<b>446,562</b>	382,360	296,946	259,590	247,858
<b>General Statistics</b>					
Earnings per share (toea)*	<b>63.9</b>	56.7	22.5	39.9	58.8
Dividends per share (toea)*	<b>35</b>	20	10	14	36
Dividend cover (times)	<b>1.83</b>	2.84	2.25	3.52	1.63
Net asset backing per share (kina)*	<b>2.19</b>	2.06	1.76	1.64	1.58
<b>*adjusted for share split 1999</b>					
<b>Production Volumes</b> (tonnes)					
FFB from own plantations	<b>552,284</b>	502,533	498,865	560,093	411,388
FFB from Outgrowers	<b>264,967</b>	259,144	265,500	275,902	205,636
Total FFB processed	<b>817,250</b>	761,677	764,365	835,995	617,024
<b>Primary Products</b>					
Crude Palm Oil	<b>185,756</b>	171,117	166,442	180,954	138,235
Palm Kernels	<b>45,826</b>	44,301	44,831	49,253	36,419
Oil Palm Seeds (million sold)	<b>6.05</b>	3.76	2.89	3.62	3.56
Own mature Oil Palm, hectares Dec 31.	<b>24,160</b>	23,433	21,947	20,863	18,723
<b>Yield</b> (Palm produce tonnes/hectare)	<b>6.5</b>	5.9	6.3	7.4	6.2
<b>Secondary Products</b>					
PK Processed into:-					
Palm Kernel Oil	<b>18,646</b>	18,026	18,645	20,078	15,044
Palm Kernel Expeller (PKE)	<b>23,959</b>	23,375	23,365	26,589	20,026
CPO Refined	<b>75,120</b>	-	-	-	-
Refined Palm Oil Produced (RPO)	<b>71,107</b>	-	-	-	-
Fatty Acid Distillate (PFAD) Produced	<b>2,896</b>	-	-	-	-
RPO Fractionated into:-					
Palm Olein (RPL)	<b>32,507</b>	-	-	-	-
Palm Superolein (RPSL)	<b>1,472</b>	-	-	-	-
Palm Stearin (RPS)	<b>11,933</b>	-	-	-	-

## Chairman's Message

This is New Britain Palm Oil Limited's thirty seventh Annual Report and it gives me great pleasure to inform our shareholders of the company's continued growth in production and profitability. 2003 was a year in which New Britain Palm Oil Ltd recorded its largest ever profit, produced a record tonnage of crude oil and in addition successfully commissioned Papua New Guinea's first palm oil refinery. The company's strategy for continued growth has and will continue to not only enhance our production capacity for long-term economic sustainability, but also through the commissioning of the refinery the company moves away from a single commodity base and becomes a significant producer of a range of high-grade oil products.

Financially the company's balance sheet remains strong with low levels of borrowing. During 2003, 42 million kina in dividends were distributed to shareholders and the company's capital expansion programme accounted for a further 60 million kina. Income tax payments amounting to 24 million kina were also paid to the National Government. As a result of these cash outflows and the timing of capital equipment purchases in early 2004, the company's current cash reserves are lower than normal. To improve the situation, the company received approval for a moratorium on repayments of our foreign currency loan for one year, with repayments resuming in September 2004. By the second quarter the company will again be in a strong position for cash as the effects of improved revenues and production materialise.

The record 2003 profit was achieved through a combination of solid palm oil prices and record oil production volumes. It is indeed pleasing to confirm the predictions we made in the 2003 annual report where we forecast "a very robust performance in 2003". As we look forward to 2004 the future does indeed again appear to look very positive, with vegetable oil prices rising on the back of uncertain world production forecasts and low inventory levels. We again expect production at NBPOL to increase as the company further expands and consolidates its oil palm area in West New Britain. The refinery, now in full production, will add significantly to both the company's profitability and marketing flexibility. The company has in place strategic plans to produce one million tonnes of fresh fruit bunches and two hundred and fifty thousand tonnes of crude oil by 2008.

In 2003 the company completed the redevelopment of Volupai plantation and has substantially completed the planting of oil palms on phase one of the Kulu-Dagi project. The company has recently received approvals for its environmental plans for the development of 2,000 hectares at Lolokoru and 3,000 hectares at Rigula. Both of these projects are subject to agreements with the respective customary landowners.

The smallholders supplied 32% (264,967 tonnes) of our crop in 2003, with payments for fruit reaching fifty two million kina for the year. While the smallholder sector has not made the progress we would have wished, it is still however an outstanding success story for Papua New Guinea despite both the Provincial and National government's indifference to the sector. The company has and continues to provide credit facilities for the smallholders at its own expense. In addition the company has undertaken substantial road maintenance to allow continued access to villages and settlements, however much more needs to be done to improve the roads to unlock the potential of the smallholder sector.

As we reported last year the company has committed itself to a rigorous environmental management strategy with the aim of achieving ISO 14000 registration. The company is now awaiting the imminent arrival of the environmental auditors as the final step of the registration process. The company's philosophy is founded on the sustainability of our agricultural asset base. In the operations report there are details of the company's numerous initiatives in this area that continue to place NBPOL as a leader in sustainable oil palm cultivation. The success of the compost produced from mill by-products as a potting mix in our oil palm seedling nurseries and the fact that Numundo oil mill is now in its third year as a zero effluent discharge mill are testament to the company's leadership.

The New Britain Palm Oil Foundation continues to fund projects in the social and welfare fields of education, health and most recently policing. In 2003 the Foundation donated textbooks to Hoskins Secondary School worth over one hundred thousand kina and has continued with significant infrastructure projects for education and health. The Foundation also donated a vehicle to the rural police command.



Ahamad Mohamad  
Chairman  
February 20, 2004

## 2003 Operations Review

### Profits rise

Pre tax profits rose to 109 million kina in 2003 as a result of record oil production and strong commodity prices. The major negative impact on our revenue has been the strengthening of the kina relative to the US dollar. In other words if the kina had remained at a par value of US\$ 0.24 as we had budgeted, then our profits would have been increased by a further 38 million kina.

Plantation and milling costs were approximately 6% overspent for 2003. One of the main contributory factors has been the high cost of diesel fuel.

Kumbango Oil Refinery



### Kumbango Oil Refinery

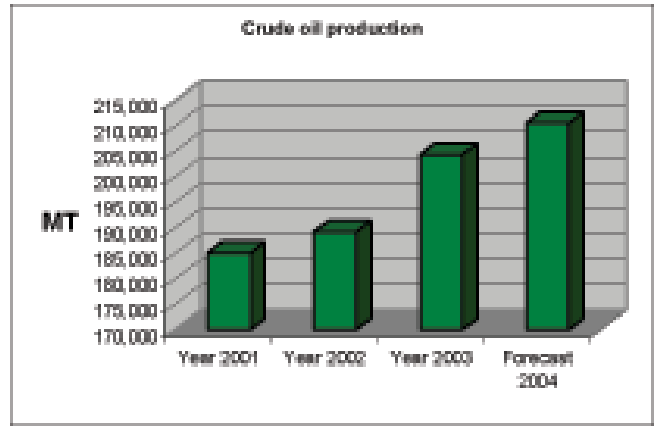
#### Commodity prices remain robust

During 2003 there was high price volatility in the vegetable oil and oil seed sector. The average quoted price for crude palm oil in 2003 was US \$443 per tonne, an increase of some \$53 per tonne over the 2002 average price. For much of the year the company continued to trade at consistent premiums to the quoted prices.

The immediate future for palm oil prices remains bullish as the declining stocks of competing oils and their uncertain production forecasts (notably soybean oil), coupled with a slowdown in palm oil production, will to some extent ration supply and underpin current prices.

#### Oil production reaches record level

A robust performance from NBPOL's plantations has boosted crude oil production to an all time high of 204,402 tonnes. The plantations produced 67% of the total fruit production (817,250 tonnes of fresh fruit bunches). Whilst total fruit production was not quite as high as the record year in 2000, our oil extraction rates were higher than in 2000 and our total oil production was our highest recorded to date.



### Oil refinery and fractionation plants commissioned

The palm oil refinery was commissioned in January 2003, followed by the fractionation plant in February. The refinery processed over 75,000 tonnes of crude palm oil in 2003. Both plants have produced high quality products from the outset; that have been well received by our European buyers. This has confirmed the stability of our refined products over long sea journeys. The refinery has enabled the company to offer a new range of refined oil products, adding both value and market flexibility. Yields of refined products have met our targets, while chemical usage (the major cost input) and losses have both been lower than expected; a result of the high quality of our crude oil

The official opening of the refinery (Left to right Hon. Bart Pilemon, Nick Thompson, Ahamad Mohamad, Hon. Clement Nakmai)



feedstock. Superolein for the domestic retail market was produced from June onwards. The local market for bulk products (superolein, standard olein and stearin) has continued to expand and at the end of 2003 was 10% of our refinery production, with potential for further increases in 2004. The company intends to further develop the oil packaging business for the local market in 2004.



Guests inspect the fractionation plant at the official opening ceremony.



**Plantation and smallholder oil palm expansion continues**

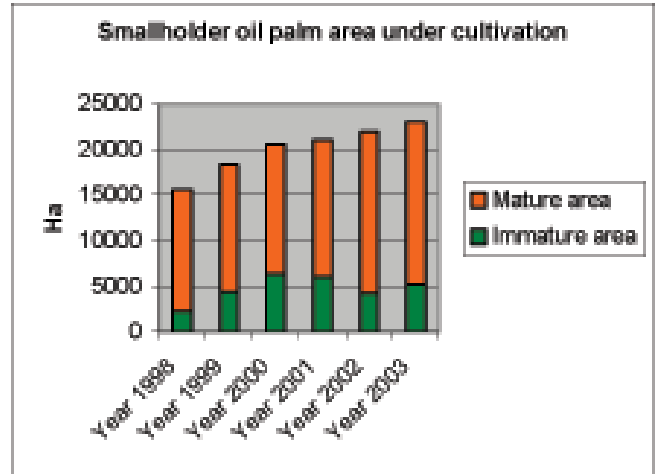
In 2003 the company expanded the plantation area under oil palm cultivation by 8%, in addition the out growers increased their oil palm hectareage under cultivation by 5.1%. The project area now extends to 52,400 hectares of oil palm. The future planting programmes for 2004-6 continues to utilise the successful model developed by the company of developing customary land, through a lease and lease back mechanism with the State and the landowners. At the end of 2003 the company had entered into a number agreements with incorporated land groups and planted in excess of 7,000 hectares of customary owned land. Over the next 5 years the company expects to double the hectares of customary owned land that are developed into modern sustainable oil palm production units that we term "mini estates".

Kulu-Dagi phase one oil palm development



The smallholder component of the company's production base has also been expanding, but the scope of any future expansion is now severely limited by the lack of well-maintained rural road infrastructure. The company is hopeful that a long-term solution will be found where the tax credits available to the company

can be invested in the rural feeder road system enabling smallholders to actively participate in the economy. Much progress could be made if supplementary funding from both provincial and national governments consistently supported the use of the tax credit funds for rural feeder roads.



**Oil palm plant breeding and seed production at the forefront**

**Plant breeding progress**

The intensive testing of improved parental pisifera and dura oil palm sources has continued in 2003, with the establishment of 7 new progeny trials. Over 1,000 hectares of progeny trials are now being intensively recorded. New improved pisifera have been selected this year as pollen sources for commercial seed production at Dami and our overseas seed gardens. To enhance future sustainable breeding progress we are devoting our efforts to enlarge the genetic variability of the breeding populations. We are testing and developing other germplasm sources, as well as intercrossing these with our elite base populations.

The molecular marker project in collaboration with the University of Cambridge is currently developing a genetic fingerprinting method to be carried out routinely at Dami. The aim of the project is to identify molecular markers associated with oil palm traits of interest to improve the efficiency of selection, yields and disease resistance.

**Seed gardens**

**Dami, PNG.**

Seed production has started from a new seed garden planted in 1998. The elite dura have remarkable extraction rate potentials, reaching up to 33% oil content and over 10 tons of palm products per hectare in their latest progeny trials.

Seed production increased to 8.7 million seeds in 2003 and seed sales reached 6.1 million seeds, with 77% of these being exported.

### **Dami-Mas, Indonesia**

Training in seed production techniques has continued in the Indonesian Dami-Mas seed garden joint venture. Established in 1998, in partnership with the Sinar Mas Group, the seed garden has received the international quality management certification ISO 9001. Seed production started in 2003, reaching a total of 2.1 million seeds and sales of 0.4 Million seeds for the year. A new seed production unit is currently being built to cope with the expected rise in production to 9.4 million seeds in 2004. Seed impurity is monitored through blank pollinations and results to date indicate purity is above 99.9%.

### **Colombia**

Seed production reached 3.6 million seeds in 2003, with 1.5 million seeds sold. Seed orders are expected to increase in 2004, with the establishment of new oil palm smallholder schemes encouraged by the Colombian government. Seed production potential will increase in 2004 with the selection of new dura parents from the third seed garden, planted in 1999.

### **Malaysia**

The second seed garden was planted this year and recording is continuing in the first seed garden planted in 2001.

## **Research and development delivers value**

### **Biotechnology**

Progress continues with the tissue culture of oil palm with a total of 33 dura clones now successfully established in the field. In addition one of the elite pisifera palms has also been field planted and a further two are stabilised in culture at the "embryonic" stage. The production of tenera palms has begun, with a total of 20 elite palms sampled and 19 of them firmly established *in vitro*. The work on double haploid palms is continuing. The PhD student attached to Dami has completed his research and submitted his thesis.

### **Nursery composting**

The composting of mill by-products (empty fruit bunches and palm kernel expeller), to produce a superior potting mix for oil palm seedlings is now into the fourth year of operation. Research has shown that the growth of the seedlings raised on the potting mix is more uniform and vigorous than those raised on mined topsoil. The phased conversion of the company's 2 remaining oil palm seedling

nurseries has begun with Numundo nursery already converted and has used compost for over a year. A paper detailing the benefits of compost in the nursery was presented at the inaugural Kulim conference in Malaysia.

### **Mill effluent composting**

Composting of both the empty fruit bunches (EFB) and palm oil mill effluent (POME) has been in operation for over 2 years at Numundo and during this time the mill has had zero

The "Wildcat" compost turner in action



discharge of effluent. A new approach is also in trials with mill-based equipment designed to reduce the volume of liquid effluent produced. The results are encouraging and have led to a refinement of the "Numundo system". The EFB is now mixed with POME at the mill and both are then carried to the field. This reduces handling and ensures that the maximum nutrient load is delivered to the palms.

### **Recycling initiatives.**

The company's main site at Mosa now has one of the most advanced landfill sites in PNG. Following on from last year's pilot scheme the company now operates a mix intake landfill with all organic matter collected the residential area being composted. The resultant compost is being used to give unemployed youths a chance at learning nursery and horticultural skills whilst raising native tropical rainforest tree species.

A smaller domestic composting system ("Dom-Com") has also been designed for use with the company's smaller housing compounds. A small cooking stove is also under development for burning the acid-oil waste from the mills. The stoves are proving popular with company employees and more trials are planned. The Numundo beef abattoir waste has also been successfully composted with the nutrient recycled into the plantation.

### **Environmental Management System**

The two-year program for the assimilation of an environmental management system into the company's thinking is almost complete. All aspects of NBPOL's operations have been reviewed and a series of 20 management guidelines have been produced. The guidelines have been incorporated into an environmental management program and the process has been audited throughout. NBPOL is now waiting for the external auditor to complete the process before ISO 14001 status is accredited to the company. A new environmental officer has been appointed to assist the company to maintain its environmental management programs. NBPOL has signed the Kuala Lumpur Oil Palm "Roundtable" agreement on sustainable oil palm production and is actively involved in identifying the criteria required in best demonstrated practice

### **Plantation Fieldwork**

An agronomist has been appointed this year to provide expertise and support to the plantations. Field trials during 2003 included selected pesticide trials for the control of

Research is on going into better herbicide use



Monstera and Calapogonium, together with broad-spectrum herbicide screening for general plantation weed control. Trials on new spray equipment are ongoing. A presentation entitled

"The PNG Oil Palm industries approach to Pesticides" was jointly presented to the WHO in Bangkok. Dami OPRS enjoys good relationships with PNG Universities and Colleges and a total of 6 sandwich students were placed with Dami OPRS during 2003. Their projects ranged from evaluating earthworm numbers in plantations, nursery trials with compost to designing recording systems for waste stream management.

### **Precision Agriculture**

Full electronic mapping of all NBPOL's holdings has been completed and with the purchase of a GPS rover and base station new areas can be confidently mapped as they come on stream. Development work on a plantation mapping system (GPS/GIS) to provide a means to handle complex census data has resulted in the production of GeoDami, NBPOL's own unique palm mapping and storage system. The program is now being applied to the plantations and is used to record the planting by identified progenies.

NBPOL's plantations have been sub-divided into 386 management units, of approximately 90 ha. These units provide the basis for data capture for all inputs and outputs. Soils within these units have been chemically characterised and work continues on characterisation of their physical appearance. The initial phase of data entry is almost complete and the database is now being merged with the plantation maps to provide the company with a new perspective on how they view interactions within the units.

### **Pioneering beef and oil palm system leads the world**

Numundo beef has become synonymous in PNG for premium quality beef. Underpinned by a feedlot fattening system using palm kernel meal as the main dietary component, the consistency of Numundo beef is unrivalled in PNG. Demand continues to outstrip our ability to supply. As a consequence of the unique intercropping of cattle and oil palms at Numundo the company is now embarking on a further expansion of the cattle herd and plans to increase the breeding herd from 1500 to 2000 females. In 2003 the beef operation sold 283,000 kgs of beef to outlets in West New Britain and to Andersons Foodland outlets in Port Moresby, Lae and Rabaul.

In 2003 the combined beef and oil palm system at Numundo matched the economic performance of a 100% oil palm area. This result in a year of good oil palm oil prices and economic returns demonstrates considerable promise for the future. The Numundo beef and oil palm system is the only known method by which cattle can be successfully maintained in an oil palm area on a sustainable basis

### **Kundu Coffee Exports (KCE)**

Over supply has continued to dominate and adversely affect the coffee industry at large keeping prices depressed and making trading difficult. The PNG Arabica crop was marginally higher than that of 2002, but Robusta suffered a further severe drop in production that has had a negative impact on KCE's volume as the leading exporter of Robusta. The on going decline in value of the US Dollar has also been a detrimental factor in this year's trading;

Aerial view of the Numundo oil palm and cattle intercropping system



nevertheless, KCE has managed to achieve a profit only very slightly below budget and still in excess of 1 million kina.

### **Capital Stockbrokers Limited: another year of growth**

CSL continues to make inroads in to the PNG market as a leading stockbroker and as investment manager in a joint venture with ANZ Bank. The company has also completed two placements for Highlands Pacific Limited as the PNG end of an ABN AMRO share placement. This has enabled CSL to maximise its institutional profile in PNG from the association with ABN AMRO and Highlands Pacific.

CSL was also chosen as the broker to issue shares by Bank South Pacific Limited and is assisting Credit Corporation Limited with their share split and registry transfer. CSL has moved to secure a share Registry in PNG with a Joint Venture with Pitcher Partners; Australia's number three Registry Company.

With the advent of new superannuation laws and CSL's registration as an Investment Manager, the company now has in excess of K500 million under management, which includes the National Superannuation Fund. CSL staff numbers have increased to eight to keep up with the increase in business and the change in emphasis to "Investment Managers" and short term money market management. CSL now manages in the order of K44 million in Treasury Bills for various associations and private clients and a further K80 million on behalf of the various "Superfunds". CSL continues to expand with most of the staff being multi skilled and the program of training and educating staff continues as a priority so that all the staff will be interchangeable. Overall 2003 was another expansionary year and we look forward to 2004 – 2005 as a consolidation period to increase value to the group.

**NEW BRITAIN PALM OIL LIMITED AND SUBSIDIARIES**  
**REPORT OF THE DIRECTORS TO THE SHAREHOLDERS**  
**For the Year Ended 31 December 2003**

Your directors take pleasure in presenting their Annual Report, including the financial statements and consolidated financial statements of the Company and its subsidiaries for the year ending 31 December 2003.

**ACTIVITIES**

During the period, the group has continued to grow and process oil palm fresh fruit bunches harvested from its own plantations as well as from surrounding smallholders in West New Britain, Papua New Guinea.

**RESULTS**

Net profit attributable to the shareholders was K76,654,000 (2002: K61,173,000). Equity of the group at the year-end totalled K262,838,000, which was an increase of K24,405,000 over the 2002 year-end total of K238,433,000.

**DIVIDENDS**

During the year the company declared and paid dividends of K0.25 toea and K0.10 toea per share, making a total for the year of K0.35 toea.

**REMUNERATION OF DIRECTORS**

Director's remuneration, including the value of benefits, received during the year, is as follows:

	<b>GROUP AND HOLDING COMPANY</b>	
	<b>2003 K'000</b>	<b>2002 K'000</b>
Tan Sri' Muhammad Ali bin Hj Hashim (resigned 4.10.02)	-	146
Hj Ahamad Mohamad	209	120
J. Maela (resigned 3.6.02)	-	14
N.M. Thompson	894	998
Tan Sri' Dr Arshad Ayub	105	96
Dato Mohd Ismail Che rus (appointed 4.10.02)	105	24
Mrs Winifred Kamit (appointed 4.10.02)	105	24
Sheik Sharufuddin Sheik Mohd (appointed 27.3.03)	81	-

**NEW BRITAIN PALM OIL LIMITED AND SUBSIDIARIES**  
**REPORT OF THE DIRECTORS TO THE SHAREHOLDERS**  
**For the Year Ended 31 December 2003 (cont'd)**

**REMUNERATION OF EMPLOYEES**

The number of employees (not including directors) whose remuneration, including benefits was within the specified bands was as follows: (2002 figures in parenthesis).

Band in Kina	Number	Band in Kina	Number	Band in Kina	Number
K100,000 – 109,999	1 (2)	K110,000 – 119,999	3 (1)	K120,000 – 129,999	1 (2)
K130,000 – 139,999	3 (1)	K140,000 – 149,000	1 (0)	K150,000 – 159,000	1 (0)
K160,000 – 169,999	1 (0)	K170,000 – 179,000	1 (0)	K200,000 – 209,999	0 (1)
K210,000 – 219,999	2 (0)	K220,000 – 229,999	0 (0)	K230,000 – 239,999	0 (1)
K240,000 – 249,999	1 (0)	K250,000 – 259,999	0 (1)	K260,000 – 269,999	0 (2)
K300,000 – 309,999	1 (0)	K310,000 – 319,999	3 (1)	K340,000 – 349,999	0 (1)
K350,000 – 359,999	1 (0)	K360,000 – 369,999	0 (1)	K370,000 – 379,999	1 (3)
K380,000 – 389,999	1 (1)	K390,000 – 399,999	1 (0)	K410,000 – 419,999	0 (1)
K420,000 – 429,999	2 (2)	K440,000 – 449,999	3 (0)	K450,000 – 459,999	1(3)
K460,000 – 469,999	2 (0)	K480,000 – 489,999	2 (3)	K500,000 – 509,999	2 (1)
K510,000 – 519,999	1 (0)	K530,000 – 539,999	0 (1)	K540,000 – 549,999	0 (1)
K570,000 – 579,999	0 (1)	K580,000 – 589,999	1 (0)	K630,000 – 639,999	1 (0)
K680,000 – 689,999	0 (1)	K710,000 – 719,999	0 (1)	K820,000 – 829,999	1 (0)
K830,000 – 839,999	1 (0)				

**INTERESTS REGISTER**

Details of directors' interests in the equity of the company as at the date of this report are as follows:

N.M Thompson 523,000 Fully Paid Ordinary Shares

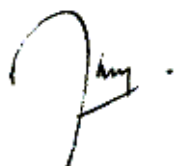
**AUDITORS**

Details of amounts paid to the auditors PricewaterhouseCoopers for the audit and other services are shown in note 3 to the financial statements.

**DONATIONS**

The total amount of donations made by the company and the group is stated in note 3 to the financial statements.

For and on behalf of the Board



Managing Director  
Signed at Mosa, West New Britain



Chairman

2004

**NEW BRITAIN PALM OIL LIMITED AND SUBSIDIARIES  
INDEPENDANT AUDIT REPORT TO THE SHAREHOLDERS  
For the Year Ended 31 December 2003**

**Qualified Audit opinion**

In our opinion,

- a) the financial report of New Britain Palm Oil Limited:
- gives a true and fair view of the financial position of New Britain Palm Oil Limited and the New Britain Palm Oil Group at 31 December 2003 and of their performance for the year ended on that date and
  - except for non-compliance with IAS 41, is presented in accordance with the Companies Act 1997, International Accounting Standards and other generally accepted accounting practice in Papua New Guinea
- b) proper accounting records have been kept by the company as far as appears from our examination of those records and
- c) we have obtained all the information and explanations we have required.

This opinion must be read in conjunction with the qualification paragraph below and the rest of our audit report.

**Qualification – non-compliance with IAS 41: Agriculture**

As stated in note 1(m), the company has not complied with IAS 41: Agriculture. This standard became applicable for accounting periods commencing on or after 1 January 2003. IAS 41 applies to all agricultural activity and, in substance, requires all biological assets and agricultural produce to be measured at fair value, with changes in fair value reported as part of the profit or loss for the period. The implementation of IAS 41 is likely to have a significant impact on the carrying amount of the group's biological assets and its performance as reported in the financial statements. The directors have resolved not to adopt IAS 41 for the reasons set out in note 1(m).

**Scope**

*The financial report and directors' responsibility*

The financial report comprises the balance sheet, income statement, statement of movements in equity, statement of cash flows, and the accompanying notes to the financial statements for both New Britain Palm Oil Limited (the company) and the New Britain Palm Oil Group (the group) for the year ended 31 December 2003. The group comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Companies Act 1997. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial report.

**NEW BRITAIN PALM OIL LIMITED AND SUBSIDIARIES**  
**INDEPENDENT AUDIT REPORT TO THE SHAREHOLDERS (Continued)**  
**For the Year Ending December 2003**

*Audit approach*

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with International Standards on Auditing, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Companies Act 1997, International Accounting Standards and other generally accepted accounting practice in Papua New Guinea, a view which is consistent with our understanding of the company's and the group's financial position and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

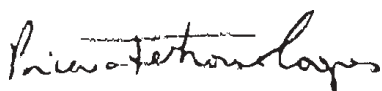
We read the other information in the Annual Report to determine whether it contained any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

**Independence**

In conducting our audit, we followed applicable independence requirements of the Papua New Guinea Institute of Accountants and the Companies Act 1997.



PricewaterhouseCoopers  
By: SC Beach, Partner  
Registered under the Accountants Act 1996  
Port Moresby

Date



**NEW BRITAIN PALM OIL LIMITED AND SUBSIDIARIES**  
**PROFIT AND LOSS ACCOUNTS**  
For the Year Ended 31 December 2003

	Notes	Consolidated		Holding Company	
		2003 K'000	2002 K'000	2003 K'000	2002 K'000
Revenue	2	340,099	296,359	339,028	295,381
Cost of sales		<u>(121,078)</u>	<u>(89,540)</u>	<u>(121,057)</u>	<u>(89,540)</u>
Gross Profit		219,021	206,819	217,971	205,841
Other operating income	2	14,517	1,079	14,397	1,059
Administration and other charges		(34,184)	(29,863)	(33,059)	(28,926)
Distribution Costs		(64,187)	(63,385)	(64,187)	(63,381)
Depreciation and amortisation		<u>(24,349)</u>	<u>(21,108)</u>	<u>(24,270)</u>	<u>(21,070)</u>
Profit from operations	3	110,818	93,542	110,852	93,523
Finance costs		<u>(1,595)</u>	<u>(1,762)</u>	<u>(1,595)</u>	<u>(1,762)</u>
<b>PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX</b>		109,223	91,780	109,257	91,761
Income Tax Expense	4	<u>(32,569)</u>	<u>(30,607)</u>	<u>(32,569)</u>	<u>(30,607)</u>
<b>NET PROFIT FOR THE YEAR</b>		<u><u>76,654</u></u>	<u><u>61,173</u></u>	<u><u>76,688</u></u>	<u><u>61,154</u></u>
<b>Earnings per share</b>	23				
- Basic		K0.64	K0.51		
- Diluted		K0.64	K0.51		

These profit and loss accounts are to be read in conjunction with the notes on pages 22 to 32.

**NEW BRITAIN PALM OIL LIMITED AND SUBSIDIARIES**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the Year Ended 31 December 2003**

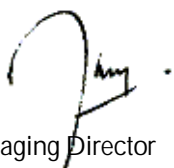
<b>Consolidated</b>	<b>Notes</b>	<b>Issued Capital K'000</b>	<b>Treasury Shares K'000</b>	<b>Reserves K'000</b>	<b>Retained Earnings K'000</b>	<b>Total K'000</b>
Balance at 1 January 2002						
As previously shown		30,000	(705)	856	180,656	210,807
Change in accounting policy	1(l)	-	-	-	(1,820)	(1,820)
As restated		<u>30,000</u>	<u>(705)</u>	<u>856</u>	<u>178,836</u>	<u>208,987</u>
Treasury shares allocated		-	10	-	-	10
Movement in reserves		-	-	6,510	-	6,510
Net profit for the period		-	-	-	61,173	61,173
Dividends paid	5	-	-	-	(38,247)	(38,247)
<b>Balance at 31 December 2002</b>		<u><u>30,000</u></u>	<u><u>(695)</u></u>	<u><u>7,366</u></u>	<u><u>201,762</u></u>	<u><u>238,433</u></u>
As previously shown		30,000	(695)	7,366	210,410	247,081
Change in accounting policy	1(l)	-	-	-	(8,648)	(8,648)
As restated		<u>30,000</u>	<u>(695)</u>	<u>7,366</u>	<u>201,762</u>	<u>238,433</u>
Treasury shares allocated		-	(2)	-	-	(2)
Movement in reserves		-	-	(10,414)	-	(10,414)
Net profit for the period		-	-	-	76,654	76,654
Dividends paid	5	-	-	-	(41,833)	(41,833)
<b>Balance at 31 December 2003</b>		<u><u>30,000</u></u>	<u><u>(697)</u></u>	<u><u>(3,048)</u></u>	<u><u>236,583</u></u>	<u><u>262,838</u></u>
<b>Company</b>						
<b>Balance at 1 January 2002</b>						
As previously shown		30,000	-	(222)	180,545	210,323
Change in accounting policy	1(l)	-	-	-	(1,820)	(1,820)
As restated		<u>30,000</u>	<u>-</u>	<u>(222)</u>	<u>178,725</u>	<u>208,503</u>
Movement in reserves		-	-	1,044	-	1,044
Net profit for the period		-	-	-	61,154	61,154
Dividends paid	5	-	-	-	(38,400)	(38,400)
<b>Balance at 31 December 2002</b>		<u><u>30,000</u></u>	<u><u>-</u></u>	<u><u>822</u></u>	<u><u>201,479</u></u>	<u><u>232,301</u></u>
As previously shown		30,000	-	822	210,127	240,949
Change in accounting policy	1(l)	-	-	-	(8,648)	(8,648)
As restated		<u>30,000</u>	<u>-</u>	<u>822</u>	<u>201,479</u>	<u>232,301</u>
Movement in reserves		-	-	(8,542)	-	(8,542)
Net profit for the period		-	-	-	76,688	76,688
Dividends paid	5	-	-	-	(42,000)	(42,000)
<b>Balance at 31 December 2003</b>		<u><u>30,000</u></u>	<u><u>-</u></u>	<u><u>(7,720)</u></u>	<u><u>236,167</u></u>	<u><u>258,447</u></u>

These statements of changes in equity are to be read in conjunction with the notes on pages 22 to 32.

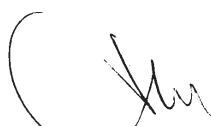
**NEW BRITAIN PALM OIL LIMITED AND SUBSIDIARIES**  
**BALANCE SHEETS**  
**As at 31 December 2003**

	Notes	Consolidated		Holding company	
		2003 K'000	2002 K'000	2003 K'000	2002 K'000
<b>NON CURRENT ASSETS</b>					
Buildings, plant and equipment	10	195,058	170,209	193,105	168,124
Plantations	11	87,435	71,802	87,435	71,802
Investments	6	5,333	7,132	1,008	1,008
		<u>287,826</u>	<u>249,143</u>	<u>281,548</u>	<u>240,934</u>
<b>CURRENT ASSETS</b>					
Cash and bank balances		13,357	2,339	11,720	1,146
Client cash at bank		47,068	16,751	-	-
Trade and other debtors	7	43,974	72,630	43,742	72,328
Inventories	8	51,621	41,497	49,851	40,049
Income tax recoverable		2,716	-	2,716	-
Amounts owed by group companies	14	-	-	5,759	5,091
		<u>158,736</u>	<u>133,217</u>	<u>113,788</u>	<u>118,614</u>
<b>TOTAL ASSETS</b>		<u>446,562</u>	<u>382,360</u>	<u>395,336</u>	<u>359,548</u>
<b>NON CURRENT LIABILITIES</b>					
Bank loans	13	24,654	55,358	24,654	55,358
Deferred taxation	4	62,098	49,192	62,098	49,192
		<u>86,752</u>	<u>104,550</u>	<u>86,752</u>	<u>104,550</u>
<b>CURRENT LIABILITIES</b>					
Bank loans and overdraft	9	10,784	7,028	10,784	6,905
Client funds		47,068	16,751	-	-
Trade and other creditors	12	24,660	11,642	24,893	11,835
Income tax payable		-	3,956	-	3,957
Dividend payable		14,460	-	14,460	-
		<u>96,972</u>	<u>39,377</u>	<u>50,137</u>	<u>22,697</u>
<b>TOTAL LIABILITIES</b>		<u>183,724</u>	<u>143,927</u>	<u>136,889</u>	<u>127,247</u>
<b>NET ASSETS</b>		<u>262,838</u>	<u>238,433</u>	<u>258,447</u>	<u>232,301</u>
<b>SHAREHOLDERS' EQUITY</b>					
Issued capital	15	30,000	30,000	30,000	30,000
Reserves	16	(3,048)	7,366	(7,720)	822
Retained earnings		236,583	201,762	236,167	201,479
Treasury shares	17	(697)	(695)	-	-
		<u>262,838</u>	<u>238,433</u>	<u>258,447</u>	<u>232,301</u>

For, and on behalf of, the board



Managing Director



Chairman

Mosa, West New Britain  
2004

These balance sheets are to be read in conjunction with the notes on pages 22 to 32.

**NEW BRITAIN PALM OIL LIMITED AND SUBSIDIARIES**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended 31 December 2003

	Consolidated		Holding Company	
	2003	2002	2003	2002
	K'000	K'000	K'000	K'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Receipts from customers	375,199	274,235	374,037	273,237
Payments to suppliers and employees	(233,783)	(198,258)	(232,854)	(197,841)
Income tax paid	(23,685)	(14,117)	(23,685)	(14,117)
Interest paid	(1,595)	(1,762)	(1,595)	(1,762)
Interest received	1,905	634	1,799	614
<b>Net cash flows from operating activities</b>	<b>118,041</b>	<b>60,732</b>	<b>117,702</b>	<b>60,131</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of fixed assets	-	801	-	801
Decrease in investments	24	51	-	-
Purchase of fixed assets	(44,123)	(46,900)	(44,162)	(46,470)
Plantation development expenditure	(20,829)	(12,694)	(20,829)	(12,694)
<b>Net cash used in investing activities</b>	<b>(64,928)</b>	<b>(58,742)</b>	<b>(64,991)</b>	<b>(58,363)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds of bank loans	-	34,387	-	34,387
Bank loan repayment	(7,692)	-	(7,692)	-
Treasury shares sold (acquired)	(2)	10	-	-
Dividends paid	(27,373)	(38,247)	(27,540)	(38,400)
<b>Net cash used in financing activities</b>	<b>(35,067)</b>	<b>(3,850)</b>	<b>(35,232)</b>	<b>(4,013)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>18,046</b>	<b>(1,860)</b>	<b>17,479</b>	<b>(2,245)</b>
Add cash brought forward	(4,689)	(2,829)	(5,759)	(3,514)
<b>CASH CARRIED FORWARD</b>	<b>13,357</b>	<b>(4,689)</b>	<b>11,720</b>	<b>(5,759)</b>
<b>CASH COMPRISES</b>				
Cash and bank balances	13,357	2,339	11,720	1,146
Bank overdraft	-	(7,028)	-	(6,905)
	<b>13,357</b>	<b>(4,689)</b>	<b>11,720</b>	<b>(5,759)</b>

These statements of cash flows are to be read in conjunction with the notes on pages 22 to 32.

**NEW BRITAIN PALM OIL LIMITED AND SUBSIDIARIES**  
**STATEMENT OF CASH FLOWS (continued)**  
**For the Year Ended 31 December 2003**

**RECONCILIATION OF NET PROFIT AFTER TAXATION**  
**TO CASH FLOW FROM OPERATING ACTIVITIES**

	Consolidated		Holding Company	
	2003	2002	2003	2002
	K'000	K'000	K'000	K'000
<b>Report Net Profit after Taxation</b>	76,654	61,173	76,688	61,154
Add/(less) non-cash items:				
Depreciation and amortisation	24,349	21,108	24,270	21,070
Net loss/(profit) on sale of fixed assets	(32)	-	(32)	-
Non-cash adjustments to fixed assets	153	-	-	-
Unrealised foreign exchange (gains)/loss	(12,228)	-	(12,214)	-
Increase/(decrease) in stock provision	-	-	-	-
Prior year adjustment	-	6,828	-	6,828
Add/(less) movements in working capital items:				
(Decrease)/increase in amounts due to related companies	-	-	(668)	(1,097)
Decrease/(increase) in trade and other debtors	28,656	(46,986)	28,586	(47,042)
(Decrease)/increase in current tax payable	(6,672)	1,634	(6,672)	1,634
Increase/(decrease) in deferred taxation	16,448	16,913	16,448	16,913
Increase in creditors and provisions	837	2,703	1,122	2,724
Decrease/(Increase) in inventories	(10,124)	(2,641)	(9,802)	(2,053)
<b>Net Cash Flow from Operating Activities</b>	<u>118,041</u>	<u>60,732</u>	<u>117,726</u>	<u>60,131</u>

These statements of cash flows are to be read in conjunction with the notes on pages 22 to 32.

**NEW BRITAIN PALM OIL LIMITED AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ending 31 December 2003**

**1. STATEMENT OF ACCOUNTING POLICIES**

The company is incorporated in Papua New Guinea and all amounts are expressed in Papua New Guinea Kina rounded to the nearest thousand Kina.

These financial statements are presented in accordance with the Papua New Guinea Companies Act 1997 and, except for non-compliance with IAS 41, comply with applicable International Accounting Standards and other generally accepted accounting practice in Papua New Guinea.

The group financial statements comprise the consolidated financial statements of the company and its subsidiaries as set out in Note 6.

**(a) Basis of accounting**

The accounts have been prepared on the basis of historical costs and except where stated, do not take into account current valuations of non-current assets.

**(b) Consolidation**

The consolidated accounts include the accounts of the company and its subsidiaries accounted for using the purchase method. These subsidiaries are listed in note 6. The assets and liabilities of the self-sustaining overseas controlled entity, Dami Australia Pty Limited, are translated at exchange rates existing at balance date and the exchange gain or loss arising on translation is carried directly to a foreign currency translation reserve. All material inter-company accounts and transactions are eliminated on consolidation.

**(c) Plantations, property, plant and equipment**

Plantation development expenditure and leasehold buildings and services acquired prior to 1 January 1985 and plant and machinery acquired prior to 1 January 1984 are recorded at directors' valuation. All other property, plant and equipment is recorded at cost less accumulated depreciation. All costs directly relating to plantation development are capitalised until such time as the oil palms reach maturity, at which point all further costs are expensed and amortisation commences.

Where the carrying value of an item of property, plant and equipment is greater than its recoverable amount the asset is written down to its recoverable amount.

**(d) Depreciation and amortisation**

All fixed assets with the exception of capital work in progress, are depreciated on a straight line basis over their estimated useful lives which are as follows:

	Useful lives (years)
Mature oil palm plantations	17
Leasehold buildings & services	4 - 33
Plant & machinery	10 - 15
Motor vehicles	3 - 5
Furniture & equipment	5 - 15

Profits and losses on disposal of property, plant and equipment are taken into account in determining the result for the year.

**(e) Stocks**

Stocks comprise palm produce, nursery and seed stocks, spare parts and consumables and livestock. Stocks are stated at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring or producing the stock and bringing it to its existing location and condition.

Stocks of palm produce comprise processed and refined palm oil products in tanks awaiting shipment at balance date. No value is ascribed to unprocessed fruit or produce in process. Cost comprises the cost of fruit into the production process, together with direct materials and labour and an appropriate proportion of fixed and variable overheads relating to the milling and refining processes.

In respect of nursery and seed stocks, cost includes direct materials and labour plus an appropriate proportion of fixed and variable overheads.

In respect of livestock, cost is calculated as the average value of livestock at the beginning of the period plus purchases and natural increases during the period. Natural increases are valued at the attributable value accepted by the taxation authorities.

**NEW BRITAIN PALM OIL LIMITED AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ending 31 December 2003**

**1. STATEMENT OF ACCOUNTING POLICIES (continued)**

**(f) Hedges**

Derivative financial instruments are initially recognised at cost and subsequently are remeasured at their fair value. All gains and losses relating to highly effective cash flow hedges on palm produce are recognised in the hedge reserve in equity and are transferred to the income statement in the period when the hedged transaction affects the income statement.

**(g) Income tax**

The company recognises deferred taxes for all deductible and taxable temporary differences between the value for income tax purposes of assets and liabilities at balance date and their corresponding book values, on the basis of the tax rates expected to apply when these differences are extinguished. Deferred tax assets arising from deductible temporary differences and any tax losses carried forward are recognised to the extent that it is probable that they can be utilised against future taxable profit.

**(h) Foreign currency**

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Assets and liabilities in foreign currencies are translated to local currency at rates of exchange ruling at balance date. Gains or losses arising from exchange fluctuations are brought to account in the determination of the results for the period.

**(i) Revenue**

Sales revenue represents revenue earned from the sales of the group's products, net of returns, trade allowances and duties and taxes paid. Revenue is recognised when there has been a passing of title and risk to the customer, and:

- The produce is in a form suitable for delivery and sale and no further processing is required;
- The quantity and quality of the product can be determined with reasonable accuracy;
- The product has been despatched to the customer and is no longer under the physical control of the group (or property in the product has earlier passed to the customer); and
- The selling price can be determined with reasonable accuracy.

**(j) Comparative figures**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

**(k) Cash flows**

For the purpose of the statements of cash flows, cash includes cash on hand and deposits held at call or short term maturity with banks, net of bank overdrafts.

**(l) Changes in accounting policy**

During 2003 the Group has changed its accounting policy in respect of revenue recognition for palm produce. Previously revenue was recognised at the point when the produce was ready for delivery under irrevocable sales contracts. Palm produce on hand in tanks at balance date was recognised within receivables and valued at the selling prices of irrevocable sales contracts.

For 2003, revenue is now recognised when there has been a passing of title and risk to the customer and the product is no longer under the physical control of the producer (or property in the product has earlier passed to the customer). Palm produce on hand in tanks at balance date is now recognised in stocks and measured at the lower of cost and net realisable value.

This change in accounting policy, which was made to bring the group more in line with IAS 18 Revenue, has been applied on a retrospective basis, and comparative periods have been restated accordingly. The impact of this change in accounting policy is to increase operating profit after tax by K3,733,000 (2002: decrease K6,828,000), with a decrease in equity at 1 January 2001 and 2002 of K1,820,000 and K8,648,000 respectively.

**NEW BRITAIN PALM OIL LIMITED AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ending 31 December 2003

**1. STATEMENT OF ACCOUNTING POLICIES (continued)**

**(m) Non-compliance with IAS 41**

IAS 41 Agriculture became applicable for accounting periods commencing on or after 1 January 2003. IAS 41 applies to all agricultural activity and, in substance, requires all biological assets and agricultural produce to be measured at fair value. The Directors have resolved not to comply with IAS 41 for the December 2003 financial statements on the basis that:

- The adoption of IAS 41 and the fair value measurement basis for biological assets and agricultural produce has not yet become generally accepted practice in the palm oil sector, either in Papua New Guinea or Malaysia, the country where the parent entity is based and where the majority of global palm oil activity takes place
- It is not considered possible to determine variables such as palm oil prices, exchange rates and production yields over the productive life of oil palms with sufficient reliability, particularly in the absence of generally accepted palm oil industry practice,
- Without sufficiently reliable variables, the valuation exercise is affected which in turn can lead to significant fluctuations in accounting valuations and profitability whilst bearing no relation to the company's actual financial performance by unnecessarily overstating profit and losses,
- The Directors do not believe that presenting the financial statements on the basis of IAS 41 at this time for long term perennial tree crops like oil palm will provide information that is more relevant, useful and understandable to the users of the financial statements than under the current basis of accounting.

**2. REVENUE**

	Consolidated		Holding Company	
	2003	2002	2003	2002
	K'000	K'000	K'000	K'000
<b>Operating revenue</b>				
Sales revenue	340,099	296,359	339,028	295,381
	<u>340,099</u>	<u>296,359</u>	<u>339,028</u>	<u>295,381</u>
<b>Other operating income</b>				
Interest	1,905	634	1,799	614
Foreign exchange gain	12,228	-	12,214	-
Other income	384	445	384	445
	<u>14,517</u>	<u>1,079</u>	<u>14,397</u>	<u>1,059</u>

**3. OPERATING PROFIT**

Operating profit has been determined after charging/(crediting)

Provision for doubtful debts	416	400	416	400
Loss/(profit) on disposal of fixed assets	(32)	(1,039)	(32)	(1,039)
Foreign exchange loss (gain)	(12,228)	4,039	(12,214)	4,039
Staff Costs	26,513	23,902	25,812	23,317
Donations	2,119	2,028	2,119	2,028
Auditors remuneration - Audit	163	184	163	184
- Other services	131	133	131	133
	<u>131</u>	<u>133</u>	<u>131</u>	<u>133</u>



**NEW BRITAIN PALM OIL LIMITED AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**4. INCOME TAX**

	Consolidated		Holding Company	
	2003	2002	2003	2002
	K'000	K'000	K'000	K'000
<b>Income Tax Expense</b>				
Current tax	20,035	18,683	20,035	18,683
Deferred tax (movement for the year)	12,906	13,207	12,906	13,207
Under/(Over) provision in prior years	(372)	(1,283)	(372)	(1,283)
	<u>32,569</u>	<u>30,607</u>	<u>32,569</u>	<u>30,607</u>

The income tax expense has been calculated as follows:

Profit for the year	<u>109,223</u>	<u>91,780</u>	<u>109,257</u>	<u>91,761</u>
Income tax on the profit for the period at 30% (2002 25%)	32,767	22,945	32,777	22,941
Tax effect of permanent differences:				
Non-deductible items	25	(19)	25	(19)
Tax effect on change in tax rate	-	8,197	-	8,197
Non-taxable incomes	-	-	-	-
Other items	149	767	139	771
Over provision in prior years	(372)	(1,283)	(372)	(1,283)
Income tax expense	<u>32,569</u>	<u>30,607</u>	<u>32,569</u>	<u>30,607</u>

**Deferred Tax Provision**

Balance brought forward	(49,192)	(35,985)	(49,192)	(35,985)
Movement for the year	<u>(12,906)</u>	<u>(13,207)</u>	<u>(12,906)</u>	<u>(13,207)</u>
Balance carried forward	<u>(62,098)</u>	<u>(49,192)</u>	<u>(62,098)</u>	<u>(49,192)</u>

This balance comprises the tax effect of:

Accruals	235	6,549	235	6,549
Hedge liability	12,181	-	12,181	-
Provisions	416	485	416	485
Consumables	(21,717)	(23,685)	(21,717)	(23,685)
Stock valuation differentials	(8,046)	(19,292)	(8,046)	(19,292)
Prepayments	(766)	(851)	(766)	(851)
Unrealised foreign exchange gains	(6,127)	6,647	(6,127)	6,647
Excess tax depreciation	(183,168)	(133,827)	(183,168)	(133,827)
	<u>(206,992)</u>	<u>(163,974)</u>	<u>(206,992)</u>	<u>(163,974)</u>
Tax Effect at 30%	<u>(62,098)</u>	<u>(49,192)</u>	<u>(62,098)</u>	<u>(49,192)</u>

**5. DIVIDENDS PAID AND DECLARED**

Final - prior year	29,881	14,343	30,000	14,400
Interim - current year	<u>11,952</u>	<u>23,904</u>	<u>12,000</u>	<u>24,000</u>
	<u>41,833</u>	<u>38,247</u>	<u>42,000</u>	<u>38,400</u>

Dividends paid on Treasury Shares held by a subsidiary are eliminated on consolidation (refer note 17).

**NEW BRITAIN PALM OIL LIMITED AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**6. INVESTMENTS**

	2003 K'000	2002 K'000
<b>Consolidated</b>		
Listed equities at market value	91	115
Investment in joint venture at equity value (note 24)	4,702	6,477
Investment in Port Moresby Stock Exchange	540	540
	<u>5,333</u>	<u>7,132</u>

**Holding Company**

The holding company's investment in subsidiaries comprises:

Shares at cost	<u>1,008</u>	<u>1,008</u>
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	Percentage Shareholding	Country of Incorporation
Dami Australia Pty Limited	100	Australia
Capital Stockbrokers Limited	100	PNG
New Britain Nominees Limited	100	PNG

**7. TRADE AND OTHER DEBTORS**

	Consolidated		Holding Company	
	2003 K'000	2002 K'000	2003 K'000	2002 K'000
Trade debtors	33,891	66,702	33,862	66,702
Provision for doubtful debts	(416)	(440)	(416)	(440)
Other debtors	9,004	4,468	8,821	4,310
Prepayments	1,495	1,772	1,475	1,756
Debtors under share purchase plan	-	128	-	-
	<u>43,974</u>	<u>72,630</u>	<u>43,742</u>	<u>72,328</u>

**8. INVENTORIES**

Palm oil products	21,971	18,429	21,971	18,429
Livestock	246	317	246	317
Produce stocks	50	109	50	109
Nursery and seed stocks	1,817	2,769	47	1,321
Stores and sundry stocks	5,586	5,360	5,586	5,360
Spare parts	21,951	14,513	21,951	14,513
Provision for Obsolescence	-	-	-	-
	<u>51,621</u>	<u>41,497</u>	<u>49,851</u>	<u>40,049</u>

**9. BANK LOAN AND OVERDRAFT**

Bank loan (note 13)	10,784	-	10,784	-
Bank overdraft	-	7,028	-	6,905
	<u>10,784</u>	<u>7,028</u>	<u>10,784</u>	<u>6,905</u>

**NEW BRITAIN PALM OIL LIMITED AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. BUILDINGS, PLANT and EQUIPMENT**

	Land and Buildings K'000	Plant and Equipment K'000	Capital WIP K'000	Total K'000
<b>Consolidated</b>				
<b>31 December 2003</b>				
Opening net book amount	83,630	34,114	52,465	170,209
Additions	16,377	37,397	44,162	97,936
Disposals/Adjustments	-	19	-	19
Transfers	(40)	(140)	(53,773)	(53,953)
Depreciation	(3,929)	(15,224)	-	(19,153)
Closing net book amount	<u>96,038</u>	<u>56,166</u>	<u>42,854</u>	<u>195,058</u>
At cost	121,479	154,279	42,854	318,612
At valuation	13,825	5,649	-	19,474
Accumulated depreciation	<u>(39,266)</u>	<u>(103,762)</u>	<u>-</u>	<u>(143,028)</u>
	<u>96,038</u>	<u>56,166</u>	<u>42,854</u>	<u>195,058</u>
<b>31 December 2002</b>				
Opening net book amount	78,617	37,982	23,621	140,220
Additions	8,994	9,226	47,060	65,280
Disposals/Adjustments	(332)	354	-	22
Transfers	-	-	(18,216)	(18,216)
Depreciation	(3,649)	(13,448)	-	(17,097)
Closing net book amount	<u>83,630</u>	<u>34,114</u>	<u>52,465</u>	<u>170,209</u>
At cost	105,142	116,942	52,465	274,549
At valuation	13,825	5,649	-	19,474
Accumulated depreciation	<u>(35,337)</u>	<u>(88,477)</u>	<u>-</u>	<u>(123,814)</u>
	<u>83,630</u>	<u>34,114</u>	<u>52,465</u>	<u>170,209</u>
<b>Company</b>				
<b>31 December 2003</b>				
Opening net book amount	81,722	33,937	52,465	168,124
Additions	16,377	37,320	44,162	97,859
Disposals/Adjustments	-	(31)	-	(31)
Transfers	-	-	(53,773)	(53,773)
Depreciation	(3,929)	(15,145)	-	(19,074)
Closing net book amount	<u>94,170</u>	<u>56,081</u>	<u>42,854</u>	<u>193,105</u>
At cost	119,604	154,039	42,854	316,497
At valuation	13,825	5,649	-	19,474
Accumulated depreciation	<u>(39,259)</u>	<u>(103,607)</u>	<u>-</u>	<u>(142,866)</u>
	<u>94,170</u>	<u>56,081</u>	<u>42,854</u>	<u>193,105</u>
<b>31 December 2002</b>				
Opening net book amount	76,191	38,693	23,622	138,506
Additions	8,994	9,207	47,041	65,242
Disposals/Adjustments	187	(554)	-	(367)
Transfers	-	-	(18,198)	(18,198)
Depreciation	(3,650)	(13,409)	-	(17,059)
Closing net book amount	<u>81,722</u>	<u>33,937</u>	<u>52,465</u>	<u>168,124</u>
At cost	103,227	116,545	52,465	272,237
At valuation	13,825	5,649	-	19,474
Accumulated depreciation	<u>(35,330)</u>	<u>(88,257)</u>	<u>-</u>	<u>(123,587)</u>
	<u>81,722</u>	<u>33,937</u>	<u>52,465</u>	<u>168,124</u>

**NEW BRITAIN PALM OIL LIMITED AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. PLANTATIONS**

	Mature K'000	Immature K'000	Total K'000
<b>Consolidated</b>			
<b>31 December 2003</b>			
Opening net book amount	48,369	23,433	71,802
Additions	14,630	20,829	35,459
Disposals/Adjustments	-	-	-
Transfers	-	(14,630)	(14,630)
Depreciation/amortisation	(5,196)	-	(5,196)
Closing net book amount	<u>57,803</u>	<u>29,632</u>	<u>87,435</u>
At cost	90,857	29,632	120,489
At valuation	6,566	-	6,566
Accumulated depreciation	<u>(39,620)</u>	<u>-</u>	<u>(39,620)</u>
	<u>57,803</u>	<u>29,632</u>	<u>87,435</u>
<b>31 December 2002</b>			
Opening net book amount	45,762	17,320	63,082
Additions	6,618	12,732	19,350
Disposals/Adjustments	-	-	-
Transfers	-	(6,619)	(6,619)
Depreciation/amortisation	(4,011)	-	(4,011)
Closing net book amount	<u>48,369</u>	<u>23,433</u>	<u>71,802</u>
At cost	76,228	23,433	99,661
At valuation	6,566	-	6,566
Accumulated depreciation	<u>(34,425)</u>	<u>-</u>	<u>(34,425)</u>
	<u>48,369</u>	<u>23,433</u>	<u>71,802</u>
<b>Company</b>			
<b>31 December 2003</b>			
Opening net book amount	48,369	23,433	71,802
Additions	14,630	20,829	35,459
Disposals/Adjustments	-	-	-
Transfers	-	(14,630)	(14,630)
Depreciation	(5,196)	-	(5,196)
Closing net book amount	<u>57,803</u>	<u>29,632</u>	<u>87,435</u>
At cost	90,857	29,632	120,489
At valuation	6,566	-	6,566
Accumulated depreciation	<u>(39,620)</u>	<u>-</u>	<u>(39,620)</u>
	<u>57,803</u>	<u>29,632</u>	<u>87,435</u>
<b>31 December 2002</b>			
Opening net book amount	45,762	17,320	63,082
Additions	6,618	12,732	19,350
Disposals/Adjustments	-	(6,619)	(6,619)
Transfers	-	-	-
Depreciation	(4,011)	-	(4,011)
Closing net book amount	<u>48,369</u>	<u>23,433</u>	<u>71,802</u>
At cost	76,228	23,433	99,661
At valuation	6,566	-	6,566
Accumulated depreciation	<u>(34,425)</u>	<u>-</u>	<u>(34,425)</u>
	<u>48,369</u>	<u>23,433</u>	<u>71,802</u>

**NEW BRITAIN PALM OIL LIMITED AND SUBSIDIARIES**  
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**12. TRADE AND OTHER CREDITORS**

	Consolidated		Holding Company	
	2003	2002	2003	2002
	K'000	K'000	K'000	K'000
Trade creditors	5,020	2,532	5,020	2,532
Accruals	6,978	8,321	7,214	8,526
Clearing accounts	481	789	478	777
Hedge liabilities	12,181	-	12,181	-
	<u>24,660</u>	<u>11,642</u>	<u>24,893</u>	<u>11,835</u>

**13. BANK LOAN**

Current (note 9)	10,784	-	10,784	-
Non Current	<u>24,654</u>	<u>55,358</u>	<u>24,654</u>	<u>55,358</u>
Total bank loan	<u>35,438</u>	<u>55,358</u>	<u>35,438</u>	<u>55,358</u>

The company received a loan of US\$13 million from the ANZ Banking Group, of which US\$2.2 million was repaid in 2003. Further repayments will commence in September 2004, with full repayment due by December 2006. Interest is charged at approximately 3.49%.

**14. OWING TO GROUP COMPANIES**

All balances owing to or from group companies have been eliminated on consolidation.

**15. ISSUED CAPITAL**

120 million issued and fully paid shares	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>
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**16. RESERVES**

**Foreign currency translation reserve**

Balance brought forward	67	138	-	-
Movement in the year	<u>(97)</u>	<u>(71)</u>	<u>-</u>	<u>-</u>
Balance carried forward	<u>(30)</u>	<u>67</u>	<u>-</u>	<u>-</u>

**Capital redemption reserve**

Balance brought forward and carried forward	<u>17</u>	<u>17</u>	<u>17</u>	<u>17</u>
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**Hedge reserve**

Balance brought forward	15	(1,029)	15	(1,029)
Movement in the year	<u>(8,542)</u>	<u>1,044</u>	<u>(8,542)</u>	<u>1,044</u>
Balance carried forward	<u>(8,527)</u>	<u>15</u>	<u>(8,527)</u>	<u>15</u>

**Asset revaluation reserve**

Balance brought forward	7,267	1,730	790	790
Movement in the year	<u>(1,775)</u>	<u>5,537</u>	<u>-</u>	<u>-</u>
Balance carried forward	<u>5,492</u>	<u>7,267</u>	<u>790</u>	<u>790</u>

**Total reserves**

	<u>(3,048)</u>	<u>7,366</u>	<u>(7,720)</u>	<u>822</u>
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The movement in asset revaluation reserve arose as a result of the revaluation of Dami Australia Pty Ltd's share of a joint venture producing oil palm seeds in Indonesia (refer note 24).

**NEW BRITAIN PALM OIL LIMITED AND SUBSIDIARIES**  
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**17. TREASURY SHARES**

	<b>Consolidated</b>	
	<b>2003</b>	<b>2002</b>
	<b>K'000</b>	<b>K'000</b>
Treasury Shares	<u>697</u>	<u>695</u>

New Britain Nominees Limited, a wholly owned subsidiary of New Britain Palm Oil Limited, acts as the legal entity through which the New Britain Share Ownership Plan is operated. The purpose of the plan is to provide an opportunity for employees, smallholders and landowners to acquire shares in New Britain Palm Oil Limited so that they will have a direct interest and benefit in the future growth and prosperity of the company.

At 31 December 2003, New Britain Nominees Limited held 477,435 shares in New Britain Palm Oil Limited (2002:477,435). The acquisition of these shares has been funded by an interest free loan to the company by New Britain Palm Oil Limited.

Any dividends received by New Britain Nominees Limited on shares which have not been allocated are applied to reduce the loan from New Britain Palm Oil Limited. During the year this amounted to K167,000 (2002:K153,000).

**18. RELATED PARTY TRANSACTIONS**

All related party transactions were on normal commercial terms and conditions. The group's immediate holding company is Kulim (Malaysia) Berhad, a company incorporated in Malaysia. The ultimate holding company is Johor Corporation (Malaysia).

Expenses and/or commissions charged by related parties for marketing and agricultural consultancy services to the group amounted to approximately K 29,600 (2002: KNil)

**19. RETIREMENT BENEFITS**

The group participates in a defined contribution retirement benefit plan for senior staff and workers. Contributions based on a percentage of members' salary are received from both the member and the employer. Employer contributions recognised as an expense during the year amounted to K1,186,214 (2002: K1,000,157).

The group also participates in the National Provident Fund of Papua New Guinea in respect of its national employees. Employer contributions during the year amounted to K 590,962 (2002: K540,232).

**20. COMMITMENTS**

**(a) Hedge commitments**

The Company enters into hedge contracts for the purchase and sale of Malaysian/Sumatran palm oil to guarantee a minimum price for the sale of its own palm oil for which there is no forward market and to close out positions previously taken. The company does not produce Malaysian/Sumatran palm oil. At year end the following outstanding hedge contracts were in place:

	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
CPO (sell)	39,750	26,250	404	444
CPO (buy)	12,250	7,500	464	407
PKO (buy)	-	500	-	465
RBDOL (sell)	29,000	4,500	451	461
RBDOL (buy)	11,000	-	434	-

As all hedge transactions are regarded as being highly effective, all gains and losses relating to their remeasurement to fair value are recognised in the hedge reserve and are subsequently brought to account in the profit and loss account in the same period as the transactions to which the hedges relate.

**NEW BRITAIN PALM OIL LIMITED AND SUBSIDIARIES**  
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**(b) Capital commitments**

The holding company and the group have commitments for future capital expenditure at 31 December 2003 amounting to K12.15m (2002: K14.9m)

**21. FINANCIAL INSTRUMENTS**

**(a) Financial instruments**

The group's financial instruments include cash and cash equivalents, receivables, accounts payable, borrowings and commodity hedges.

**(b) Financial risk management**

The group's activities expose it to a variety of financial risks, including the effects of changes in market prices, foreign currency exchange rates and interest rates. The group monitors these financial risks and seeks to minimise the potential adverse effects on the financial performance of the group. The group does not use any derivative financial instruments to hedge these exposures.

**(c) Foreign exchange risk**

The group undertakes transactions denominated in foreign currencies from time to time and resulting from these activities, exposures in foreign currencies arise. The group's sales are predominantly denominated in US dollars and the group also has US dollar denominated loans and other liabilities. It is not the group's policy to hedge these foreign currency risks.

**(d) Interest rate risk**

The group has variable rate borrowings that are used to fund ongoing activities, and accordingly the company's income and cash flows are exposed to changes in market interest rates.

**(e) Credit risk**

The group has no significant concentrations of credit risk. The group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and that limits the amount of credit exposure to any one financial institution.

**(f) Liquidity risk**

The group aims to prudently manage liquidity risk by maintaining sufficient cash and other liquid assets or the availability of funding through uncommitted credit facilities.

**(g) Fair value estimation**

Commodity hedges are measured at fair value. The face values less any estimated credit adjustments for all other financial assets and liabilities are assumed to approximate their fair values.

**22. EMPLOYEES**

The average number of people employed by the group during the year was 6,214 (2002: 5,393).

**23. EARNINGS PER SHARE**

	<b>Consolidated</b>	
	<b>2003</b>	<b>2002</b>
	<b>Toea</b>	<b>Toea</b>
Basic earnings per share	63.9	51.0
Diluted earnings per share	63.9	51.0

**NEW BRITAIN PALM OIL LIMITED AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**24. INTERESTS IN JOINT VENTURES**

The group has a 50% interest in PT Damitama mas Sejahtera, a company established in Indonesia to produce seeds for sale to third parties. The group has contributed seed material as its contribution to the joint venture, and has no further financial commitment. All other development costs have been met by the other joint venture participant. The joint venture commenced commercial seed production in 2003. The group's share of the operating result of the joint venture has not been recognised in the income statement as it is not material.

The investment has been revalued in the accounts at K4,702,000 (2002: K6,477,000) to equal the group's 50% share in the net assets of the joint venture based on the latest available management accounts as at 30 November 2003.

The net assets are represented by:

	<b>2003</b>	<b>2002</b>
	<b>K'000</b>	<b>K'000</b>
Share of turnover	379	0
Share of other income	143	0
Share of expenses	(676)	(93)
	<b>(154)</b>	<b>(93)</b>
Share of total assets	4,786	6,498
Share of liabilities	(84)	(21)
	<b>4,702</b>	<b>6,477</b>

**25. ATTENDANCE AT MEETINGS**

The Directors attended meetings held during the year 2003 as shown below:

**Board meetings**

Name	No of meetings Eligible to attend	No of meetings attended
Ahamad Mohamad	4	4
Tan Sri' Dr. Arshad Ayub	4	4
Nicholas Mark Thompson	4	4
Dato Mohd Ismail Che rus	4	4
Winifred Kamit	4	3
Sheik Sharafuddin Sheik Mohd	4	4

**Audit committee meetings**

Tan Sri' Dr. Arshad Ayub	2	2
Ahamad Mohamad	2	2
Winifred Kamit	2	2

**Nomination Committee**

Ahamad Mohamad	1	1
Tan Sri' Datule Arshad Ayub	1	1
Winifred Kamit	1	1



## New Britain Palm Oil Foundation Ltd

The NBPOL Foundation was set up in 1998 under deed with the primary objectives of assisting communities in the areas of health and education.

The income of the Foundation during the year was primarily from an annual NBPOL grant, share earnings and interest. It made a total donation of K338,255.73 bringing the total donation to K2 million since its establishment.

The 2003 donations are:

- Prescribed Textbooks for Hoskins Secondary School
- School desks for Marapu and Waisisi Primary Schools
- A Patrol van for the Rural Police based in Buluma
- Teacher's house at Lavege

*Students at Hoskins Secondary High School display the textbooks donated by the Foundation*

