



## **NTPM HOLDINGS BERHAD**

(Company No. 384662-U)  
(Incorporated in Malaysia)

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### **INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 APRIL 2003**

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#### **NOTES TO THE INTERIM FINANCIAL REPORT**

#### **PART A: REQUIREMENTS OF MASB STANDARD 26 - INTERIM FINANCIAL REPORTING**

##### **1. Basis of preparation**

The interim financial report is un-audited and has been prepared in compliance with MASB 26, Interim Financial Reporting and Paragraph 9.22 of Kuala Lumpur Stock Exchange's Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 30 April 2002.

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted for the annual financial statements for the year ended 30 April 2002 except for the adoption of new applicable approved accounting standards set out below:

(a) Prospective application

- MASB 21 - Business combination
- MASB 23 - Impairment of Assets
- MASB 24 - Financial Instruments - Disclosure and Presentation

(b) Retrospective application

Comparative figures have been adjusted or extended to conform with changes in presentation due to requirements of the following new applicable approved accounting standards that have been applied retrospectively:

- MASB 19 - Events After Balance Sheet Date
- MASB 20 - Provisions, Contingent Liabilities and Contingent Assets.
- MASB 22 - Segment Reporting

There are no changes in accounting policy that affect net profit for the period or shareholders' equity as a result of adoption of these standards in the interim financial report except as set out below:



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#### Dividends

In previous year, dividends were accrued as a liability when proposed by the Directors. The Group has now changed this accounting policy to recognise dividends in shareholders' equity in the period in which the obligation to pay is established in accordance with MASB 19.

Therefore, final dividends are now accrued as a liability after approval by shareholders at the Annual General Meeting.

As disclosed in the interim financial report for the twelve months period ended 30 April 2003, this change in accounting policy has been accounted for retrospectively.

The new accounting policy has the effect of increasing the retained profits for the financial year ended 30 April 2002 by RM8.1 million as shown below:

	As previously stated RM'000	Effect of changes in policy RM'000	As restated RM'000
At 30 April 2002			
- retained profits	45,807	8,109	53,916
- proposed dividends	8,109	(8,109)	-

#### **2. Audit qualification**

The auditors' report on the financial statements for the year ended 30 April 2002 was not subject to any audit qualification.

#### **3. Seasonal or cyclical factors**

The business of the Group was not affected by any significant seasonal or cyclical factors during the financial year under review.

#### **4. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current financial year.

#### **5. Changes in estimates**

There were no material changes in estimates of amount reported in prior interim period or financial year that have a material effect in the current quarter.



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#### 6. Debt and equity securities

There was no issuance or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year.

#### 7. Dividends paid

	12 Months Period Ended 30 April 2003	12 Months Period Ended 30 April 2002
	RM'000	RM'000
Final tax exempt dividend of 256.98%, approved by shareholders, in respect of the year ended 30 April 2001, paid on 15 November 2001	-	10,000
Final dividend of 70.24% less 28% taxation, approved by shareholders, in respect of the year ended 30 April 2001, paid on 15 November 2001	-	1,968
Interim tax exempt dividend of 100.00%, declared in respect of the year ended 30 April 2002, paid on 30 August 2002	-	3,891
Final tax exempt dividend of 208.38%, approved by shareholders, in respect of the year ended 30 April 2002, paid on 26 February 2003	8,109	-
Interim tax exempt dividend of 154.19%, declared in respect of the year ended 30 April 2003, paid on 26 February 2003	6,000	-
	<u>14,109</u>	<u>15,859</u>



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#### 8. Segment information

Segment information is presented in respect of the Group's business segment.

#### 12 months ended 30 April 2003

	Revenue RM'000	Segment results RM'000
Manufacturing	155,320	35,329
Trading	179,557	2,528
Others	-	(11)
Corporate expenses	-	(1,077)
Amalgamated	334,877	36,769
Inter-segment elimination	(149,125)	-
Consolidated revenue / profit from operations	185,752	36,769
Finance costs, net	-	(1,057)
Consolidated revenue / profit before taxation	185,752	35,712

The directors are of the opinion that all inter-segment transfers have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. Those transfers are eliminated on consolidation.

#### 9. Valuation of property, plant and equipment

The valuations of land and buildings have been brought forward, without amendment from the annual financial statements for the year ended 30 April 2002. The carrying value is based on a valuation carried out in September 2001 by independent qualified valuers less depreciation.

During the twelve months period, the acquisition and disposal of property, plant and equipment amounted to RM27.9 million and RM0.5 million respectively.

#### 10. Material events subsequent to the balance sheet date

There were no material events subsequent to the end of the financial period ended 30 April 2003 that have not been reflected in the financial statements as at the date of this report.



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### NOTES TO THE INTERIM FINANCIAL REPORT

#### 11. Changes in the composition of the Group

There were no material changes in the composition of the Group during the financial year ended 30 April 2003.

#### 12. Changes in contingent liabilities or contingent assets

The contingent liabilities of the Company are as follows:

	<b>As at 30 April 2003 RM'000</b>	<b>As at 30 April 2002 RM'000</b>
Corporate guarantees given to banks as securities for credit facilities granted to a subsidiary	<u>30,231</u>	<u>16,321</u>



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#### NOTES TO THE INTERIM FINANCIAL REPORT

#### PART B: ADDITIONAL INFORMATION AS REQUIRED BY APPENDIX 9B OF KLSE LISTING REQUIREMENTS

##### 13. Review of performance of the Company and its principal subsidiaries

Revenue for the quarter under review has increased to RM44.8 million compared to RM43.4 million recorded in the corresponding quarter in the preceding year. Higher local sales and export sales mainly to New Zealand, Australia and Africa have contributed to the improvement in revenue.

Although revenue has increased as mentioned above, operating profit has remained fairly consistent with the corresponding quarter in the preceding year. This is mainly due to the increase in raw material cost for the current quarter, such as pulp, recycled paper and chemical.

Profit after taxation for the current quarter of RM6.3 million is higher compared to RM5.0 million for the fourth quarter in the preceding year due to overprovision of taxation in respect of preceding quarter. Further information on taxation is available under Note 17.

Revenue for the current financial year of RM185.8 million is RM4.1 million higher than revenue for the previous financial year of RM181.7 million. The increase is attributable to higher local sales.

Operating profit for the current financial year of RM36.5 million is slightly lower than the RM36.9 million for the previous financial year. This is due to the higher advertising cost in the current financial year as a result of aggressive promotion of tissue products and a new product, sanitary napkins.

Finance cost has come down as a result of lower utilisation of banking facilities during the year. The reduction of tax expenses is largely due to lower effective tax rate arising from the tax incentive enjoyed by a subsidiary.

##### 14. Variation of results against preceding quarter

For the quarter under review, the Group recorded revenue of RM44.8 million and profit before taxation of RM5.7 million as compared to revenue of RM48.1 million and profit before taxation of RM9.5 million for the preceding quarter.

The reduction in revenue of RM3.3 million as compared with the preceding quarter is mainly due to lower sales to supermarkets and hypermarkets in the current quarter following the end of major festivals and increase in discounts given for prompt payments.



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The above, coupled with the expenses incurred in the current quarter for the listing of the Company on the Main Board of Kuala Lumpur Stock Exchange, have resulted in the decrease in profit before taxation of RM3.8million.

#### 15. Current year prospect

Barring unforeseen circumstances, the Board of Directors is optimistic that, with the continued strong demand for the Group's products, the Group will be able to achieve satisfactory improvements in both its revenue and profitability in the financial year ending 30 April 2004.

#### 16. Variance of actual profit from profit forecast

There were no material deviation in the consolidated profit after taxation after minority interest as compared with the forecast submitted to the Securities Commission, pursuant to the Listing of the Company on the Main Board of the Kuala Lumpur Stock Exchange.

#### 17. Taxation

	Current Quarter 3 months ended 30 April 2003 RM'000	Year-to-date 12 months ended 30 April 2003 RM'000
Income tax		
Current year	(1,721)	6,006
Prior year	(307)	(307)
	<hr/>	<hr/>
	(2,028)	5,699
Deferred tax	<hr/>	<hr/>
	1,440	1,357
	<hr/>	<hr/>
	(588)	7,056

The Group's tax credit in the current quarter is mainly due to overprovision of taxation in the preceding quarters.

The Group's effective tax rate for financial year to date is lower than the statutory tax rate principally due to the availability of tax incentives to a subsidiary under the Income Tax Act, 1967.



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**NOTES TO THE INTERIM FINANCIAL REPORT**

**18. Unquoted investments and / or properties**

There were no disposals of unquoted investments or properties for the current financial quarter and financial year-to-date.

**19. Quoted security**

There were no purchases or disposals of quoted securities for the current financial quarter and financial year-to-date.

**20. Status on corporate proposals**

Not applicable.

**21. Group borrowings, secured**

	<b>30 April 2003</b>
	<b>RM'000</b>
<b>Current</b>	
Bankers' Acceptance	15,748
Export credit refinancing	12,968
Hire purchase payables	22
Term loans	1,611
	<u>30,349</u>
<b>Non-current</b>	
Long Term Loan	<u>364</u>

The above borrowings are denominated in Ringgit Malaysia.

**22. Off balance sheet financial instruments**

Forward foreign exchange contracts are entered by the Group in currencies other than their functional currency to manage exposure to fluctuations in foreign currency exchange rates on specific transactions. In general, the Group's policy is to hedge all excess amount of receivables against payables.

As at 20 June 2003, the Group's open forward contracts entered into as hedges of anticipated future transactions are as follows:





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Foreign Currency	Contract Amount	Outstanding Contract Amount		Fair Value	Maturity Date
	FC '000	FC '000	RM'000	RM'000	
Singapore Dollar	3,450	3,450	7,510	7,486	27 June 2003 – 30 September 2003

Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions. All other exchange gains and losses relating to hedge instruments are recognised in the income statement in the same period as the exchange differences on the underlying hedged items. Gains and losses on contracts that are no longer designated as hedges are included in the income statement.

Forward foreign exchange contracts are used to cover confirmed foreign currency receipts and payments of the Group. The maturity period for each contract depends on the terms of receipts or payments agreed with our trade customers and suppliers. The purpose of hedging is to preserve the values of trade receivables and payables against market risk.

The Group does not foresee any significant credit and market risks associated with the above forward foreign exchange contracts as these contracts are entered into with credit-worthy financial institutions.

Besides a small fee, there are no other cash requirements for the above forward foreign exchange contracts.

#### 23. Material litigation

There was no pending material litigation as at the date of this quarterly report.



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**NOTES TO THE INTERIM FINANCIAL REPORT**

**24. Dividend**

	<b>12 months period ended 30 April 2003</b>		<b>12 months period ended 30 April 2002</b>	
	<b>Amount of dividend net of 28% tax, where applicable RM'000</b>		<b>Amount of dividend net of 28% tax, where applicable RM'000</b>	
	<b>Net dividend per share sen</b>		<b>Net dividend per share Sen</b>	
Final tax exempt dividend of 256.98%, approved by shareholders, in respect of the year ended 30 April 2001, paid on 15 November 2001	-	-	257.0	10,000
Final dividend of 70.24% less 28% taxation, approved by shareholders, in respect of the year ended 30 April 2001, paid on 15 November 2001	-	-	50.6	1,968
Interim tax exempt dividend of 100.00%, declared in respect of the year ended 30 April 2002, paid on 30 August 2002	-	-	100.00	3,891
Final tax exempt dividend of 208.38%, approved by shareholders, in respect of the year ended 30 April 2002, paid on 26 February 2003	208.4	8,109	-	-
Interim tax exempt dividend of 154.19%, declared in respect of the year ended 30 April 2003, paid on 26 February 2003	154.2	6,000	-	-
	<b>362.6</b>	<b>14,109</b>	<b>407.6</b>	<b>15,859</b>



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At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 30 April 2003, of approximately 9.62% on 624,000,000 ordinary shares of RM0.10 each, amounting to a total dividend payable of RM6,000,000 (approximately 0.96 sen net per share) will be proposed for shareholders' approval. The financial statements for the current 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 financial year ending 30 April 2004.

#### 25. Earnings per share

##### Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the quarter / year by the weighted average number of ordinary shares during the financial year.

	3 Months Period Ended		12 Months Period Ended	
	30 April 2003		30 April 2003	
	2003	2002	2003	2002
Net profit attributable to shareholders (RM'000)	6,349	5,065	28,669	26,393
Number of ordinary shares of RM0.10 each in issue ('000)	624,000	624,000	624,000	624,000
Basic earnings per share (sen)	1.0	0.8	4.6	4.2

The comparative basic earnings per share has been restated to take into account the effect of share split and bonus issue completed in the current financial year.