



# NTPM HOLDINGS BERHAD

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

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## INTERIM FINANCIAL REPORT FOR THE FINANCIAL QUARTER ENDED 31 JULY 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 2003. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 April 2003.

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 2003, except for the adoption of MASB 25 to MASB 29, which became effective from 1 January 2003. The adoption of MASB 27 and MASB 28 have not given rise to any adjustments to the opening balances of retained profits of the prior year and the current period or to changes in comparatives. The changes and effects of adopting MASB 25 and MASB 29 which resulted in prior year adjustments are as follows:

##### (a) Change in Accounting Policies

###### (i) MASB 25: Income Taxes

Under MASB 25, deferred tax liabilities are recognized for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialize in the foreseeable future. In addition, the Group and the Company have commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilized. Previously, deferred tax assets were not recognized unless there was reasonable expectation of their realization.

###### (ii) MASB 29: Employee Benefits

The adoption of MASB 29 resulted in the Group and the Company making provisions for obligations in respect of short term employee benefits in the form of accumulated compensated absences. These obligations were not provided for prior to the adoption of MASB 29.



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(b) Prior Year adjustments

The changes in accounting policies have been applied retrospectively and comparatives have been restated. The effects of changes in accounting policies are as follows:

	2004 RM'000	2003 RM'000
Effect on retained profits:		
- At 1 May, as previously reported	38,935	53,916
Effect of adopting MASB 29	(520)	(416)
Deferred tax impact arising there from	83	59
- At 1 May, as restated	<u>38,498</u>	<u>53,559</u>
Effect on net profit for the quarter:		
Net profit before changes in accounting policy	7,245	7,758
Effect of adopting MASB 29	(50)	(26)
Deferred tax impact arising there from	7	6
Net profit for the quarter	<u>7,202</u>	<u>7,738</u>

### 2. Audit qualification

The auditors' report on the financial statements for the year ended 30 April 2003 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 period 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 period.

### 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 period.



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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 period.

#### 7. Dividends paid

There is no dividend paid during the current financial period.

#### 8. Segment information

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

#### 3 months ended 31 July 2003

	Revenue RM'000	Segment results RM'000
Manufacturing	41,839	8,850
Trading	47,111	633
Others	-	10-
Amalgamated	88,950	9,493
Inter-segment elimination	(39,139)	-
Consolidated revenue/profit from operations	49,811	9,493
Finance costs, net	-	(257)
Consolidated revenue/profit before taxation	49,811	9,236

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 2003. The carrying value is based on a valuation carried out in September 2001 by independent qualified valuers less depreciation.

During the three months period, the acquisition and disposal of property, plant and equipment amounted to RM10.8 million and RM0.1 million respectively.



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

There were no material events subsequent to the end of the financial period ended 31 July 2003 that have not been reflected in the interim financial statements as at the date of this report.

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

There were no material changes in the composition of the Group during the financial period.

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

The contingent liabilities of the Company are as follows:

	<b>As at 31.7.2003</b>	<b>As at 30.4.2003</b>
	<b>RM'000</b>	<b>RM'000</b>
Corporate guarantees given to banks as securities for credit facilities granted to a subsidiary	<u>32,649</u>	<u>30,231</u>



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### **INTERIM FINANCIAL REPORT FOR THE FINANCIAL QUARTER ENDED 31 JULY 2003**

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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**

For the quarter under review, the Group recorded revenue of RM49.8 million and profit before taxation of RM9.2 million as compared to revenue of RM45.5 million and profit before taxation of RM10.3 million for the corresponding quarter in the preceding year.

The increase in revenue of RM4.3million as compared with the corresponding quarter in the preceding year is partially attributed by sales of new product, sanitary napkins which was launched in the last quarter of the previous financial year ended 30 April 2003.

The decrease in profit before taxation of RM1.1 million as compared with the preceding quarter is mainly due to increase in prices of paper related raw materials, lower margin as the result of selling more jumbo rolls and promotion in-kind given to a customer in Singapore during Singapore National Day celebration.

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

Revenue for the quarter under review has increased to RM49.8 million compared to RM45 million for the preceding quarter. Profit before taxation has also increased from RM6 million in the preceding quarter to RM9.2 million in the current quarter.

Higher local sales and continual growth in export sales have contributed to the higher revenue. Operating expenses have reduced mainly due to higher provision for bad and doubtful debts in the preceding quarter.

##### **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**

Not applicable.



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#### 17. Taxation

	Current Quarter 3 months ended 31 Jul 2003 RM'000	Year-to-date 3 months ended 31 Jul 2003 RM'000
Income tax		
Current year	2,112	2,112
	<hr/>	<hr/>
	2,112	2,112
Deferred tax	(101)	(101)
	<hr/>	<hr/>
	2,011	2,011
	<hr/>	<hr/>

The Group's effective tax rate for financial period 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.

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

There were no disposals of unquoted investments or properties for the current financial period.

#### 19. Quoted security

There were no purchases or disposals of quoted securities for the current financial period.

#### 20. Status on corporate proposals

Not applicable.



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#### 21. Group borrowings, secured

	31 July 2003 RM'000
<b>Current</b>	
Bankers' acceptance	19,433
Export credit refinancing	12,351
Hire purchase payables	98
Term loans	960
	<u>32,842</u>
<b>Non-current</b>	
Long term loan	<u>323</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 amounts of receivables against payables.

As at 19 September 2003, the Group's open forward contracts entered into as hedges of anticipated future transactions are as follows:

Foreign Currency	Contract Amount	Outstanding Contract Amount		Fair Value	Maturity Date
	FC '000	FC '000	RM'000	RM'000	
Singapore Dollar	1,890	1,690	3,684	3,634	17 September 2003 – 11 November 2003
Euro	3,420	3,420	14,065	14,774	15 January 2004 & 15 May 2004



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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.

#### **24. Dividend**

The proposed 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) has been approved by the shareholders at the Annual General Meeting held on 26 September 2003. The financial statements for the current financial quarter do not reflect this proposed dividend. The dividend will be accounted for in shareholders' equity as an appropriation of retained profits in the financial period ending 31 October 2003 in accordance with MASB 19.

In the corresponding financial period ended 31 July 2002, the directors declared a final tax exempt dividend of 208.38% on 3,891,299 ordinary shares of RM1.00 each, in respect of the financial year ended 30 April 2002, amounting to RM8,108,701.



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#### 25. Earnings per share

##### Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the quarter by the number of ordinary shares during the financial quarter:

	Current quarter		Year to date	
	3 Months Period Ended		3 Months Period Ended	
	31 July		31 July	
	2003	2002	2003	2002
Net profit attributable to shareholders (RM'000)	7,202	7,738	7,202	7,738
Number of ordinary shares of RM0.10 each in issue ('000)	624,000	624,000	624,000	624,000
Basic earnings per share (sen)	1.2	1.2	1.2	1.2

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

**By Order of the Board**

**THUM SOOK FUN**  
Company Secretary

**DATED THIS 26 SEPTEMBER 2003**