FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2004

NOTES TO THE 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 Bursa Malaysia Securities Berhad (BMSB) 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 and MASB 27, which became effective from 1 July 2002 and MASB 28 and 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) Changes 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.

NOTES TO THE FINANCIAL REPORT

(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:

	Financial year 2004 RM'000	Financial year 2003 RM'000
Effects on retained profits:		
- At 1 May, as previously reported	38,935	45,807
Effects of adopting MASB 19	-	8,109
Effects of adopting MASB 25	-	425
Effects of adopting MASB 29	(496)	(398)
- At 1 May, as restated	38,439	53,943
Effects on net profit for the quarter:		
Net profit before changes in accounting policies	7,521	6,350
Effects of adopting MASB 25	(6)	(106)
Effects of adopting MASB 29	(10)	(24)
Net profit for the quarter	7,505	6,220
Effects on net profit for the year:		
Net profit before changes in accounting policies	28,581	28,668
Effects of adopting MASB 25	(25)	(425)
Effects of adopting MASB 29	(42)	(97)
Net profit for the year	28,514	28,146

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 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.

NOTES TO THE FINANCIAL REPORT

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.

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

No dividends has been paid or declared by the Company for the quarter under review.

8. Segment information

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

	12 months ended 30 Apr 2004	
	Revenue RM'000	Segment results RM'000
Manufacturing	177,239	33,605
Trading	182,227	3,223
Others	-	(6)
Amalgamated	359,466	36,822
Inter-segment elimination/ Unallocated results	(158,112)	(309)
Consolidated revenue/profit from operations	201,354	36,513
Finance costs, net	-	(1,461)
Consolidated revenue/profit before taxation	201,354	35,052

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.

NOTES TO THE FINANCIAL REPORT

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 twelve months period, the acquisition and disposal of property, plant and equipment amounted to RM38.3 million and RM0.2 million respectively.

10. Material events subsequent to the balance sheet date

There were no material events subsequent to the end of the financial year ended 30 April 2004 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 year.

12. Changes in contingent liabilities or contingent assets

The contingent liabilities of the Company are as follows:

	As at 30.4.2004 RM'000	As at 30.4.2003 RM'000
Corporate guarantees given to banks as securities for credit facilities granted to a subsidiary	36,656	30,231

NOTES TO THE FINANCIAL REPORT

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

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

For the quarter under review, the Group recorded revenue of RM49.3 million and profit before taxation of RM8.1 million as compared to revenue of RM44.8 million and profit before taxation of RM5.7 million for the corresponding quarter in the preceding year.

The increase in revenue of RM4.5million as compared with the corresponding quarter in the preceding year is contributed by sales of the new product, sanitary napkins which was launched in the last quarter of the previous financial year ended 30 April 2003 and growth in the sales of tissue products.

The increase in profit before taxation of RM2.4 million as compared with the corresponding quarter in the preceding year is mainly due to the increase in turnover, realized gain on foreign exchange contract of approximately RM1.2 million and bad debts recovered of RM0.7 million in current quarter.

14. Variation of results against preceding quarter

Revenue for the quarter under review has decreased from RM50.9 million recorded in the previous quarter to RM49.3 million in the current quarter mainly due to slowdown in the local market after the major festivities. Profit before taxation has decreased from RM8.9 million in the preceding quarter to RM8.1 million in the current quarter.

15. Current year prospects

The Board of Directors is optimistic that the Group will be able to achieve satisfactory performance in the financial year ending 30 April 2005.

16. Variance of actual profit from profit forecast

The details of the un-audited consolidated results for the financial year ended 30 April 2004 and the consolidated forecast profits for the financial year ended 30 April 2004 are as follows:-

	Unaudited 12 months 30 April 2004 RM'000	Forecast 12 months 30 Apr 2004 as disclosed in prospectus RM'000
Revenue	201,354	217,303
Consolidated profit before taxation and minority interest	35,052	41,302
Taxation	(6,469)	(6,616)
Consolidated profit after taxation but before minority interest	28,583	34,686
Minority interest	(69)	(39)
Consolidated profit after taxation and minority interest	28,514	34,647

The main reasons for the deviations of the actual consolidated profit after taxation and minority interest from the profit forecast are as follows:

a) Lower than expected revenue which resulted from the delay in market expansion and lower than expected production output.
b) Higher than anticipated advertisement and promotional cost incurred during the year to enhance the brand awareness of the Group's new product, sanitary napkins and promotion of tissue products due to entry of new player and re-positioning exercise undertaken by competitors.
c) Higher effective tax rate for the year due to delay in commissioning of new plants.
d) Higher other income arising from realized foreign exchange gain and recovery of debts which had been written off previously

NOTES TO THE FINANCIAL REPORT

17. Taxation

	Current Quarter 3 months ended 30 Apr 2004 RM'000	Year-to-date 12 months ended 30 Apr 2004 RM'000
Income tax		
Current year	1,031	6,732
Over provision in prior years	(640)	(640)
	391	6,092
Deferred tax		
Current year	261	415
Prior year	(38)	(38)
	614	6,469

The Group's effective tax rate in the current quarter is lower than the statutory tax rate mainly due to the following:

a) overprovision of taxation in prior years reflected in current quarter;
b) additional other income of realized gain on foreign exchange contract of RM1.2 million and bad debts recovered of RM0.7 million recorded in current quarter which are not subjected to tax; and
c) availability of tax incentives to a subsidiary under the Income Tax Act, 1967.

The Group's effective tax rate for the 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.

Subsequent to the end of the current quarter, the investigation unit of the Inland Revenue Board commenced a detailed inquiry into the tax affairs of the Group. To date the Inland Revenue Board has yet to raise any issues for the Group to address.

18. Unquoted investments and/or properties

There were no purchases or disposals of unquoted investments or disposal of properties for the current financial year.

19. Quoted security

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

NOTES TO THE FINANCIAL REPORT

20.Status on corporate proposals

Not applicable.

21. Group borrowings, secured

	30 April 2004 RM'000
Current	
Bankers' acceptance	20,743
Export credit refinancing	8,684
Hire purchase payables	77
Term loans	2,600
	32,104
Non-current	
Long term loan	4,982

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 10 June 2004, the Group's open forward contracts entered into as hedges of anticipated future transactions are as follows:

Foreign Currency	Contract Amount FC '000	Outstanding Contract Amount FC '000	Outstanding Contract Amount RM'000	Fair Value RM'000	Maturity Date
Bank Buy					
Singapore Dollar	2,360	2,360	5,303	5,192	15 March 2004 – 11 June 2004
Bank Sell					
Euro	2,340	2,340	10,721	10,858	1 June 2004 – 1 September 2004

NOTES TO THE FINANCIAL REPORT

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

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, in respect of the financial year ended 30 April 2003, amounting to RM6,000,000 (approximately 0.96 sen net per share) which was approved by the shareholders at the Annual General Meeting held on 26 September 2003, was paid on 17 October 2003.

In the corresponding financial year ended 30 April 2003, an interim and final tax exempt dividend of 154.19% and 208.38% on 3,891,299 ordinary shares of RM1.00 each, in respect of the financial year ended 30 April 2002, amounting to RM6,000,000 and RM8,108,701 respectively were paid on 26 February 2003.

At the forthcoming Annual General Meeting, a final tax exempt dividend of RM12 million equivalent to approximately 19.23% in respect of the financial year ended 30 April 2004, on 624,000,000 ordinary shares of RM0.10 each (approximately 1.92 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 2005.

NOTES TO THE FINANCIAL REPORT

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 quarter/year.

	3 Months Period Ended 30 April		12 Months Period Ended 30 April	
	2004	**2003**	**2004**	**2003**
Net profit attributable to shareholders (RM'000)	7,505	6,220	28,514	28,146
Weighted average 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	1.0	4.6	4.5

DATED THIS 24 JUNE 2004