NTPM HOLDINGS BERHAD

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

INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2017

CONDENSED CONSOLIDATED INCOME STATEMENTS

(The figures have not been audited)

	Individual Quarter (4th Q)		Cumulative Quarter (12 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	30 April 2017	30 April 2016	30 April 2017	30 April 2016
	RM'000	RM'000	RM'000	RM'000
Revenue	**159,246**	**144,655**	**645,524**	**601,706**
Operating profit	**15,024**	**13,864**	**76,954**	**83,548**
Interest income	192	256	564	668
Interest expense	(1,315)	(1,300)	(5,140)	(6,027)
Profit before tax	**13,901**	**12,820**	**72,378**	**78,189**
Income tax expense	(4,949)	(2,773)	(22,510)	(20,522)
Profit net of tax	**8,952**	**10,047**	**49,868**	**57,667**
Profit attributable to:				
Owners of the parent	8,952	10,047	49,868	57,667
Non-controlling interests	-	-	-	-
	8,952	**10,047**	**49,868**	**57,667**
Basic/Diluted earnings per ordinary share (sen)	0.8	0.9	4.4	5.1

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 April 2016.

The accompanying notes are an integral part of this statement.

NTPM HOLDINGS BERHAD

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

INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2017

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter (4th Q)		Cumulative Quarter (12 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	30 April 2017	30 April 2016	30 April 2017	30 April 2016
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	8,952	10,047	49,868	57,667
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent period:				
Foreign currency translation	281	(665)	1,489	1,922
Cash flow hedges	-	-	-	-
Transfer to income statement upon disposal	-	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent period:				
Revaluation of land and buildings	10,804	-	10,804	-
Total comprehensive income for the period	**20,037**	**9,382**	**62,161**	**59,589**
Total comprehensive income attributable to:				
Owners of the parent	20,037	9,382	62,161	59,589
Non-controlling interests	-	-	-	-
	20,037	**9,382**	**62,161**	**59,589**

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 30 April 2016.

The accompanying notes are an integral part of this statement.

INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2017

NOTES TO CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter (4th Q)		Cumulative Quarter (12 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	30 April 2017	30 April 2016	30 April 2017	30 April 2016
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) :				
(a) Interest income	(192)	(256)	(564)	(668)
(b) Other income including investment income	(386)	(588)	(1,520)	(1,552)
(c) Interest expense	1,315	1,300	5,140	6,027
(d) Depreciation and amortisation	8,377	7,581	32,659	29,887
(e) Impairment loss on receivables	(364)	(145)	292	357
(f) Reversal of provision for and write off of inventories	7	175	1	175
(g) Gain or loss on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Reversal of impairment of assets	-	(42)	-	(42)
(i) Foreign exchange loss	1,518	(1,401)	2,641	3,719
(j) Loss/(Gain) on derivatives	(1,020)	(73)	(250)	(216)

The Notes to Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 30 April 2016.

The accompanying notes are an integral part of this statement.

NTPM HOLDINGS BERHAD
(Company No. 384662 U)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2017

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	(Unaudited) As at 30 April 2017	(Audited) As at 30 April 2016
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT	375,204	368,753
LAND USE RIGHTS	22,449	21,487
DEFERRED TAX ASSETS	1,157	465
	398,810	390,705
CURRENT ASSETS		
Inventories	138,291	131,392
Trade receivables	103,066	97,673
Other receivables	21,413	14,539
Derivative assets	141	-
Cash and bank balances	65,578	50,999
	328,489	294,603
TOTAL ASSETS	727,299	685,308
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
SHARE CAPITAL	112,320	112,320
TREASURY SHARES	(64)	(47)
RESERVES	333,845	298,639
TOTAL EQUITY	446,101	410,912
NON-CURRENT LIABILITIES		
BORROWINGS	18,637	29,715
DEFERRED TAX LIABILITIES	21,876	18,137
RETIREMENT BENEFIT OBLIGATIONS	3,005	2,706
	43,518	50,558
CURRENT LIABILITIES		
Retirement benefit obligations	19	6
Borrowings	139,402	127,805
Trade payables	36,240	31,050
Other payables	60,971	63,092
Tax payable	1,048	1,776
Derivative liabilities	-	109
	237,680	223,838
TOTAL LIABILITIES	281,198	274,396
TOTAL EQUITY AND LIABILITIES	727,299	685,308
Net Assets per share (RM)	0.40	0.37

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 April 2016.

The accompanying notes are an integral part of this statement.

NTPM HOLDINGS BERHAD

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

INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2017

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(The figures have not been audited)

Twelve Months Ended 30 April 2017

	← Attributable to owners of the parent →					Non-controlling Interest	Total Equity
	Non-distributable			Distributable			
	Share Capital	Treasury Shares	Other Reserves	Retained Earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 May 2016	112,320	(47)	47,291	251,348	410,912	-	410,912
Total comprehensive income for the period	-		12,293	49,868	62,161	-	62,161
Transactions with owners :							
Purchase of treasury shares	-	(17)	-	-	(17)	-	(17)
Dividends	-		-	(26,955)	(26,955)	-	(26,955)
Total transactions with owners :	-	(17)	-	(26,955)	(26,972)	-	(26,972)
At 30 April 2017	**112,320**	**(64)**	**59,584**	**274,261**	**446,101**	**-**	**446,101**

Twelve Months Ended 30 April 2016

	← Attributable to owners of the parent →					Non-controlling Interest	Total Equity
	Non-distributable			Distributable			
	Share Capital	Treasury Shares	Other Reserves	Retained Earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 May 2015	112,320	(29)	45,369	202,666	360,326	-	360,326
Total comprehensive income for the period	-	-	1,922	57,667	59,589	-	59,589
Transactions with owners :							
Purchase of treasury shares	-	(18)	-	-	(18)	-	(18)
Dividends	-	-	-	(8,985)	(8,985)	-	(8,985)
Total transactions with owners :	-	(18)	-	(8,985)	(9,003)	-	(9,003)
At 30 April 2016	**112,320**	**(47)**	**47,291**	**251,348**	**410,912**	**-**	**410,912**

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 April 2016

The accompanying notes are an integral part of this statement.

NTPM HOLDINGS BERHAD
(Company No. 384662 U)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 APRIL 2017

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(The figures have not been audited)

	12 months ended 30 April 2017 RM'000	12 months ended 30 April 2016 RM'000
OPERATING ACTIVITIES		
Profit before tax	72,378	78,189
Adjustments for:		
Amortisation of land use rights	559	546
Bad debts written off	420	121
Depreciation	32,100	29,341
Effect of exchange rate changes	-	-
Interest expense	5,140	6,027
Interest income	(564)	(668)
Inventories written (back)/down	1	175
(Gain)/ loss on disposal of property, plant and equipment	(43)	16,230
Net fair value (gain)/ loss on derivatives	(250)	(216)
Plant and equipment written off	151	52
Increase in liability for defined benefit plan	393	360
Impairment loss on loan and receivables	(128)	246
Reversal of provision for legal liabilities	-	-
Reversal of impairment loss on plant & equipments	-	(42)
Deficit on revaluation	2,010	-
Short term accumulating compensated absences	-	326
Unrealised foreign exchange loss	977	113
Total adjustments	40,766	52,611
Operating cash flows before changes in working capital	113,144	130,800
Changes in working capital		
Decrease in receivables	4,030	7,267
Increase in inventories	(6,088)	(13,382)
(Decrease)/ increase in payables	(15,953)	2,313
Decrease in retirement benefit obligations	(82)	(72)
Total changes in working capital	(18,093)	(3,874)
Cash flows from operations	95,051	126,926
Interest paid	(5,140)	(6,027)
Tax paid	(21,002)	(22,293)
Tax refunded	280	-
Net cash flow (used in)/ generated from operating activities	69,189	98,606
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(24,436)	(25,389)
Interest received	564	668
Proceeds from disposal of plant and equipment	265	615
Net cash used in investing activities	(23,607)	(24,106)
FINANCING ACTIVITIES		
Net change in bank borrowings	9,954	(77,720)
Repayment of term loans	(16,210)	(39,407)
Drawdown of term loans	-	80,965
Repayment of obligations under finance lease	(31)	-
Dividends paid to shareholders	(26,955)	(8,985)
Purchase of treasury shares	(17)	(18)
Resale of treasury shares	-	-
Net cash (used in)/ generated from financing activities	(33,259)	(45,165)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	12,323	29,335
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL QUARTER	50,999	37,350
Effects of exchange rate changes	2,256	306
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL QUARTER	65,578	66,991
Cash and cash equivalents in the condensed consolidated statements of cash flow comprise:		
Cash on hand and at banks	42,332	22,538
Deposits with licensed banks:		
Fixed deposit	11,286	11,592
Short term placements	11,960	32,861
	65,578	66,991

The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 30 April 2016.

The accompanying notes are an integral part of this statement.

NOTES TO THE INTERIM FINANCIAL REPORT

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). These interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 30 April 2016. 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 2016.

2. Significant accounting policies

The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 30 April 2016 except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 May 2016:

- Annual Improvements to MFRSs 2012 – 2014 Cycle
- Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants
- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 127: Equity Method in Separate Financial Statements
- Amendments to MFRS 101: Disclosure Initiatives
- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception
- MFRS 14: Regulatory Deferral Accounts

Adoption of the above standards and interpretations did not have any material effect on the financial performance or position of the Group.

The standards and interpretations that are issued but not yet effective up to the date of issuance of these condensed consolidated interim financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced
Annual Improvements to MFRS Standards 2014–2016 Cycle	
(i) Amendments to MFRS 12: Disclosure of Interests in Other Entities	1 January 2017
(ii) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
(iii) Amendments to MFRS 128: Investments in Associates And Joint Ventures	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 9: Financial Instruments	1 January 2018
MFRS 15: Clarification to MFRS 15	1 January 2018
MFRS 16: Leases	1 January 2019

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application other than for MFRS 15 Revenue from Contracts with Customers, MFRS 9 Financial Instruments and MFRS16 leases. The Group is still in the progress of assessing the financial impact of MFRS 15 Revenue from Contracts with Customers, MFRS 9 Financial Instruments and MFRS16 leases.

3. Significant Accounting Estimates And Judgements

(a) Critical Judgements Made in Applying Accounting Policies

There are no critical judgements made by management in the process of applying the Group's accounting policies that have significant effect on the amounts recognised in the financial statements.

(b) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and unused reinvestment allowance to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and reinvestment allowance can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of unrecognised tax losses and capital allowances of the Group was RM67.7 million (30.4.2016: RM48.8 million).

(ii) Depreciation of plant and equipment

The cost of paper making machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within ten years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Impairment of property, plant and equipment

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its value in use and its fair value less cost of disposal.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

4. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 30 April 2016 was not subject to any audit qualification.

5. 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.

NOTES TO THE INTERIM FINANCIAL REPORT

6. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current financial year except for the revaluation of land & buildings which were carried out by independent qualified valuers on 30 April 2017 which has resulted in the credit of net revaluation surplus amounting to RM10.8 million to Revaluation Reserves while deficit on the revaluation of certain properties amounting to RM2.0 million has been debited to the Income Statement.

7. Changes in estimates

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

8. Debt and equity securities

There was no issuance or repayment of debt and equity securities, share buy-backs and share cancellations for the current financial period except for the following:

During the financial period, the Company had repurchased a total of 20,000 ordinary shares from the open market for a total consideration (inclusive of transaction cost) of RM17,234 at an average cost of RM0.86 per share.

The repurchase transactions were financed by internally generated fund. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A (as amended) of the Companies Act, 1965. As at 30 April 2017, the total number of treasury shares held were 80,000 or 0.0071% of the total paid up share capital of the Company.

9. Dividend paid

The single tier first interim dividend of 16% amounting to RM17,970,080 in respect of the financial year ended 30 April 2017 on 1,123,130,000 ordinary shares of RM0.10 each (1.60sen per share) was paid on 6 January 2017.

10. Segment information

Segment information is presented in respect of the Group’s two core products based operating segments.

Segment information for the period ended 30 April 2017 are as follows:

NOTES TO THE INTERIM FINANCIAL REPORT

	Paper products RM'000	Personal Care Products RM'000	Consolidated RM'000
Revenue			
Revenue from external customers	445,639	199,885	645,524
Segment profit	53,197	19,181	72,378
Included in the measure of segment profit are			
- depreciation and amortisation	24,041	8,618	32,659
- non-cash expenses other than depreciation and amortisation	604	223	827
Segment assets	567,250	160,049	727,999
Included in the measure of segment assets is			
- capital expenditure	20,971	4,077	25,048

Segment information for the period ended 30 April 2016 are as follows:

	Paper products RM'000	Personal Care Products RM'000	Consolidated RM'000
Revenue			
Revenue from external customers	415,931	185,775	601,706
Segment profit	63,450	14,739	78,189
Included in the measure of segment profit are			
- depreciation and amortisation	23,741	6,416	29,887
- non-cash expenses other than depreciation and amortisation	933	53	986
Segment assets	541,896	143,408	685,304
Included in the measure of segment assets is			
- capital expenditure	12,753	11,914	24,667

11. Valuation of property, plant and equipment

The carrying value of land and building is based on the latest valuation performed on 30 April 2017 by independent qualified valuers.

During the period, the acquisition and disposal of property, plant and equipment amounted to RM25.0 million and RM0.2 million respectively.

NOTES TO THE INTERIM FINANCIAL REPORT

12. Significant and subsequent events to the balance sheet date

There were no significant material and subsequent events at the end of the financial period ended 30 April 2017 that have not been reflected in the interim financial statements as at the date of this report.

13. Changes in the composition of the Group

There were no significant changes in the composition of the Group for the current financial quarter and financial period to date.

14. Changes in corporate guarantees, contingent liabilities or contingent assets

The corporate guarantees of the Company are as follows:

		As at 30.04.2017 RM'000	As at 30.04.2016 RM'000
(a)	Corporate guarantees given to banks as securities for credit facilities granted to certain subsidiaries	158,039	157,520

NOTES TO THE INTERIM FINANCIAL REPORT

PART B: EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS: CHAPTER 9, APPENDIX 9B, PART A

15. Review of performance

	Individual quarter ended		Cumulative period ended	
	30.04.2017 RM'000	30.04.2016 RM'000	30.04.2017 RM'000	30.04.2016 RM'000
Revenue				
Paper Products	108,323	100,771	445,639	415,931
Personal Care Products	50,923	43,884	199,885	185,775
Group	159,246	144,655	645,524	601,706
Profit before tax				
Paper Products	8,023	9,449	53,197	63,450
Personal Care Products	5,878	3,371	19,181	14,739
Group	13,901	12,820	72,378	78,189

Group

Group revenue for the period ended 30 April 2017 was RM645.5 million compared with RM601.7 million for the period ended 30 April 2016, an increase of 7.3%. The increase in revenue was mainly due to the increase in sales of Tissue and Personal Care Products. The Group's profit before taxation for the period ended 30 April 2017 was RM72.4 million, a decrease of 7.4% over RM78.2 million registered in the previous financial period ended 30 April 2016. The decrease in profit before taxation was mainly due to mainly due to increase in cost of raw materials, labour cost, repair and maintenance and energy cost. Furthermore, higher selling, distribution and deficit on revaluation has reduced the profitability of the Group during the current financial period.

Paper Products segment

Revenue from the paper products segment for the period ended 30 April 2017 was RM445.6 million compared with RM415.9 million for the financial period ended 30 April 2016, an increase of 7.1%. Profit before taxation in the paper products segment for the period ended 30 April 2017 was RM53.2 million, a decrease of 16.27% over RM63.5 million registered in the previous financial period. The decrease in profit before taxation was mainly due to higher raw material prices and the increase labour cost, repair and maintenance, energy cost and deficit on revaluation.

NOTES TO THE INTERIM FINANCIAL REPORT

Personal Care Products segment

Revenue from the personal care products segment for the period ended 30 April 2017 was RM199.9 million compared with RM185.8 million recorded in the previous year corresponding period, an increase of 7.6%. Profit before taxation in the personal care products segment for the period ended 30 April 2017 was RM19.2 million, an increase of 30.6% over RM14.7 million registered in the corresponding period of the previous financial year. The increase in profit before taxation was mainly due to the increase in sales.

16. Comparison with immediate preceding quarter's results

	Individual quarter ended		Variance	
	30.04.2017	31.1.2017		
	RM'000	RM'000	RM'000	%
Revenue	159,246	170,367	(11,121)	(6.5)
Profit before tax	15,024	22,785	(7,761)	(34.6)

Revenue for the quarter ended 30 April 2017 decreased by RM11.1 million or 6.5% while profit before taxation decreased by RM7.8 million or 34.6% for the current quarter as compared to the preceding quarter. The decrease in profit before taxation was mainly attributable to lower revenue. The higher selling, distribution and deficit on revaluation has reduced the profitability for the current quarter.

17. Prospects

In general, Malaysia's economy grew by 1.8 per cent in the first quarter of 2017 over the previous quarter was the result of a strong showing by exports demand and resilient domestic demand. Malaysia's Gross Domestic Product ("GDP") is expected to slightly rebound in 2017, growing between 4.2% to 4.4% as compare to 4.1% in 2016. However, most economists expect growth would remain subdued with household consumption expected to be ease, relative to 2016. This is despite the fact that the first quarter of 2017 saw a better export performance, partly attribute to seasonality and the weak ringgit effect, and a healthy pace of industrial production growth. Private consumption is expected to face headwinds this year, arising from the higher cost driven inflation, spillover effects of the ringgit's depreciation on imported goods and services and weak consumer sentiment

Based on these prevailing trends as described above, there are also various key challenges facing the Group in the coming financial year ending 30 April 2018 ("FY2018"). For a start, we would have felt the full impact on the cost arising from the raise the minimum wage for employees in Peninsular Malaysia by RM100 to RM1,000 per month, and to RM920 from

RM800 for employees in East Malaysia starting from 1 July 2016, the recent increased volatility in the foreign currency exchange rate, pose a challenge for the Group to contain and monitor its manufacturing cost. Malaysia's consumer sentiment is expected to remain low attributed to inflationary pressures, higher cost of living and lower purchasing power.

In light of these challenges, the Group has strategic plans and control measures put in place to mitigate the impact from these adverse conditions. Several cost-savings projects have been identified and approved to improve the Group’s operational efficiency and keep a tight rein on costs to drive down waste and inefficiencies across the group’s business units. We are looking into ways to strengthen our customer base and improve our distribution channel. The Group is also looking at developing new products and opportunity to venture into new business segments if the expansion synergizes with the Group’s current business model. With this in place, the Board is cautiously optimistic about its prospect.

18. Variance of actual profit from profit forecast

Not applicable.

19. Taxation

	Current Quarter 3 months ended 30 April 2017 RM’000	Year-to-date 12 months ended 30 April 2017 RM’000
Income tax		
Current year	3,668	19,736
Prior year	(132)	337
	3,536	20,073
Deferred tax		
Current year	1,381	2,586
Prior year	32	(149)
	4,949	22.510

The Group’s effective tax rate for the current quarter/period to date is higher than the statutory tax rate principally due to the deferred tax assets not recognised on unutilized tax loss and capital allowance for some of the subsidiaries of the companies.

20. Status on corporate proposals

There were no significant corporate proposals for the current financial period to date.

NOTES TO THE INTERIM FINANCIAL REPORT

21. Group borrowings

	30 April 2017 RM'000
Non-current	
Unsecured	
Long Term Revolving Credit (RC)	-
Long term loans	18,267
Secured	
Hire purchase and finance Lease	370
	18,637
Current	
Unsecured	
Revolving Credit (RC)	66,764
Term loans	72,417
Secured	
Hire purchase and finance Lease	221
	158,039

The borrowings are denominated in the following currencies:

	30 April 2017 RM'000		
	Ringgit Malaysia	Singapore Dollar	US Dollar
Term Loans	49,754	-	40,930
Revolving Credit ("RC")	-	-	66,764
Hire Purchase	-	591	-
	49,754	591	107,694

During the financial period, a subsidiary, Nibong Tebal Paper Mill Sdn. Bhd. ("NTPM"), breached the covenant of the Islamic term loan as it did not fulfill the requirements for the submission of Occupancy Certificate for one of the production buildings within 9 months after the disbursement of the RM40.0 million term loans and also to obtain the letter of consent from all the NTPM's existing financiers with negative pledge, failing which the Bank reserves the right to revise the terms and conditions of financing. The total borrowings with that particular bank amounted to RM39.9 million has been reclassified as current liabilities as at 30 April 2017. The bank is contractually entitled to request for immediate repayment of the outstanding loan amount in the event of breach of covenant.

Subsequent to year end, NTPM has obtained the Occupancy Certificate for the said production building and also letters of consent from all the NTPM's existing financiers with negative pledge. The management is currently working with the said Bank to obtain waiver to the non-conformance of the abovementioned conditions. The Bank had not requested for immediate payment of the outstanding loan as at the date when the interim financial report was authorized for issue.

22. Derivatives financial instruments

Forward foreign exchange contracts are entered into 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 30 April 2017, the Group's open forward contracts entered into as hedges of anticipated future transactions are as follows:

Foreign Currency	Outstanding Contract Amount		Fair Value	Derivative Assets/ (Liabilities)	Maturity Date
	FC '000	RM'000	RM'000	RM'000	
Non-Hedging Derivatives					
Bank Buy					
Singapore Dollar	4,862	15,367	15,121	246	14 Jul 2017 – 6 Oct 2017
US Dollar	2,297	9,914	10,019	(105)	31 May 2017 – 26 Oct 2017

Derivatives financial instruments that are not designated or do not qualify for hedge accounting are categorised as fair value through profit or loss and measured at their fair value with the gain or loss recognized in the profit or loss. During the current financial quarter and financial period ended 31 April 2017, the Group recognised a gain on derivative of RM1,019,000 and RM250,000 respectively arising from fair value changes of financial derivative The fair value changes are attributable to changes in foreign exchange spot and forward rate.

The Group will fund the requirements of these derivatives from its net cash flow from operating activities when payments fall due.

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risk, credit risk, liquidity risk and foreign currency risk.

There is no change in the significant policy for mitigating or controlling the interest rate risk, credit risk, liquidity risk and foreign currency risk for the Group nor the related accounting policies for the financial period ended 30 April 2017. Other related information associated with the financial instruments are consistent with the disclosures in the audited financial statements for the financial year ended 30 April 2016.

NOTES TO THE INTERIM FINANCIAL REPORT

23. Material litigation

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

24. Dividend

The single tier first interim dividend of 16% amounting to RM17,970,080 in respect of the financial year ended 30 April 2017 on 1,123,130,000 ordinary shares of RM0.10 each (1.60sen per share) was paid on 6 January 2017.

In the corresponding financial period ended 31 January 2016, a single tier interim dividend of 8.0% amounting to RM8,985,120 in respect of the financial year ended 30 April 2016 on 1,123,140,000 ordinary shares of RM0.10 each (0.80sen per share) was paid on 22 April 2016.

A single tier final dividend of 8.0% amounting to RM8,985,120 in respect of the financial year ended 30 April 2016 on 1,123,140,000 ordinary shares of RM0.10 each (0.80sen per share) was paid on 14 October 2016.

At the forthcoming Annual General Meeting, a single tier final dividend of 0.80sen per ordinary share in respect of the financial year ended 30 April 2017 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect the 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 2018.

The total net dividend per share to date for the current financial year is 2.40sen (2016: 1.60sen).

NOTES TO THE INTERIM FINANCIAL REPORT

25. Earnings per share

Basic earnings per share

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

	3 Months Period Ended 30 April		12 Months Period Ended 30 April	
	2017	**2016**	**2017**	**2016**
Net profit attributable to shareholders (RM'000)	8,952	10,047	49,868	57,667
Weighted average number of ordinary shares in issue ('000)	1,123,125	1,123,146	1,123,133	1,123,153
Basic earnings per share (sen)	0.8	0.9	4.4	5.1

26. Realised and Unrealised Profits/Losses

The retained profits of the Group are analysed as follows: -

	As at 30/04/2017 RM'000	As at 30/04/2016 RM'000
Total retained profits of the Company and its subsidiaries: -		
-Realised	267,094	236,990
-Unrealised	(15,157)	(9,972)
	251,937	227,018
Add/(Less) : Consolidation adjustments	22,324	24,330
Total group retained profits as per consolidated accounts	274,261	251,348