



NTPM HOLDINGS BERHAD

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

INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JULY 2018

CONDENSED CONSOLIDATED INCOME STATEMENTS

(The figures have not been audited)

	Individual Quarter (1 st Q)		Cumulative Quarter (3 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	31 July 2018	31 July 2017	31 July 2018	31 July 2017
	RM'000	RM'000	RM'000	RM'000
Revenue	172,403	176,150	172,403	176,150
Operating profit	12,850	18,998	12,850	18,998
Interest income	97	178	97	178
Interest expense	(2,457)	(1,299)	(2,457)	(1,299)
Profit before tax	10,490	17,877	10,490	17,877
Income tax expense	(3,908)	(5,758)	(3,908)	(5,758)
Profit net of tax	6,582	12,119	6,582	12,119
Profit attributable to:				
Owners of the parent	6,582	12,119	6,582	12,119
Non-controlling interests	-	-	-	-
	6,582	12,119	6,582	12,119
Basic/Diluted earnings per ordinary share (sen)	0.6	1.1	0.6	1.1

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 April 2018.

The accompanying notes are an integral part of this statement.



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INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JULY 2018

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter (1st Q)		Cumulative Quarter (3 months)	
	Current Period	Preceding Period	Current Period	Preceding Period
	Quarter	Corresponding Quarter	To Date	Corresponding Period
	31 July 2018	31 July 2017	31 July 2018	31 July 2017
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	6,582	12,119	6,582	12,119
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>				
Foreign currency translation	(473)	607	(473)	607
Cash flow hedges	-	-	-	-
Transfer to income statement upon disposal	-	-	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent period:</i>				
Remeasurement losses on defined benefit plans	-	-	-	-
Revaluation of land and buildings	-	-	-	-
Total comprehensive income for the period	6,109	12,726	6,109	12,726
Total comprehensive income attributable to:				
Owners of the parent	6,109	12,726	6,109	12,726
Non-controlling interests	-	-	-	-
	6,109	12,726	6,109	12,726

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 30 April 2018.

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NOTES TO CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter (1st Q)		Cumulative Quarter (3 months)	
	Current Period	Preceding Period	Current Period	Preceding Period
	Quarter	Corresponding Quarter	To Date	Corresponding Period
	31 July 2018	31 July 2017	31 July 2018	31 July 2017
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) :				
(a) Interest income	(97)	(178)	(97)	(178)
(b) Other income including investment income	(356)	(304)	(1,369)	(304)
(c) Interest expense	2,457	1,299	2,457	1,299
(d) Depreciation and amortisation	8,207	8,240	8,207	8,240
(e) Impairment loss on receivables	149	150	149	150
(f) Reversal of provision for and write off of inventories	-	-	-	-
(g) Gain or loss on disposal of quoted or unquoted investments or properties	-	-	-	-
(h) Impairment of assets	-	-	-	-
(i) Foreign exchange (gain) / loss	(2,509)	604	(2,509)	604
(j) Loss/(Gain) on derivatives	155	117	155	117

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 2018.

The accompanying notes are an integral part of this statement.



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**INTERIM FINANCIAL REPORT
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	(Unaudited) As at 31 July 2018	(Audited) As at 30 April 2018
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT	436,092	411,458
LAND USE RIGHTS	20,209	20,159
DEFERRED TAX ASSETS	7,077	470
	<u>463,378</u>	<u>432,087</u>
CURRENT ASSETS		
Inventories	169,114	180,882
Trade receivables	112,163	102,859
Tax receivable	8,827	6,874
Other receivables	55,875	39,615
Derivative assets	-	86
Cash and bank balances	36,708	47,208
	<u>382,687</u>	<u>377,524</u>
TOTAL ASSETS	<u>846,065</u>	<u>809,611</u>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
SHARE CAPITAL	112,320	112,320
TREASURY SHARES	(78)	(78)
RESERVES	352,696	346,587
TOTAL EQUITY	<u>464,938</u>	<u>458,829</u>
NON-CURRENT LIABILITIES		
BORROWINGS	66,338	55,642
DEFERRED TAX LIABILITIES	30,932	25,233
RETIREMENT BENEFIT OBLIGATIONS	3,770	3,648
	<u>101,040</u>	<u>84,523</u>
CURRENT LIABILITIES		
Retirement benefit obligations	18	18
Borrowings	188,726	164,661
Trade payables	29,936	38,387
Other payables	56,504	62,454
Tax payable	4,834	739
Derivative liabilities	69	-
	<u>280,087</u>	<u>266,259</u>
TOTAL LIABILITIES	<u>381,127</u>	<u>350,782</u>
TOTAL EQUITY AND LIABILITIES	<u>846,065</u>	<u>809,611</u>
Net Assets per share (RM)	<u>0.41</u>	<u>0.41</u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 April 2018.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(The figures have not been audited)

Three Months Ended 31 July 2018

	← 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	
At 1 May 2017	112,320	(78)	69,571	277,016	458,829	-	458,829
Total comprehensive income for the period	-		(473)	6,582	6,109	-	6,109
Transactions with owners :							
Purchase of treasury shares	-	-	-	-	-	-	-
Dividends	-		-	-	-	-	-
Total transactions with owners :	-	-	-	-	-	-	-
At 30 July 2018	112,320	(78)	69,098	283,598	464,938	-	464,938

Three Months Ended 31 July 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	
At 1 May 2016	112,320	(64)	59,584	274,261	446,101	-	446,101
Total comprehensive income for the period	-	-	607	12,119	12,726	-	12,726
Transactions with owners :							
Purchase of treasury shares	-	(17)	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Total transactions with owners :	-	(17)	-	-	-	-	-
At 30 July 2017	112,320	(81)	60,191	286,380	458,827	-	458,827

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 April 2018

The accompanying notes are an integral part of this statement.



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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(The figures have not been audited)

	3 months ended 31 July 2018 RM'000	3 months ended 31 July 2017 RM'000
OPERATING ACTIVITIES		
Profit before tax	10,490	17,877
Adjustments for:		
Amortisation of land use rights	132	130
Bad debts written off	-	-
Depreciation	8,075	8,110
Interest expense	2,457	1,299
Interest income	(97)	(178)
Inventories written back	-	-
(Gain)/ loss on disposal of property, plant and equipment	(16)	5
Net fair value loss on derivatives	155	117
Plant and equipment written off	38	27
Increase in liability for defined benefit plan	150	123
Impairment loss on loan and receivables	149	150
Impairment loss on plant & equipments	-	-
Deficit on revaluation	-	-
Short term accumulating compensated absences	-	-
Unrealised foreign exchange loss	3,459	1,088
Total adjustments	14,502	10,871
Operating cash flows before changes in working capital	24,992	28,748
Changes in working capital		
Increase decrease in receivables	(31,890)	(21,709)
Decrease in inventories	11,995	16,116
Decrease in payable	(17,448)	(20,851)
Decrease in retirement benefit obligations	(27)	(30)
Total changes in working capital	(37,370)	(26,474)
Cash flows from operations	(12,378)	2,274
Interest paid	(2,457)	(1,299)
Tax paid	(2,693)	(3,663)
Tax refunded	16	-
Net cash flow used in operating activities	(17,512)	(2,688)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(32,087)	(9,894)
Interest received	97	178
Proceeds from disposal of plant and equipment	44	35
Net cash used in investing activities	(31,946)	(9,681)
FINANCING ACTIVITIES		
Net change in bank borrowings	32,732	21,231
Repayment of term loans	(15,171)	(2,219)
Drawdown of term loans	21,592	-
Repayment of obligations under finance lease	(50)	(49)
Dividends paid to shareholders	-	-
Purchase of treasury shares	-	-
Net cash generated from financing activities	39,103	18,963
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(10,355)	6,594
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL QUARTER	47,208	65,578
Effects of exchange rate changes	(145)	286
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL QUARTER	36,708	72,458
Cash and cash equivalents in the condensed consolidated statements of cash flow comprise:		
Cash on hand and at banks	17,665	49,212
Deposits with licensed banks:		
Fixed deposit	10,982	11,286
Short term placements	8,061	11,960
	36,708	72,458

Reconciliation of liabilities arising from financing activities:

	Carrying amount as at 01-May-18 RM'000	Cash Flows RM'000	Non- Cash Changes Foreign exchange movement RM'000	Carrying amount as at 31 July 2018 RM'000
Short term borrowings	164,661	28,600	-4,535	188,726
Term Loan	55,642	10,503	193	66,338
Total liabilities from financing activities	220,303	39,103	-4,342	255,064

The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 30 April 2018.

The accompanying notes are an integral part of this statement.



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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 2018. 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 2018.

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 2018 except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 May 2018:

- Annual Improvements to MFRS Standards 2014–2016 Cycle (Amendments to MFRS 1 and MFRS 128)
- Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- Amendments to MFRS 140: Transfers of Investment Property
- IC Interpretation 22: Foreign Currency Transactions and Advance Consideration
- MFRS 9: Financial Instruments
- MFRS 15: Revenue from Contracts with Customers
- MFRS 15: Clarification to MFRS 15

Adoption of the above standards and interpretations did not have any material effect on the financial performance or position of the Group, except as disclosed below:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations.



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The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has adopted the new standard on the required effective date using the modified retrospective method and apply all the practical expedients available for the modified retrospective approach. The adoption of this Standard results in changes in accounting policies for revenue recognition and has no significant impact other than the disclosures in the Group’s financial statements.

MFRS 9 Financial Instruments

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group has performed a detailed impact assessment of all three aspects of MFRS 9.

Based on the assessment, there was no significant impact on the accounting for Group’s financial assets upon initial application of the new classification requirements.

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
Annual Improvements to MFRS Standards 2015–2017 Cycle	
(i) Amendments to MFRS 3 Business Combinations: Previously Held Interest in a Joint Operation	1 January 2019
(ii) Amendments to MFRS 11 Joint Arrangements: Previously Held Interest in a Joint Operation	1 January 2019
(iii) Amendments to MFRS 112 Income Tax: Income Tax Consequences of Payments on Financial Instruments Classified as Equity	1 January 2019
(iv) Amendments to MFRS 123 Borrowing Costs: Borrowing Costs Eligible for Capitalisation	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative	



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Description	Effective for annual periods beginning on or after
Compensation	1 January 2019
Amendments to MFRS 128: Long- term Interests in Associates and Joint Ventures	1 January 2019
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019
MFRS 16: Leases	1 January 2019
Amendments to MFRS 2 Share-Based Payment	1 January 2020
Amendment to MFRS 3 Business Combinations	1 January 2020
Amendments to MFRS 6 Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendment to MFRS 14 Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134 Interim Financial Reporting	1 January 2020
Amendment to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendment to MFRS 138 Intangible Assets	1 January 2020
Amendment to IC Interpretation 12 Service Concession Arrangements	1 January 2020
Amendment to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendment to IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendment to IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendments to IC Interpretation 132 Intangible Assets—Web Site Costs	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 MFRS16 leases. The Group is still in the progress of assessing the financial impact of MFRS16 leases.



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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 operating 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 RM79 million (30.4.2018: RM91.7 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.



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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.

(iv) Customer rebates

The Group had recognised provision for sales rebate according to the contractual arrangements entered into with its customers. Estimating the provision for sales rebate requires the Group to make an estimate based on historical experiences, contractual arrangement and on the claims expected to be made by customers. The Group assessed the provisions at each reporting date and adjusted to reflect the current best estimate. Where it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision for sales rebate is reversed.

4. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 30 April 2018 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.

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.

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.



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9. Dividend paid

There were no dividends paid during the financial period ended 31 July 2018.

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 31 July 2018 are as follows:

	Paper products RM'000	Personal Care Products RM'000	Consolidated RM'000
Revenue			
Revenue from external customers	123,488	48,915	172,403
Segment profit	4,734	5,756	10,490
Included in the measure of segment profit are			
- depreciation and amortisation	5,922	2,285	8,207
- non-cash expenses other than depreciation and amortisation	(2,809)	38	(2,771)
Segment assets	698,604	147,461	846,065
Included in the measure of segment assets is			
- capital expenditure	31,701	386	32,087

Segment information for the period ended 31 July 2017 are as follows:

	Paper products RM'000	Personal Care Products RM'000	Consolidated RM'000
Revenue			
Revenue from external customers	124,024	52,126	176,150
Segment profit	14,200	3,677	17,877
Included in the measure of segment profit are			
- depreciation and amortisation	6,017	2,223	8,240
- non-cash expenses other than depreciation and amortisation	1,210	270	1,480



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	Paper products RM'000	Personal Care Products RM'000	Consolidated RM'000
Segment assets	593,335	160,824	754,159
Included in the measure of segment assets is - capital expenditure	8,463	1,431	9,894

11. Valuation of property, plant and equipment

The carrying value of land and building is based on the latest valuation performed on 30 April 2018 by independent qualified valuers.

During the period, the acquisition and disposal of property, plant and equipment amounted to RM32.1 million and RM0.03 million respectively.

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 31 July 2018 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 31.07.2018 RM'000	As at 30.04.2018 RM'000
(a) Corporate guarantees given to banks as securities for credit facilities granted to certain subsidiaries	255,064	220,303



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**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	
	31.07.2018	31.07.2017	31.07.2018	31.07.2017
	RM'000	RM'000	RM'000	RM'000
Revenue				
Paper Products	123,488	124,024	123,488	124,024
Personal Care Products	48,915	52,126	48,915	52,126
Group	172,403	176,150	172,403	176,150
Profit before tax				
Paper Products	4,734	14,200	4,734	14,200
Personal Care Products	5,756	3,677	5,756	3,677
Group	10,490	17,877	10,490	17,877

Group

Group revenue for the period ended 31 July 2018 was RM172 million compared with RM176 million for the period ended 31 July 2017, a decrease of 2.1%. The drop was largely due to the decrease in sales of Tissue and Personal Care Products, especially to local sales. The Group's profit before taxation for the period ended 31 July 2018 was RM10.5 million, a decrease of 41.3% over RM17.9 million registered in the previous financial period ended 31 July 2017. The decrease in profit before taxation was mainly due to the higher raw material cost.

Paper Products segment

Revenue from the paper products segment for the period ended 31 July 2018 was RM123 million compared with RM124 million for the financial period ended 31 July 2017, a decrease of 0.4%. Profit before taxation in the paper products segment for the period ended 31 July 2018 was RM4.73 million, a decrease of 66.7% over RM14.2 million registered in the previous financial period. The key factors that affect the performance of tissue products include the higher cost in raw material such as virgin pulp and waste paper.



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Personal Care Products segment

Revenue from the personal care products segment for the period ended 31 July 2018 was RM48.9 million compared with RM52.1 million recorded in the previous year corresponding period, a decrease of 6.2%. Profit before taxation in the personal care products segment for the period ended 31 July 2018 was RM5.8 million, an increase of 56.5% over RM3.7 million registered in the corresponding period of the previous financial year.

16. Comparison with immediate preceding quarter's results

	Individual quarter ended		Variance	
	31.07.2018	30.4.2018	RM'000	%
	RM'000	RM'000		
Revenue	172,403	164,519	7,884	4.8
Profit before tax	10,490	3,834	6,656	173.6

Revenue for the quarter ended 31 July 2018 increased by RM7.9 million or 4.8% while profit before taxation increased by RM6.7 million or 173.6% for the current quarter as compared to the preceeding quarter. The favourable result for the current quarter was mainly attributable to higher revenue recorded in current quarter and impairment of machinery and recognition of unrealized foreign exchange loss in preceeding quarter.

17. Prospects

The global tissue market paper is expected to grow at a compounded annual growth rate of close to 6% during the period of 2018 to 2022. Factor such as the growing population and increasing awareness about hygiene in the developing countries will have positive influence on the global tissue paper market. The key focus in FY19 is to increase production of tissue paper in order to fulfill the increasing demand in South East Asia and other export markets.

In FY19, the market conditions are expected to be more challenging. Consumer demand is expected to remain weak and unstable in the short term. With its well-established product offerings, supported by its comprehensive distribution and marketing channels, the Group foresees that it would continue to grow organically in its existing markets. With this in place, the Board is cautiously optimistic about its prospect.



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18. Variance of actual profit from profit forecast

Not applicable.

19. Taxation

	Current Quarter 3 months ended 31 July 2018 RM'000	Year-to-date 3 months ended 31 July 2018 RM'000
Income tax		
Current year	4,817	4,817
Prior year	-	-
	<u>4,817</u>	<u>4,817</u>
Deferred tax		
Current year	(909)	(909)
Prior year	-	-
	<u>3,908</u>	<u>3,908</u>

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.



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21. Group borrowings

	31 July 2018 RM'000
Non-current	
Unsecured	
Long term loans	66,233
Secured	
Hire purchase and finance Lease	105
	<u>66,338</u>
Current	
Unsecured	
Bankers' acceptance	29,591
Revolving Credit (RC)	118,255
Term loans	36,814
Trust Receipt	3,849
Secured	217
Hire purchase and finance Lease	217
	<u>188,726</u>

The borrowings are denominated in the following currencies:

	31 July 2018 RM'000			
	Ringgit Malaysia	Singapore Dollar	US Dollar	Total
Bankers' acceptance	29,591	-	-	29,591
Revolving Credit ("RC")	28,000	-	90,255	118,255
Term Loans	83,320	-	19,727	103,047
Trust Receipt			3,849	3,849
Hire Purchase		322	-	322
	<u>140,911</u>	<u>322</u>	<u>113,831</u>	<u>255,064</u>

NTPM (Singapore) Pte Ltd ("NSPL") has breached the covenant of the term loan and revolving credit as did not fulfil the requirements to maintain a minimum debt service cover of not less than 1.05. The balance of the term loan and revolving credit has been presented under current liabilities as at 31 July 2018. The bank has the absolute discretion to revise or recall banking facilities in the event of breach of covenant. NSPL has submitted a waiver application in respect of the breach of covenant.



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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.

As at 31 July 2018, the Group's open forward contracts entered into as hedges of anticipated future transactions are as follows:

Type of Derivatives	Contract Amount RM'000	Fair Value RM'000
<u>Non-Hedging Derivatives</u>		
<u>Bank Buy</u>		
US Dollar		
Less than 1 year	3,000	3,069

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 July 2018, the Group recognised a loss on derivative of RM155,000 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 31 July 2018. 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 2018.

23. Material litigation

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

24. Dividend

The proposed single tier final dividend of 0.80 sen per ordinary share in respect of the financial year ended 30 April 2018 has been approved by the shareholders at the Annual



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General Meeting held on 21 September 2018. The dividend shall be payable on 10 October 2018 to the shareholders registered in the Company's books at the close of business on 28 September 2018.

The financial statements for the current financial period do not reflect the proposed dividends. The dividend will be accounted for in shareholders' equity as an appropriation of retained profits in the financial period ending 31 October 2018 in accordance with MFRS 110 Events After The Reporting Period.

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		3 Months Period Ended	
	31 July		31 July	
	2018	2017	2018	2017
Net profit attributable to shareholders (RM'000)	6,582	12,119	6,582	12,119
Weighted average number of ordinary shares in issue ('000)	1,123,100	1,123,120	1,123,100	1,123,120
Basic earnings per share (sen)	0.6	1.1	0.6	1.1

By Order of the Board

Company Secretary

DATED THIS 21st September, 2018