



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

**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2019**

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.



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

**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

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 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 Compensation	1 January 2019



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

**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

Description	Effective for annual periods beginning on or after
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
Definition of a Business (Amendments to MFRS 3 Business Combinations)	1 January 2020
Definition of Material (Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)	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.



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

**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

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 RM98.1 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.



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

**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

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 except for the following:



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

**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

During the financial period, the Company had repurchased a total of 50,000 ordinary shares of RM0.10 each of its issued share capital from the open market for a total consideration (inclusive of transaction cost) of RM26,812 at an average cost of RM0.54 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 127 of the Companies Act, 2016. As at 31 January 2019, the total number of treasury shares held were 150,000 or 0.013% of the total paid up share capital of the Company.

9. Dividend paid

The single tier final dividend of 0.80 sen per ordinary share in respect of the financial year ended 30 April 2018 amounting to RM8,985,097 was paid on 10 October 2018.

The single tier first interim dividend of 0.80 sen per ordinary share in respect of the financial year ending 30 April 2019 amounting to RM8,984,690 was paid on 15 January 2019.

The total net dividend per share to date for the current financial year is 1.60 sen (2018: 2.40 sen)

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 January 2019 are as follows:

	Paper products RM'000	Personal Care Products RM'000	Consolidated RM'000
Revenue			
Revenue from external customers	396,615	149,261	545,876
Segment profit	9,319	15,655	24,974
Included in the measure of segment profit are			
- depreciation and amortisation	17,949	6,941	24,890
- non-cash expenses other than depreciation and amortisation	(1,866)	152	(1,714)
Segment assets	778,393	155,145	933,538
Included in the measure of segment assets is			
- capital expenditure	107,403	1,439	108,842



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

**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

Segment information for the period ended 31 January 2018 are as follows:

	Paper products RM'000	Personal Care Products RM'000	Consolidated RM'000
Revenue			
Revenue from external customers	364,559	161,849	526,408
Segment profit	27,372	13,153	40,525
Included in the measure of segment profit are			
- depreciation and amortisation	18,109	6,698	24,807
- non-cash expenses other than depreciation and amortisation	3,318	427	3,745
Segment assets	607,682	163,080	770,762
Included in the measure of segment assets is			
- capital expenditure	26,817	2,394	29,211

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 RM108.8 million and RM0.2 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 January 2019 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.



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

**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

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

The corporate guarantees of the Company are as follows:

	As at 31.01.2019	As at 30.04.2018
	RM'000	RM'000
(a) Corporate guarantees given to banks as securities for credit facilities granted to certain subsidiaries	343,032	220,303



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

**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2019**

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	
	31.01.2019	31.01.2018	31.01.2019	31.01.2018
	RM'000	RM'000	RM'000	RM'000
Revenue				
Paper Products	143,662	125,115	396,615	364,559
Personal Care Products	51,868	55,874	149,261	161,849
Group	195,530	180,989	545,876	526,408
Profit before tax				
Paper Products	3,538	6,726	9,319	27,372
Personal Care Products	4,265	5,976	15,655	13,153
Group	7,803	12,702	24,974	40,525

Group

Group revenue for the period ended 31 January 2019 was RM545.9 million compared with RM526.4 million for the period ended 31 January 2018, an increase of 3.7%. The increase was mainly due to the increase in sales of Tissue segment, especially to export sales. The Group's profit before taxation for the period ended 31 January 2019 was RM25 million, a decrease of 38.4% over RM40.5 million registered in the previous financial period ended 31 January 2018. The decrease in profit before taxation was mainly due to the higher raw material cost and labour cost recorded in the current period. Higher energy cost has further reduced the profitability of the Group.

Paper Products segment

Revenue from the paper products segment for the period ended 31 January 2019 was RM396.6 million compared with RM364.6 million for the financial period ended 31 January 2018, an increase of 8.8%. Profit before taxation in the paper products segment for the period ended 31 January 2019 was RM9.32 million, a decrease of 66% over RM27.4 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, labour cost and higher energy cost recorded in the current financial period.



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

**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

Personal Care Products segment

Revenue from the personal care products segment for the period ended 31 January 2019 was RM149.3 million compared with RM161.8 million recorded in the previous year corresponding period, a decrease of 7.8%. Profit before taxation in the personal care products segment for the period ended 31 January 2019 was RM15.7 million, an increase of 19% over RM13.2 million registered in the corresponding period of the previous financial year.

16. Comparison with immediate preceding quarter's results

	Individual quarter ended		Variance	
	31.01.2019	31.10.2018	RM'000	%
	RM'000	RM'000		
Revenue	195,530	177,943	17,587	9.9
Profit before tax	7,803	6,681	1,122	16.8

Revenue for the quarter ended 31 January 2019 increased by RM17.6 million or 9.9% while profit before taxation increased by RM1.1 million or 16.8% for the current quarter as compared to the preceding quarter. The favourable result for the current quarter was mainly attributable to higher revenue recorded in the current quarter. Lower selling and operating expenses have further increased the profitability of the Group in the current 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 competition is expected to be more challenging. However, 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.

18. Variance of actual profit from profit forecast

Not applicable.



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

**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

19. Taxation

	Current Quarter 3 months ended 31 January 2019 RM'000	Year-to-date 9 months ended 31 January 2019 RM'000
Income tax		
Current year	2,821	12,887
Prior year	490	490
	<hr/>	<hr/>
	3,311	13,377
Deferred tax		
Current year	904	(2,184)
Prior year	(34)	(34)
	<hr/>	<hr/>
	4,181	11,159

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.



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

**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

21. Group borrowings

	31 January 2019 RM'000
Non-current	
Unsecured	
Revolving Credit (RC)	28,699
Long term loans	109,018
Secured	
Hire purchase and finance Lease	5
	137,722
 Current	
Unsecured	
Bankers' acceptance	72,615
Revolving Credit (RC)	83,299
Term loans	45,015
Trust Receipt	4,160
Secured	
Hire purchase and finance Lease	221
	205,310

The borrowings are denominated in the following currencies:

	31 January 2019 RM'000			
	Ringgit Malaysia	Singapore Dollar	US Dollar	Total
Bankers' acceptance	72,615	-	-	72,615
Revolving Credit ("RC")	29,000	-	82,998	111,998
Term Loans	89,270	-	64,763	154,033
Trust Receipt	-	-	4,160	4,160
Hire Purchase	-	226	-	226
	190,885	226	151,921	343,032



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

**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

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 January 2019, 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>		
SG Dollar		
Less than 1 year	17,248	17,235
US Dollar		
Less than 1 year	4,137	4,096

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, the Group recognised a gain on derivative of RM52,000 and loss RM33,000 during the financial period ended 31 January 2019 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 January 2019. 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.



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

**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2019**

NOTES TO THE INTERIM FINANCIAL REPORT

24. Dividend

The single tier final dividend of 0.80 sen per ordinary share in respect of the financial year ended 30 April 2018 amounting to RM8,985,097 was paid on 10 October 2018.

In the corresponding financial period ended 31 January 2017, a single tier first interim dividend of 0.80 sen per ordinary share in respect of the financial year ending 30 April 2019 amounting to RM8,984,690 was paid on 15 January 2019.

The total net dividend per share to date for the current financial year is 1.60 sen (2018: 2.40 sen)

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		9 Months Period Ended	
	31 January		31 January	
	2019	2018	2019	2018
Net profit attributable to shareholders (RM'000)	3,622	10,050	13,815	28,530
Weighted average number of ordinary shares in issue ('000)	1,123,050	1,123,110	1,123,077	1,123,115
Basic earnings per share (sen)	0.3	0.9	1.2	2.5

By Order of the Board

Company Secretary

DATED THIS 29th March, 2019