



NTPM HOLDINGS BERHAD

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

INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JULY 2019

CONDENSED CONSOLIDATED INCOME STATEMENTS

(The figures have not been audited)

	Individual Quarter (1 st Q)		Cumulative Quarter (3 months)	
	Current Period	Preceding Period	Current Period	Preceding Period
	Quarter	Corresponding	To Date	Corresponding
	31 July 2019	Quarter	31 July 2019	Period
	31 July 2018	31 July 2018	31 July 2018	
	RM'000	RM'000	RM'000	RM'000
Revenue	184,894	172,403	184,894	172,403
Operating profit	6,468	12,850	6,468	12,850
Interest income	83	97	83	97
Interest expense	(3,460)	(2,457)	(3,460)	(2,457)
Profit before tax	3,091	10,490	3,091	10,490
Income tax expense	(2,588)	(3,908)	(2,588)	(3,908)
Profit net of tax	503	6,582	503	6,582
Profit attributable to:				
Owners of the parent	503	6,582	503	6,582
Non-controlling interests	-	-	-	-
	503	6,582	503	6,582
Basic/Diluted earnings per ordinary share (sen)	0.04	0.6	0.04	0.6

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 April 2019.

The accompanying notes are an integral part of this statement.



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INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JULY 2019

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	Individual Quarter (1st Q)		Cumulative Quarter (3 months)	
	Current Period Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	31 July 2019	31 July 2018	31 July 2019	31 July 2018
	RM'000	RM'000	RM'000	RM'000
Profit net of tax	503	6,582	503	6,582
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period:</i>				
Foreign currency translation	157	(473)	157	(473)
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	660	6,109	660	6,109
Total comprehensive income attributable to:				
Owners of the parent	660	6,109	660	6,109
Non-controlling interests	-	-	-	-
	660	6,109	660	6,109

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 30 April 2019.

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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 Quarter	Preceding Period Corresponding Quarter	Current Period To Date	Preceding Period Corresponding Period
	31 July 2019	31 July 2018	31 July 2019	31 July 2018
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting) :				
(a) Interest income	(83)	(97)	(83)	(97)
(b) Other income including investment income	(412)	(356)	(412)	(356)
(c) Interest expense	3,460	2,457	3,460	2,457
(d) Depreciation and amortisation	8,994	8,207	8,994	8,207
(e) Impairment loss on receivables	150	149	150	149
(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 loss/ (gain)	(3,969)	(2,509)	(3,969)	(2,509)
(j) (Gain)/ loss on derivatives	(81)	155	(81)	155

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 2019.

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INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 JULY 2019

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	(Unaudited) As at 31 July 2019	(Audited) As at 30 April 2019
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT	518,899	515,932
RIGHT OF USE	1,701	-
LAND USE RIGHTS	20,036	20,169
DEFERRED TAX ASSETS	681	533
	<u>541,317</u>	<u>536,634</u>
CURRENT ASSETS		
Inventories	174,978	195,748
Trade receivables	111,495	106,546
Tax receivable	10,777	8,601
Other receivables	62,744	37,889
Derivative assets	70	-
Cash and bank balances	36,108	45,278
	<u>396,172</u>	<u>394,062</u>
TOTAL ASSETS	<u>937,489</u>	<u>930,696</u>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
SHARE CAPITAL	112,320	112,320
TREASURY SHARES	(109)	(109)
RESERVES	341,988	341,328
TOTAL EQUITY	<u>454,199</u>	<u>453,539</u>
NON-CURRENT LIABILITIES		
BORROWINGS	63,645	60,666
DEFERRED TAX LIABILITIES	27,343	27,786
RETIREMENT BENEFIT OBLIGATIONS	4,407	4,287
	<u>95,395</u>	<u>92,739</u>
CURRENT LIABILITIES		
Retirement benefit obligations	38	38
Borrowings	295,684	279,253
Lease liabilities	1,701	-
Trade payables	34,305	37,778
Other payables	53,988	65,498
Tax payable	2,179	1,840
Derivative liabilities	-	11
	<u>387,895</u>	<u>384,418</u>
TOTAL LIABILITIES	<u>483,290</u>	<u>477,157</u>
TOTAL EQUITY AND LIABILITIES	<u>937,489</u>	<u>930,696</u>
Net Assets per share (RM)	<u>0.40</u>	<u>0.40</u>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 April 2019.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(The figures have not been audited)

Three Months Ended 31 July 2019

	← 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 2019	112,320	(109)	73,523	267,805	453,539	-	453,539
Total comprehensive income for the period	-	-	157	503	660	-	660
Transactions with owners :							
Purchase of treasury shares	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Total transactions with owners :	-	-	-	-	-	-	-
At 31 July 2019	112,320	(109)	73,680	268,308	454,199	-	454,199

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	RM'000	
At 1 May 2018	112,320	(78)	69,775	276,812	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 31 July 2018	112,320	(78)	69,302	283,394	464,938	-	464,938

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 April 2019

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**INTERIM FINANCIAL REPORT
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(The figures have not been audited)

	3 months ended 31 July 2019 RM'000	3 months ended 31 July 2018 RM'000
OPERATING ACTIVITIES		
Profit before tax	3,091	10,490
Adjustments for:		
Amortisation of land use rights	133	132
Depreciation	8,861	8,075
Interest expense	3,460	2,457
Interest income	(83)	(97)
Gain on disposal of property, plant and equipment	(75)	(16)
Net fair value (gain)/ loss on derivatives	(81)	155
Plant and equipment written off	384	38
Increase in liability for defined benefit plan	124	150
Impairment loss on loan and receivables	150	149
Unrealised foreign exchange (gain)/ loss	102	3,459
Total adjustments	12,975	14,502
Operating cash flows before changes in working capital	16,066	24,992
Changes in working capital		
Increase in receivables	(29,726)	(31,890)
Decrease in inventories	20,747	11,995
Decrease in payable	(14,239)	(17,448)
Decrease in retirement benefit obligations	(4)	(27)
Total changes in working capital	(23,222)	(37,370)
Cash flows from operations	(7,156)	(12,378)
Interest paid	(3,460)	(2,457)
Tax paid	(5,009)	(2,693)
Tax refunded	-	16
Net cash flow used in operating activities	(15,625)	(17,512)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(12,635)	(32,087)
Interest received	83	97
Proceeds from disposal of plant and equipment	493	44
Net cash used in investing activities	(12,059)	(31,946)
FINANCING ACTIVITIES		
Net change in bank borrowings	18,028	39,103
Dividends paid to shareholders	-	-
Purchase of treasury shares	-	-
Net cash generated from financing activities	18,028	39,103
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,656)	(10,355)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL QUARTER	45,278	47,208
Effects of exchange rate changes	486	(145)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL QUARTER	36,108	36,708
Cash and cash equivalents in the condensed consolidated statements of cash flow comprise:		
Cash on hand and at banks	17,043	17,665
Deposits with licensed banks:		
Fixed deposit	12,069	10,982
Short term placements	6,996	8,061
	36,108	36,708

Reconciliation of liabilities arising from financing activities:

	Carrying amount as at 1 May 2019 RM'000	Cash Flows RM'000	Non- Cash Changes Foreign exchange movement RM'000	Carrying amount as at 31 July 2019 RM'000
Total liabilities from financing activities	339,919	18,028	1,382	359,329

The Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 30 April 2019.

The accompanying notes are an integral part of this statement.



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INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JULY 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 2019. 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 2019.

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 2019 except for the adoption of the following new MFRSs and Interpretations, and amendments to certain MFRSs and Interpretations with effect from 1 May 2019:

- MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)
- MFRS 16 Leases
- MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)
- Annual Improvements to MFRS Standards 2015–2017 Cycle
- MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)
- IC Interpretation 23 Uncertainty over Income Tax Treatments

The 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 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.



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Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. As allowed by the transitional provision of MFRS 16, the Group has elected the modified retrospective approach with no restatement of comparative and the cumulative adjustments resulting from initial application of MFRS 16 to be recognised in retained profits as at 1 May 2019.

As a result of initial applying MFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised RM1.7 million of right- of- use assets and lease liabilities as at 31 July 2019.

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
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
Amendments to MFRS 3 Business Combinations- Definition of a Business	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors- Definition of Material	1 January 2020



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Description	Effective for annual periods beginning on or after
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.

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 RM124.1 million (30.4.2019: RM121.3 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.



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(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.

(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 2019 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.



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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.

9. Dividend paid

There were no dividends paid during the financial period ended 31 July 2019.

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 2019 are as follows:

	Paper products RM'000	Personal Care Products RM'000	Consolidated RM'000
Revenue			
Revenue from external customers	133,688	51,206	184,894
Segment profit	709	2,382	3,091
Included in the measure of segment profit are			
- depreciation and amortisation	6,661	2,333	8,994
- non-cash expenses other than depreciation and amortisation	(2,435)	(140)	(2,575)
Segment assets	796,356	141,133	937,489
Included in the measure of segment assets is			
- capital expenditure	12,544	91	12,635

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



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	Paper products RM'000	Personal Care Products RM'000	Consolidated RM'000
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

11. Valuation of property, plant and equipment

The carrying value of land and building is based on the latest valuation performed on 30 April 2019 by independent qualified valuers.

During the period, the acquisition and disposal of property, plant and equipment amounted to RM12.6 million and RM0.4 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 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.

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

The corporate guarantees of the Company are as follows:

	As at 31.07.2019 RM'000	As at 30.04.2019 RM'000
(a) Corporate guarantees given to banks as securities for credit facilities granted to certain subsidiaries	359,329	339,919

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**INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 31 JULY 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	
	31.07.2019	31.07.2018	31.07.2019	31.07.2018
	RM'000	RM'000	RM'000	RM'000
Revenue				
Paper Products	133,688	123,488	133,688	123,488
Personal Care Products	51,206	48,915	51,206	48,915
Group	184,894	172,403	184,894	172,403
Profit before tax				
Paper Products	709	4,734	709	4,734
Personal Care Products	2,382	5,756	2,382	5,756
Group	3,091	10,490	3,091	10,490

Group

Group revenue for the period ended 31 July 2019 was RM184.9 million compared with RM172.4 million for the period ended 31 July 2018, an increase of 7.2%. The increase was mainly due to the increase in sales of Tissue segment, especially to local sales. The Group's profit before taxation for the period ended 31 July 2019 was RM3.1 million, a decrease of 70.5% over RM10.5 million registered in the previous financial period ended 31 July 2018. The decrease in profit before taxation was mainly due to the higher raw material cost and overhead cost recorded in the current period under review as compare to previous period. The key factors that affect the performance include higher cost in raw material consumed such as virgin pulp and waste paper and re-introduction of the Sales and Service Tax. This was mainly due to no input tax claimable under SST and no exemption applicable to non- taxable products especially to Baby diapers, Sanitary napkin and UnderPad products.

Paper Products segment

Revenue from the paper products segment for the period ended 31 July 2019 was RM133.7 million compared with RM123.5 million for the financial period ended 31 July 2018, an increase of 8.3%. Profit before taxation in the paper products segment for the period ended 31 July 2019 was RM0.7 million, a decrease of 85% over RM4.7 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, and overhead cost.



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Personal Care Products segment

Revenue from the personal care products segment for the period ended 31 July 2019 was RM51.2 million compared with RM48.9 million recorded in the previous year corresponding period, an increase of 4.7%. Profit before taxation in the personal care products segment for the period ended 31 July 2019 was RM2.4 million, a decrease of 58.6% over RM5.8 million registered in the corresponding period of the previous financial year. The decrease in profit before taxation was mainly due to the higher raw material cost consumed recorded in the current period. The re-introduction of the Sales and Service Tax has increased the price of material. This was mainly due to no input tax claimable under SST and no exemption applicable to non-taxable products, e.g Baby diapers, Sanitary napkin and UnderPad products.

16. Comparison with immediate preceding quarter's results

	Individual quarter ended		Variance	
	31.07.2019	30.04.2019	RM'000	%
	RM'000	RM'000		
Revenue	184,894	182,174	2,720	1.5
Profit before tax	3,091	(1,427)	4,518	316.6

Revenue for the quarter ended 31 July 2019 increased by RM2.7 million or 1.5%. The increase was mainly due to the increase in sales especially Personal Care Products segment. While, profit before taxation increased by RM4.5 million or 316.6% for the current quarter as compared to the preceding quarter. The increase in the Group's consolidated profit before taxation as compared to the preceding quarter was mainly due to recognition of unrealized loss in foreign exchange in preceding quarter and decreased selling, distribution and other administration expenses recorded in the current financial quarter.

17. Prospects

The global tissue market paper is expected to grow at a compounded annual growth rate of close to 3.6% during the period of 2019 to 2027. Factors of 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 FY2020 is to increase production of tissue paper in order to fulfil the increasing demand in South East Asia and other export markets.

Nevertheless, consumer demand is expected to remain weak and unstable in the short term. Inflation cost is expected to remain. With 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.



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NOTES TO THE INTERIM FINANCIAL REPORT

Board is cautiously optimistic about its prospect, even though the market conditions are expected to be more challenging. However, the positive factor is that pulp price softening and cost of fibre is expected to drop.

18. Variance of actual profit from profit forecast

Not applicable.

19. Taxation

	Current Quarter 3 months ended 31 July 2019 RM'000	Year-to-date 3 months ended 31 July 2019 RM'000
Income tax		
Current year	3,179	3,179
Prior year	-	-
	<u>3,179</u>	<u>3,179</u>
Deferred tax		
Current year	(591)	(591)
Prior year	-	-
	<u>2,588</u>	<u>2,588</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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NOTES TO THE INTERIM FINANCIAL REPORT**21. Group borrowings**

	31 July 2019
	RM'000
Non-current	
Unsecured	
Long term loans	63,645
	<u>63,645</u>
Current	
Unsecured	
Bankers' acceptance	66,804
Onshore Foreign Currency Loan (OFCL)	11,692
Revolving Credit (RC)	125,090
Term loans	88,927
Trust Receipt	3,047
Secured	
Hire purchase and finance Lease	124
	<u>295,684</u>

The borrowings are denominated in the following currencies:

	31 July 2019			
	RM'000			
	Ringgit Malaysia	Singapore Dollar	US Dollar	Total
Bankers' acceptance	66,804	-	-	66,804
Hire Purchase	-	124	-	124
Onshore Foreign Currency Loan (OFCL)	-	-	11,692	11,692
Revolving Credit ("RC")	39,000	-	86,090	125,090
Term Loans	89,286	-	63,286	152,572
Trust Receipt	-	-	3,047	3,047
	<u>195,090</u>	<u>124</u>	<u>164,115</u>	<u>359,329</u>



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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 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	5,451	5,396

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 2019, the Group recognised a gain on derivative of RM81,000 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 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 2019.

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 2019 has been approved by the shareholders at the Annual General Meeting held on 27 September 2019. The dividend shall be payable on 23 October 2019 to the shareholders registered in the Company's books at the close of business on 7 October 2019.



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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 2019 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 31 July 2019		3 Months Period Ended 31 July 2018	
Net profit attributable to shareholders (RM'000)	503	6,582	503	6,582
Weighted average number of ordinary shares in issue ('000)	1,123,040	1,123,100	1,123,040	1,123,100
Basic earnings per share (sen)	0.04	0.6	0.04	0.6

By Order of the Board

Company Secretary

DATED THIS 27th Sept, 2019